



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

DEPUTY GENERAL MANAGER
INVESTMENT MANAGEMENT DEPARTMENT
DIVISION OF FUNDS-6

IMD/ DoF-6/OW/ 2022/9534
March 07, 2022

Ace Lansdowne Investments Services LLP
111, 11th Floor, Maker Chambers IV,
Nariman Point, Mumbai – 400 021

Kind Attention: Shri Vikram Kotak (Designated Partner)

Dear Sir,

Sub: Request for interpretive letter under Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 in connection with the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (the "AIF Regulations") and the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 (the "PMS Regulations")- by Ace Lansdowne Investments Services LLP ("You/Applicant").

1. This has reference to your letter dated April 08, 2021 and subsequent emails dated July 05, 2021 and September 02, 2021, seeking an interpretive letter under the SEBI (Informal Guidance) Scheme, 2003.
2. In your letter under reference you have, *inter-alia*, represented as follows:
 - 2.1 The Applicant is Manager of Ace Lansdowne India Investment Fund (the "ALIIF") a SEBI registered Category-III Alternative Investment Fund (the "AIF") having Registration No. IN/AIF3/18-19/0577 dated September 05, 2018.
 - 2.2 The Applicant 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 Manager in managing the offshore fund would be similar to the duties and responsibilities entrusted for managing the Fund.
- 3 Further, vide email dated July 05, 2021, you have submitted that the proposed offshore Fund in Ireland will fulfil all the conditions as referred to in section 9A (3) of the Income Tax Act, 1961 (the "IT Act") and will therefore be considered as an eligible investment fund. Vide email dated September 02, 2021, you have also submitted that the Manager is not intending to incorporate any Company or Limited Liability



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Partnership and the entire team of the Manager shall be responsible for undertaking investment and divestment activities for the offshore fund.

- 4 In view of the above, you have sought an interpretive letter under SEBI (Informal Guidance) Scheme, 2003 from SEBI on the following:
- 4.1 Whether the Applicant which is already acting as the Investment Manager of the SEBI registered Alternative Investment Fund can provide investment management services to the offshore fund?
- 4.2 Whether the Applicant 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?
- 4.3 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 as its activities are regulated under the SEBI (AIF Regulations), 2012?
- 4.4 Whether Investment Manager of AIF would be considered as a regulated entity in terms of the SEBI (AIF Regulations), 2012?

Relevant Regulatory provisions:

- 5 In terms of regulation 2(1)(q) of the AIF Regulations “manager” means any person or entity who is appointed by the AIF to manage its investments by whatever name called and may also be same as the sponsor of the Fund.

- 6 PMS Regulations define ‘Portfolio Manager’, ‘Eligible Investment Fund’ and ‘Eligible Fund Manager’ as under:

Regulation 2(1)(o) - “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.

Regulation 2(1)(i) - “eligible investment fund” shall have the same meaning as assigned to it in sub-section (3) of Section 9A of the Income-tax Act,1961.

Regulation 2(1)(h) - “eligible fund manager” shall have the same meaning as assigned to it in sub-section (4) of Section 9A of the Income-tax Act,1961.



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- 7 In terms of regulation 18 of the PMS Regulations an applicant who is a body corporate who intends to act as an eligible fund manager may be granted registration under regulation 10 if:
- “(a) it fulfills all the conditions specified in sub section (4) of Section 9A of the Income-tax Act, 1961;*
(b) it complies with the requirements specified under Chapter II of these regulations, unless specified otherwise in this Chapter;
(c) it pays the fees as specified in Schedule II; and
(d) it provides a declaration to the Board as specified in paragraph (2) of Schedule VI.”

8 Our Comments:

The submissions made in your letter and emails have been considered and our view on the issues raised in your letter/emails are as under:

- 8.1 As regard the queries mentioned at para 4.1 and 4.2 above, an Investment Manager of SEBI registered AIF can provide investment management services to the offshore fund (i.e. an eligible investment fund as defined under section 9A (3) of the IT Act) in Ireland only by obtaining the certificate of registration as a portfolio manager under the PMS Regulations to act as an eligible fund manager.
- 8.2 As regard the query mentioned at para 4.3 above, the Manager of a SEBI registered AIF is not exempted from obtaining registration under the PMS Regulations to provide investment management services to the offshore fund in Ireland. Unlike the SEBI (Investment Advisors) Regulations, 2013, the PMS Regulations do not provide for any specific exemptions from registration to any entity and therefore the applicant will have to adhere by the provisions of the PMS Regulations.
- 8.3 As regard the query mentioned at para 4.4 above, the Manager of an AIF is considered as a regulated entity in terms of the AIF Regulations. In this regard, reference is made to following provisions of the AIF Regulations:
- a. Regulation 4 - Eligibility Criteria
“For the purpose of the grant of certificate to an applicant, the Board shall consider the following conditions for eligibility, namely,—
(f) the applicant, Sponsor and Manager are fit and proper persons based on the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008;



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(h) the Manager or Sponsor has the necessary infrastructure and manpower to effectively discharge its activities;

b. Regulation 5 - Furnishing Information

"(2) If required by the Board, the applicant or Sponsor or Manager shall appear before the Board for personal representation."

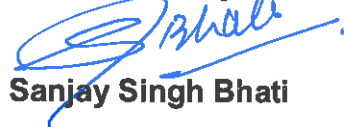
c. Regulation 10 - Investment in Alternative Investment Fund

(d) the Manager or Sponsor shall have a continuing interest in the Alternative Investment Fund.....

(e) the Manager or Sponsor shall disclose their investment in the Alternative Investment Fund to the investors of the Alternative Investment Fund;

- 9 Vide your aforesaid letter, you have requested for confidentiality in respect of your application. Accordingly, it has been decided that the interpretive letter issued to you in this matter will not be made public for a period of 90 days from the date of issuance of this letter.
- 10 The above position is based on the information furnished in your letter and emails under reference. Different facts or conditions might lead to different results. Further, this letter does not express decision of the Board on the questions referred.
- 11 You may note that the above views are expressed only with respect to the clarification sought on the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 and the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 and do not affect the applicability of any law and other SEBI Regulations, guidelines and circulars administered by SEBI or any other authority.

Yours faithfully,



Sanjay Singh Bhati