

Public Notice – VCF Settlement Scheme, 2025

1. Upon notification of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”) in May 2012, the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 (“VCF Regulations”) were repealed. As per Regulation 3(2) of the AIF Regulations, Venture Capital Funds (“VCFs”) registered under the VCF Regulations continue to be regulated under the repealed VCF Regulations, till their existing fund(s) or scheme(s) are wound up.
2. Some VCFs are unable to liquidate their investments during the tenure of the fund, and continue to hold the unliquidated investments beyond the expiry of their tenure.
3. Considering the representations received from VCFs regarding difficulties faced to fully liquidate their investments during the tenure of their schemes and wind up, the AIF Regulations provided for migration of such VCFs to the AIF regime, the modalities of which are detailed in the SEBI Circular dated August 19, 2024. VCFs have been provided an additional period of one year to liquidate their investments and wind up the schemes. Once migrated, they could also enter into a dissolution period after obtaining approval from their investors. The last date for applying for such migration is July 19, 2025.
4. The VCF Settlement Scheme 2025 has been proposed to provide an opportunity to such VCFs to settle actions arising out of having schemes whose liquidation periods have expired but not wound up and that continue to hold the unliquidated investments, and have completed the migration.

5. Details of the Scheme:

- 5.1. **Eligibility:** VCFs with at least one scheme whose tenure has expired but not wound up and has completed the migration.
- 5.2. **Validity of the Scheme:** The Scheme shall commence on July 21, 2025 and end on January 19, 2026 (both days inclusive) or such other date as approved by the Competent Authority.
- 5.3. **Filing of the Settlement Application:** An entity desirous of making an application for availing settlement under the VCF Settlement Scheme, 2025 shall be advised to submit a Settlement application along with a non-refundable application fee of ₹25,000/- with applicable GST @ 18% in the specified format, which shall be made available on the website of SEBI.
- 5.4. **Mode of Payment:** Remittance of the settlement amount is required to be done through a dedicated payment gateway, details of which shall be made available on the website of SEBI.

6. Terms of Settlement of the Scheme:

6.1. The Base Amount for settlement for delay up to 1 year in winding up the scheme shall be ₹1,00,000. For every subsequent year of delay or part thereof, an additional amount of ₹50,000 shall be payable.

6.2. Additionally, the following amounts are required to be paid for holding unliquidated investments of investors beyond the tenure of the fund/scheme:

Sr. No.	Cost of cumulative unliquidated investments as on date of application for migration	Amount
1.	Upto ₹ 25 crore	₹ 1,00,000
2.	More than ₹ 25 crore up to ₹ 50 crore	₹ 2,00,000
3.	More than ₹ 50 crore up to ₹ 100 crore	₹ 4,00,000
4.	More than ₹ 100 crore up to ₹ 200 crore	₹ 5,00,000
5.	More than ₹ 200 crore	₹ 6,00,000

7. Conditions for applying for settlement under VCF Settlement Scheme, 2025:

7.1. Prior to applying under the Settlement Scheme, VCFs should have completed the migration under AIF Regulations.

7.2. The Settlement amount and all expenses related to settlement shall be borne by the Investment Manager/Sponsor and shall not be recoverable from the scheme/fund/investors.

7.3. The last date for applying under this settlement scheme shall be 6 months from July 19, 2025 i.e. January 19, 2026, or any other date as may be notified by SEBI.

8. Upon expiry of the last date of migration, i.e. July 19, 2025, SEBI may initiate action against such VCFs that have schemes whose liquidation period has expired but not wound up and that continue to hold the unliquidated investments, and have not availed the opportunity under the VCF Settlement Scheme, 2025.

9. The Frequently Asked Questions on the aforesaid Settlement Scheme shall be available on the website of SEBI on July 21, 2025.

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