

circulars, we could not trace any explicit regulatory guidance on the permissibility or treatment of client initiated pledging of such securities.

Since the securities form part of the **PMS-managed portfolio**, we request your consideration and guidance on the following points:

Points for Clarification

1. Whether a Portfolio Manager may permit a client to pledge securities held in the client's demat account - securities purchased under the NDPMS framework - either directly by the client or through an instruction routed via the Portfolio Manager to the Custodian, considering that these securities are the client's property and remain in the client's beneficiary account and that such pledge is initiated solely at the client's discretion for the client's own benefit, not for the Portfolio Manager's benefit.
2. Whether such pledge by the client would in any manner be construed as borrowing of funds or securities by the portfolio manager on behalf of the client, as restricted under Regulation 23(8) of the SEBI (Portfolio Managers) Regulations, 2020.
3. Whether the market value of securities pledged by the client may continue to be included in the Portfolio Manager's Assets Under Management (AUM) and reflected in regulatory reporting, given that the beneficial ownership of the securities remains with the client and the act of pledging does not alter such ownership.



	<p>4. Whether any specific disclosures or risk warnings are required to be provided by the Portfolio Manager to the client regarding the risks associated with pledging of securities, including but not limited to the risk of invocation of pledge and loss of securities.</p> <p>5. Whether the Portfolio Manager is required to intimate SEBI or the Custodian regarding such pledging arrangements entered into by the client.</p> <p>6. Any other precautions which we have to take to be compliant with SEBI Regulations.</p>
Whether confidentiality is required under Paragraph 15 of the Scheme	No
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In view of the above, we request your guidance on the permissibility and regulatory implications of the aforesaid arrangement under the SEBI (Portfolio Managers) Regulations, 2020. The clarification will assist us in ensuring that our operations remain fully compliant with the applicable regulatory framework.

For Geojit Financial Services Ltd
Portfolio Manager -INP000003203



Satish Menon
Executive Director

