



Consultation Paper for Public Comments: Review of minimum value of investment by individual investors in Social Impact Fund under SEBI AIF Regulations, 2012 and review of requirements related to registration period of NPOs and minimum subscription under SEBI ICDR Regulations, 2018

1. Objective

1.1. The objective of this consultation paper is to solicit comments / views / suggestions from the public and other stakeholders on the proposals relating to review of minimum value of investment in Social Impact Funds and the requirement of minimum subscription and registration period for Not for Profit Organizations on Social Stock Exchange under the relevant SEBI Regulations.

2. Background

2.1. The framework for Social Stock Exchange (SSE) had been operationalized through SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (*"ICDR Regulations"*), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (*"LODR Regulations"*) and through issuance of circulars from time to time, with the objective of facilitating fund raising by eligible Social Enterprises on SSE platform.

2.2. Further, in order to facilitate investments by AIFs, Social Impact Funds were enabled to invest in the securities issued by the Not for Profit Organizations on SSE by amending SEBI (Alternative Investment Funds) Regulations, 2012 (*"AIF Regulations"*).

2.3. With a view to further strengthen the SSE framework, to facilitate ease of fund raising and to encourage greater participation by Not for Profit Organizations (NPOs), SEBI in consultation with the Social Stock Exchange Advisory Committee (SSEAC) undertook a review of certain regulatory requirements under the existing SSE framework.

2.4. Based on the internal deliberations and discussions with the SSEAC, it is proposed to:

2.4.1. Reduce the minimum value of investment by individual investors in Social Impact Funds (SIFs);



2.4.2. Extend the period of registration for Not for Profit Organizations (NPOs) on SSE without raising funds.

2.4.3. Reduce the minimum subscription requirement for issuance of Zero Coupon Zero Principal Instruments (ZCZP); and

3. Review of regulatory provisions under AIF Regulations with respect to reduction in minimum value of investment in SIFs

3.1. In terms of proviso to Clause (c) of Regulation 10 of the AIF Regulations, an SIF which invests only in securities of NPOs registered or listed on a SSE, the minimum value of investment by an individual investor is rupees two lakh.

3.2. Based on the deliberations held with the SSEAC, it is proposed to reduce the minimum value of investment by individual investors in SIFs from rupees two lakh to rupees one thousand.

3.3. In this regard, consultation on the abovementioned proposal is placed at **Annexure - I** for seeking public comments.

4. Review of regulatory provisions with respect to registration requirements and minimum subscription in NPOs

4.1. The requirement relating to registration for an NPO is specified in Regulation 292F of the ICDR Regulations, which provides that an NPO may be registered with SSE for a maximum period of two years from the date of registration or such duration as may be specified by the Board without raising funds.

4.2. Further, the requirement of minimum subscriptions is prescribed in the Master Circular no. HO/49/14/14(6)2025-CFD-PoD1/II/2771/2026 dated January 19, 2026 on 'Framework for Social Stock Exchange (SSE)' and ICDR Regulations.

4.3. A draft circular proposing the extension of period of registration of NPOs on SSE without raising funds and revision of the minimum subscription requirement for issuance of ZCZP is placed at **Annexure - II** for seeking public comments.

5. You may submit your comments/suggestions on proposal placed at **Annexure - I** and the draft circular placed at **Annexure - II** by March 2, 2026, by using the following link:



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

6. In case of any technical issue in submitting your comments through the web based public comments form, you may send the public comments on the email consultationcfid@sebi.gov.in with subject:

“Review of minimum value of investment by individual investors in SIF and review of minimum subscription and registration period of NPOs raising funds through SSE”

Issued on: February 09, 2026



Annexure - I

Reduction in minimum value of investment by individual investors in Social Impact Funds under SEBI (Alternative Investment Funds) Regulations, 2012

