

December 22, 2022

**Investment Management Department
Securities and Exchange Board of India**
SEBI Bhavan, G Block,
Near Bank of India,
Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051

Re: SEBI (Portfolio Managers) Registration No.: INP000000670

Kind Attn: Mr. Tarun Garg / Rushikesh Bhopatrao – Assistant Manager

Dear Sirs,

Sub: Revised request for an imperative letter under SEBI (Informal Guidance) Scheme, 2003

With respect to our letter dated November 23, 2022, seeking informal guidance on requirement of hand written confirmation by PMS client on fees/charge structure, and in terms of advice provided vide your email dated December 15, 2022, we wish to submit revised request as follows -

Detail of the Organization

Motilal Oswal Asset Management Company Limited (hereinafter referred as 'MOAMC') registered under SEBI (Portfolio Managers) Regulations, 1993 to act as a Portfolio Manager under Certificate of Registration No. INP000000670 dated August 21, 2017.

Background -

The current process of account opening of clients under Portfolio management services (PMS) division by MOAMC includes client physically writing in their own handwriting in the relevant portion of annexure on fees and charges that they have understood the fees/charge structure, in accordance with the SEBI circular Cir./IMD/DF/13/2010 dated October, 05, 2010 ('the circular').

Pursuant to Informal guidance dated May 20, 2021 of Purnartha Investment Advisers Pvt. Ltd. new clients shall be required to separately sign the annexure on fees and charges and add in their own writing that they have understood the fees/charges structure. Sign off can be authenticate by affixing the signature electronically and can also write electronically that they have understood the fees/charges structure, *using stylus pen or their fingers* on the relevant portion of fees and charges of portfolio management account opening form.

We learned from investor their concerns of e-writing that they have understood the fees/charges structure, as follows –

In case electronic writing, as not all such investors are well equipped with relevant software / hardware to support electronic writing through stylus pen or using their fingers on the relevant portion of Annexure.

Query -

To avoid such delays or any hassles and delays associated with documentations, we would like to propose the following process for ensuring compliance with requirement of the circular –

1. During the verification process, the new clients shall capture his/her live photo and accept the declaration pre-typed for the terms and fee structure, and upload their specimen signature in this panel.
2. Upon acceptance of declaration, IP and GPS will be captured and stored. Same shall be captured during Live Photo. The time gap between live photo and acceptance of declaration would not be more than 3 minutes, else, entire transaction needs to be processed again.
3. Users shall declare and provide a reason if their signature is different than on the PAN card. The user must provide all consents and declaration required for this PMS application by clicking on the appropriate checkboxes in this panel.
4. Keeping client's convenience in mind as well as the complete compliance parameters, we would like to implement a systematic electronic onboarding, wherein clients have to mandatorily provide consent on the fees and charges structure and then can submit the account opening forms.

Our request

We request you to kindly issue an imperative letter under SEBI Informal Guidance Scheme, 2003, with your guidance on whether aforementioned proposal is meeting compliance requirement under SEBI circular no. Cir./IMD/DF/13/2010 dated October, 05, 2010.

Fees

Demand Draft of Rs. 29,500 (Inclusive of GST) in favour of Securities and Exchange Board of India, payable at Mumbai, is already enclosed towards fees for Informal Guidance.

Further, it may be submitted that we would like to withdraw our second query seeking clarification on DDPI e-signed acceptance in lieu of PMS POA for PMS clients.

Kindly take the same on record.

Thanking you.

Yours faithfully,

For **Motilal Oswal Asset Management Company Limited**

Aparna Karmase

Head – Compliance, Legal & Secretarial