THE GAZETTE OF INDIA

EXTRAORDINARY

PART – III – SECTION 4

PUBLISHED BY AUTHORITY

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 3rd August, 2021

SECURITIES AND EXCHANGE BOARD OF INDIA (ALTERNATIVE INVESTMENT FUNDS) (THIRD AMENDMENT) REGULATIONS, 2021

No. SEBI/LAD-NRO/GN/2021/33. ─ In exercise of the powers conferred by sub-section (1) of Section 30 read with sub-section (1) of Section 11, clause (ba) and clause (c) of sub-section (2) of section 11 and sub-section (1) and (1B) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations to further amend the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 namely:—

1. These regulations may be called the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2021.

2. They shall come into force on the date of their publication in the Official Gazette.

3. In the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 –

    I. In sub-regulation (1) of regulation 2,
        i. clause (aa) shall be numbered as clause (za).
        ii. after clause (a) and before clause (b), the following clauses shall be inserted, namely, –

            "(aa) "accreditation agency" means a subsidiary of a recognized stock exchange or a subsidiary of a depository or any other entity as may be specified by the Board from time to time.

Explanation: For the purpose of this clause, the Board may recognize an accreditation agency subject to such conditions as may be specified;

(ab) "accredited investor" means any person who is granted a certificate of accreditation by an accreditation agency who,

- *(i) in case of an individual, Hindu Undivided Family, family trust or sole proprietorship has:*
  - *(A) annual income of at least two crore rupees; or*
  - *(B) net worth of at least seven crore fifty lakh rupees, out of which not less than three crores seventy-five lakh rupees is in the form of financial assets; or*
  - *(C) annual income of at least one crore rupees and minimum net worth of five crore rupees, out of which not less than two crore fifty lakh rupees is in the form of financial assets.*
- *(ii) in case of a body corporate, has net worth of at least fifty crore rupees;*
- *(iii) in case of a trust other than family trust, has net worth of at least fifty crore rupees;*
- *(iv) in case of a partnership firm set up under the Indian Partnership Act, 1932, each partner independently meets the eligibility criteria for accreditation:*

Provided that the Central Government and the State Governments, developmental agencies set up under the aegis of the Central Government or the State Governments, funds set up by the Central Government or the State Governments, qualified institutional buyers as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Category I foreign portfolio investors, sovereign wealth funds and multilateral agencies and any other entity as may be specified by the Board from time to time, shall deemed to be an accredited investor and may not be required to obtain a certificate of accreditation;"

iii. After clause (p) and before clause (q), the following clause shall be inserted, namely, –

"(pa) "large value fund for accredited investors" means an Alternative Investment Fund or scheme of an Alternative Investment Fund in which each investor (other than the Manager, Sponsor, employees or directors of the Alternative Investment Fund or employees or directors of the Manager) is an accredited investor and invests not less than seventy crore rupees;"

II. In clause (c) of regulation 10,

i. in the first proviso, the symbol *"."* shall be substituted by the symbol *":"*

ii. after the first proviso, the following proviso shall be inserted, namely,–

"Provided further that this clause shall not apply to an accredited investor;"

III. In regulation 12, –

i. in sub-regulation (3), the symbol *"."* shall be substituted by the symbol *":"*

ii. in sub-regulation (3), the following proviso shall be inserted, namely, –

"Provided that the requirements under sub-regulation (2) and (3) shall not apply to large value fund for accredited investors."

IV. In sub-regulation (4) of regulation 13,

i. the symbol *"."* shall be substituted by the symbol *":"*

ii. the following proviso shall be inserted, namely, –

"Provided that large value funds for accredited investors may be permitted to extend its tenure beyond two years, subject to terms of the contribution agreement, other fund documents and such conditions as may be specified by the Board from time to time."

V. In clause (c) of sub-regulation (1) of regulation 15,

i. the symbol *";"* shall be substituted by the symbol *":"*

ii. the following proviso shall be inserted, namely, –

"Provided that large value funds for accredited investors of Category I and II may invest up to fifty percent of the investable funds in an investee company directly or through investment in the units of other Alternative Investment Funds;"

VI. In clause (d), of sub-regulation (1) of regulation 15,

i. the symbol *";"* shall be substituted by the symbol *":"*

ii. the following proviso shall be inserted, namely, –

"Provided that large value funds for accredited investors of Category III may invest up to twenty percent of the investable funds in an investee company directly or through investment in units of other Alternative Investment Funds;"

Sd/-

AJAY TYAGI

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA

Footnote:

1. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 were published in the Gazette of India on May 21, 2012 vide No. SEBI/LAD-NRO/GN/2012-13/04/11262.
2. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 were subsequently amended on, –

(1) 16th September, 2013 by Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2013 vide No. LAD-NRO/GN/2013-14/24/6573.

(2) 23rd May, 2014 by Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2014 vide No. LAD-NRO/GN/2014-15/03/1089.

(3) 26th September, 2014 by Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 vide No. LAD-NRO/GN/2014-15/11/1576.

(4) 14th August, 2015 by Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2015 vide No. SEBI/LAD-NRO/GN/2015-16/011.

(5) 4th January, 2017 by Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2016 vide No. SEBI/LAD/NRO/GN/2016-17/026.

(6) 6th March, 2017 by Securities and Exchange Board of India (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2017 vide No. SEBI/LAD/NRO/GN/2016-17/037.

(7) 1st June, 2018 by Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2018 vide No. SEBI/LAD/NRO/GN/2018/19.

(8) 10th May, 2019 by Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2019 vide No. SEBI/LAD/NRO/GN/2019/16.

(9) On 17 April, 2020 by the Securities and Exchange Board of India (Regulatory Sandbox) (Amendment) Regulations, 2020 vide No. SEBI/LAD-NRO/GN/2020/10.

(10) 19th October, 2020 by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2020 vide No. SEBI/LAD/NRO/GN/2020/37.

(11) 8th January, 2021 by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2021 vide No. SEBI/LAD/NRO/GN/2021/01.

(12) 5th May, 2021 by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021 vide No SEBI/LAD-NRO/GN/2021/21.

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