



Date: January 12, 2022

**Securities and Exchange Board of India ("SEBI")**  
Investment Management Department,  
Division of Funds 1,  
SEBI Bhavan, Plot No.C-4, "G" Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400051

Kind Attention: Ms. Manaswini Mahapatra, General Manager

Dear Madam,

**Subject: Request for Interpretive letter under SEBI (Informal Guidance) Scheme, 2003 ("Informal Guidance")**

**Reg: Large Value Accredited Investor**

LGT Wealth India Private Limited ("LGT Wealth India") is registered with SEBI as a portfolio manager under the SEBI (Portfolio Managers) Regulations, 2020 ("PMS Regulations") bearing registration number INP000007322.

LGT Wealth India requests for an **interpretive letter** under the Informal Guidance Scheme for the matter given below.

**Background:**

1. LGT Wealth India provides discretionary and non-discretionary portfolio management services to its clients under the regulatory framework of the PMS Regulations.
2. One of its Clients, who is an ultra-high net worth individual ("Client"), is availing PMS services from LGT Wealth India under multiple Discretionary PMS Strategies. Currently, the gross Asset under Management is around Rs.6 Crores.
3. The said Client now wishes to register himself as an Accredited Investor. He also wishes to avail PMS services for investment up to 100 % of his Asset under Management in unlisted securities pursuant to the exception granted to large value accredited investor.

**Underlying Regulations:**

As per Regulation 24 (4) of SEBI (Portfolio Managers) Regulations, 2020, *the portfolio manager offering non-discretionary or advisory services to clients may invest or provide advice for investment up to 25% of the assets under management of such clients in unlisted securities, in addition to the securities permitted for discretionary portfolio management.*



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However, as per Regulation 24 (4A) of SEBI (Portfolio Managers) Regulations, 2020, a **large value accredited investors** can avail discretionary or non-discretionary or advisory services from a portfolio Manager for investment **up to hundred percent** of the assets under management **in unlisted securities**, subject to appropriate disclosures in the disclosure document and the terms agreed between the client and the portfolio manager.

Pursuant to Regulation 2(1a) of SEBI (Portfolio Managers) Regulations, 2020, a “large value accredited investor” means an accredited investor who has entered into an agreement with the portfolio manager **for a minimum investment amount of ten crore rupees**.

**Current Question and our understanding on the matter:**

1. At present, the gross Asset under Management (AUM) for the Client under various PMS strategies is around Rs.6 Crores. The key question here is, whether the Client should bring in additional AUM of Rs. 4 Crores, so as to achieve Rs.10 Crore threshold for availing the benefit of a “large value accredited investor” **or** does he need to make fresh investment of Rs. 10 Crores under a separate agreement with LGT Wealth India for availing the benefit of a “large value accredited investor”.
2. Our View: We are of the view that since the Client is already having an agreement with a Portfolio Manager (i.e LGT Wealth India) for an amount of Rs.6 Crores, he should be considered as Large Value Accredited Investor by making further investment of Rs. 4 Crores (for meeting the agreement value prescribed for large value accredited investor) after registering himself as an accredited investor.

**Guidance sought:**

With the above backdrop, we request your guidance on the below queries:

- a) If an Accredited Investor, who has already invested ₹6 Crore on one or more of the Discretionary PMS Strategies of LGT Wealth India, decides to become a **large value** accredited investor then, is he required to invest the balance ₹4 Crore in the DPMS/NDPMS strategy(ies) of LGT Wealth India to become a large value accredited investor or a fresh investment of ₹10 Crores under a separate agreement is required for availing the benefit of a “large value accredited investor”?
- b) What is the scenario if the Client is holding the existing PMS AUM of Rs.6 Crores with a different Portfolio Manager? Does the threshold limit (Rs.10 Crores) apply basis his gross AUM irrespective of number of Portfolio Managers or it is to be calculated per portfolio manager basis?
- c) What is the scenario, if the **other** Portfolio Manager (OPM), with whom the existing AUM is lying is not registered as a registered investment provider? Can we consider the PMS AUM lying with the said OPM for the purpose of calculating the prescribed threshold of Rs.10 Crores?





- d) If a client, under an existing PMS has a portfolio of 50 lacs or more in one or more of NDPMS strategies, decides to become an Accredited Investor (AI) (and not Large Accredited Investor), then can the listed securities from the existing investments be sold from the client's existing NDPMS account and the proceeds be invested into one or more unlisted securities, subject to 25% threshold?
- e) As per the PMS Regulations, the requirement of minimum investment amount per client shall not apply to an AI, hence, can an AI start his PMS investment with a minimum amount of Rs. 1 lac?

**Payment of fees:**

Please find enclosed demand draft no. 465367 dated January 4, 2023, amounting to Rs. 29,500 (Rupees Twenty-Nine Thousand Five hundred only) (including GST) in favour of "Securities and Exchange Board of India", payable at Mumbai, towards fees for seeking informal guidance as per SEBI (Informal Guidance) Scheme, 2003.

Thanking you.

Yours faithfully,

For LGT Wealth India Private Limited

**Lalatendu Acharya**  
Compliance Officer

