

ACE LANSDOWNE INVESTMENTS SERVICES LLP

(A Limited Liability Partnership with LLP Identification No.: AAL-7739)

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AI/SL-21-22-01

Date: 8 April 2021

The Deputy General Manager,
Division of Funds-I,
Investment Management Department:
Securities and Exchange Board of India,
SEBI Bhavan,
Plot No.C4 - A, 'G' Block,
Bandra Kurla Complex, Bandra (East)
Mumbai - 400 051

Dear Sir,

Subject: Request for interpretative letter under Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 (Informal Guidance Scheme)

Background

1. Ace Lansdowne India Investment Fund (Fund or AIF) is set-up as a Trust in India under the Indian Trusts Act, 1882 and registered with Securities and Exchange Board of India (SEBI) as a Category III Alternative Investment Fund (AIF or Fund) under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (AIF Regulations) vide registration number IN/AIF3/18-19/0577 dated September 05, 2018.
2. Ace Lansdowne Investments Services LLP (IM), a limited liability partnership, established under the provisions of the Limited Liability Partnership Act 2008 acts as an Investment Manager to Schemes of the Fund and is responsible for making decisions on investments/ divestments for the AIF and administer the operations of the AIF in accordance with the powers delegated by the Trustee under the Investment Management Agreement. The AIF has launched First Scheme in the name of Ace Lansdowne India Equity Fund (Scheme) on April 01, 2020.
3. The IM is a jointly promoted by Ace Partners LLP - a limited liability partnership firm established under the provisions of the Limited Liability Partnership Act 2008 (Indian Entity) and Lansdowne Partners Cyprus Limited - a limited company incorporated under the Companies Law of the Republic of Cyprus (Foreign Entity). Ace Partners LLP and Lansdowne Partners Cyprus Limited hold a capital contribution in the ratio of 51:49 respectively. Since inception, the IM has been able to successfully deploy funds of the Scheme as per the investment objectives of the Scheme and generate positive returns.



4. With the success of managing the Scheme of the AIF, the IM now intends to manage an offshore fund which will be domiciled in Ireland. The offshore fund would make investments primarily in the permissible listed securities of Indian companies through recognized stock exchanges in India. The role of the IM in managing the offshore fund would be similar to the duties and responsibilities entrusted for managing the AIF. The IM shall have the power and authority to take decisions as to investment, divestment and distribution of the monies of the Offshore Fund in accordance with the relevant regulatory framework of Ireland to the extent of its applicability, if any.

Query

Whether IM which is already acting as the Investment Manager of the SEBI registered Alternative Investment Fund can provide investment management services to the offshore fund?

OR

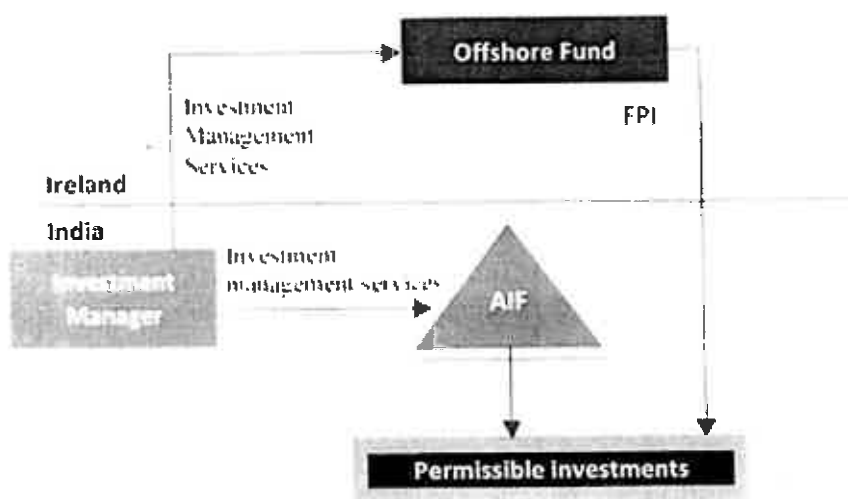
Whether the IM is required to obtain registration as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 2020 in order to provide investment management services to the offshore fund?

Relevant regulations

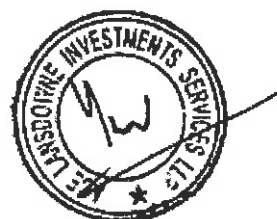
- As per Regulation 2(a) of the SEBI (Portfolio Managers) Regulations, 2020, a "portfolio manager" means a body corporate, which pursuant to a contract with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or goods or funds of the client, as the case may be:

.....

The proposed investment management structure is as under:



- Given that the IM will manage the offshore fund i.e. in other words, advise or direct or undertake on behalf of the offshore fund (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or funds of the offshore fund, the IM may qualify as a portfolio manager.



- However, given that the IM is already regulated by SEBI through its activities for AIF under the SEBI (AIF) Regulations, 2012, it should not be required to separately obtain a portfolio manager license. Also, under the Ireland regulatory requirements, a foreign entity can provide investment management services to a fund in Ireland if such entity is regulated in its home jurisdiction.
- IM intends to manage the offshore fund and the investors of such fund will be non-residents Indian/ Foreigners. Hence, there may not be a need to seek a license for such Investment Management activity under the PMS regulations. Also, as per Regulation 4(i) of the SEBI (Investment Adviser) Regulations, 2013, an investment adviser (IA) providing investment advice to clients based out of India (i.e. offshore fund in the present case) is exempt from registration. On a similar analogy, an IM providing investment management services to an offshore fund should also be exempt from PMS licensing requirements.

In this regard, we request you to kindly issue an interpretative letter on whether the Investment Manager of an AIF is exempted from obtaining registration under SEBI (Portfolio Managers) Regulations, 2020 to provide investment management services to the offshore fund's as its activities are regulated under the SEBI (AIF Regulations), 2012. Also, whether Investment Manager of AIF would be considered as a regulated entity in terms of the SEBI (AIF Regulations), 2012?

Fees

The requisite fees of INR 25,000 (Indian Rupees Twenty Five Thousand Only) under the SEBI (Informal Guidance) Scheme, 2003 is attached herewith vide demand draft no: 026162 dated 08/04/2021 from HDFC Bank.

Further, as per provisions of para 11 of the Informal Guidance Scheme, we request you to provide our application a confidential treatment for a period of 90 days from the date of SEBI's response.

We request you to contact Mr. Darshit Shah on contact number +91 9820393092 or email darshit.shah@acelansdowne.com or Mr. Alok Bodas on contact number +919967423460 or email alok.bodas@acelansdowne.com if you have any questions or require any information/clarification with respect to this application and we will be happy to provide the same.

Thanking You,

Yours sincerely,

For on and behalf of
Ace Lansdowne Investments Services LLP



Vikram Kotak
Designated Partner
Encl. as above

