

SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

IN RESPECT OF

Sr. No.	Settlement Applications No.	Applicants	PAN
1.	8334/2025	Motilal Oswal Alternative Investment Trust	AADTM3067A
2.	8335/2025	Motilal Oswal Asset Management Company Limited	AAFCEM8463P

(The aforementioned entities are hereinafter collectively referred to as “the Applicants”)

IN THE MATTER OF MOTILAL OSWAL ALTERNATIVE INVESTMENT TRUST

1. The Applicants filed *suo-motu* settlement applications with the Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) under the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”) proposing to settle by neither admitting nor denying the findings of fact and conclusions of law, the enforcement proceedings that may be initiated against them for the alleged violation of Regulations 20(1), 20(2), 20(3) and 24(a) of the SEBI (Alternative Investment Funds) Regulations, 2012 (hereinafter referred to as “**AIF Regulations**”), read with clauses 1(b), 2(a) and 2(d) of Code of Conduct of the AIF Regulations.
2. Brief facts of the case are as follows:
 - a. Motilal Oswal Alternative Investment Trust (hereinafter referred to as “**AIF**”) is set up in the nature of a Trust and registered with SEBI as a Category III Alternative Investment Fund;
 - b. It was observed that for 109 defaulting investors the AIF retained ₹8.69 crores out of ₹35.17 crores paid by the defaulting investors against their total

- commitment amounting to ₹115 crores. The penalty amounts to almost 25% of the actual paid amount by the investors;
- c. The amount of ₹8.69 crores includes taxes collected from investors and paid to the government. It is noted that the Motilal Oswal Asset Management Company Limited (hereinafter referred to as “**Investment Manager**”) is appropriating the penal exit load charged to the defaulting investors instead of crediting this amount to the respective scheme for the benefit of other non-defaulting investors;
 - d. It was also alleged that due to a lack of coordination between the distributor, the customer service team and the operations team, an investor was considered a defaulting client and her portfolio was wrongly liquidated. Although, the AIF later reinstated the account upon payment of remaining amount by the investor, the deficiency in service to investor had occurred;
 - e. It was further alleged that the AIF did not have any documented process for distributors including a code of conduct or a framework for taking action against its distributors. No action was taken by the AIF against any distributor for default by investors referred to in SCORES complaints. Further, no action was taken against the distributor for alleged mis-selling in the complaints.
 - f. Thus, it was alleged that the AIF violated Regulation 20(1), 20(2), 20(3) of the AIF Regulations, read with clause 1(b) of Code of Conduct and the Investment Manager was alleged to be in violation of Regulation 20(1), 20(2), 20(3), 24(a) and clause 2(a) and 2(d) of Code of Conduct of the AIF Regulations.
3. The Applicants have filed the present Settlement Applications for the purpose of settling the enforcement proceedings that may be initiated against them for the alleged violations mentioned at paragraph 1 above.
4. Pursuant to the receipt of the applications, the authorized representatives of the Applicants had a meeting with the Internal Committee of SEBI on May 27, 2025 and September 25, 2025, wherein, the details of the case were deliberated along with the terms of settlement. Thereafter, vide email dated October 03, 2025, the Applicants filed revised settlement terms proposing settlement amount of ₹38,76,000 (Rupees Thirty-Eight Lakhs Seventy-Six Thousand only) to settle the

enforcement proceedings that may be initiated against it. The Applicants, vide letter dated June 6, 2025, had also stated that they had taken corrective measures with respect to the alleged violations and had taken steps to ensure that the violations so noticed do not recur in future.

5. The High Powered Advisory Committee (hereinafter referred to as “**HPAC**”) in its meeting held on November 28, 2025 considered the revised settlement terms proposed by the Applicants and recommended that the case may be settled as per the aforementioned settlement terms proposed by the Applicants.
6. The recommendations of the HPAC were placed before the Panel of Whole Time Members and the same were approved by the Panel of Whole Time Members on January 20, 2026. Subsequently, a Notice of Demand for the said amount was issued to the Applicants on January 30, 2026. The Applicants informed about the remittance of the aforesaid settlement amount on February 27, 2026 and SEBI has confirmed credit of the same.
7. On the basis of the facts stated above, in exercise of the powers conferred under Section 15JB read with Section 19 of the Securities and Exchange Board of India Act, 1992 and in terms of Regulation 23 of the Settlement Regulations, it is hereby ordered that any proceedings that may be initiated for the violations as mentioned at paragraph 1 above, are settled in respect of the Applicants on the following terms:
 - i. SEBI shall not initiate any enforcement action against the Applicant for the said violations, and
 - ii. passing of this Order is without prejudice to the right of SEBI under Regulation 28 and Regulation 31 of the Settlement Regulations to initiate appropriate action against the Applicants, if SEBI finds that:
 - (a) any representation made by the Applicants in the present settlement proceedings is subsequently found to be untrue;
 - (b) the Applicants has breached any of the clauses/ conditions of undertakings/ waivers filed during the present settlement proceedings; and

(c) there was a discrepancy while arriving at the settlement terms.

8. This Settlement Order shall come into force with immediate effect.

9. In terms of Regulation 25 of the Settlement Regulations, a copy of this Order shall be sent to the Applicants and shall also be hosted on the website of SEBI.

KAMLESH CHANDRA VARSHNEY
WHOLE TIME MEMBER

AMARJEET SINGH
WHOLE TIME MEMBER