1. Background

- 1.1. Third Proviso to Clause (c) of Regulation 10 of SEBI (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”) provides that, *“in case of a social impact fund which invests only in securities of Not for Profit Organizations registered or listed on a social stock exchange, the minimum value of investment by an individual investor shall be two lakh rupees.”*
- 1.2. The conditions relating to application size for subscription to Zero Coupon Zero Principal Instruments (ZCZP), has been prescribed in SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”) and circulars issued thereunder. At the initial stage the minimum application size for subscription to ZCZP was prescribed as rupees two lakhs. Subsequently, in order to enhance investor participation, the minimum application size was reduced and presently it is rupees one thousand, with effect from March 19, 2025.
- 1.3. In order to align the minimum value of investment in AIF Regulations with the minimum application size in ICDR Regulations, it is proposed to reduce the minimum value of investment by an individual investor in Social Impact Fund (SIF) which invest in securities of NPOs listed on SSE, from rupees two lakh to rupees one thousand under AIF Regulations. The proposed reduction in the minimum value of investment would enable the SIFs to attract small investors to invest in the securities of the NPOs through the SIF.

2. Proposal

- 2.1. It is proposed that the minimum value of investment by individual investors in Social Impact Fund in AIF Regulations may be reduced to rupees one thousand in order to align it with the minimum application size for subscription to ZCZP in ICDR Regulations.



2.2. The proposed amendment to third proviso to clause (c) of regulation 10 of AIF Regulations is outlined as follows:

“in case of a social impact fund which invests only in securities of Not for Profit Organizations registered or listed on a social stock exchange, the minimum value of investment by an individual investor shall be rupees one thousand.”

3. Question for public comments

3.1. Do you agree with the proposal to reduce the minimum value of investment by an individual investor from rupees two lakh to rupees one thousand?



DRAFT CIRCULAR

SEBI/HO/CFD/PoD/P/CIR/2026/....

Date: XXX, 2026

To

All Recognized Stock Exchanges

All Recognized Depositories

All Merchant Bankers and Brokers registered with SEBI

All Social Enterprises

All Social Impact Fund registered with SEBI

All Social Impact Assessment Firms

Institute of Chartered Accounts of India (ICAI)

Institute of Company Secretaries of India (ICSI)

Institute of Cost Accountants of India (ICMAI)

Sir / Madam,

Sub: Review of requirement relating to registration for a Not for Profit Organization on Social Stock Exchange (SSE) and minimum subscription requirement for issuance of Zero Coupon Zero Principal Instruments

1. In order to strengthen the SSE framework, to facilitate ease of fund raising and encourage greater participation by Not for Profit Organizations (NPOs) on SSE, SEBI in consultation with the Social Stock Exchange Advisory Committee (SSEAC) undertook a review of the following regulatory requirements under the SSE framework:
 - 1.1. Extension of the period of registration for Not for Profit Organizations from two years to three years without undertaking fund raising through SSE; and



- 1.2.Reduction in the minimum subscription requirement for issuance of Zero Coupon Zero Principal Instruments (ZCZP) from 75% to 50%.
2. Extension of the period of registration of NPOs on SSE from two years to three years without undertaking fund raising through SSE
 - 2.1.The SSEAC recommended that in order to address the practical challenges faced by the NPOs, such as delay in renewal of registration under the Income Tax Act, other statutory approvals etc. which may delay the fund raising, the registration period may be further extended by one additional year subject to approval by the SSEs.
 - 2.2.Based on the recommendations of SSEAC, it is decided to further extend the existing period of registration of two years by one additional year subject to approval by SSEs.
3. Reduction in the minimum subscription requirement for issuance of Zero Coupon Zero Principal Instruments (ZCZP) from 75% to 50%
 - 3.1.In order to encourage the participation of NPOs on SSE for raising funds, the SSEAC recommended that a calibrated flexibility may be introduced by permitting a lower minimum subscription requirement. However, a uniform application of the reduced threshold across all projects may not serve the purpose of the requirement of minimum subscription for meaningful implementation of the projects.
 - 3.2.Accordingly, the SSEAC recommended that a minimum subscription of 50% may be permitted for the projects where the cost of the project and intended outcomes of the project can be proportionately allocated on a 'per unit' basis, ensuring that partial subscription does not adversely affect the project implementation and that the issue proceeds are meaningfully deployed towards the disclosed object/s of the project in the fund raising document.
 - 3.3.The SSEAC further recommended that fund raising at minimum subscription of 50% may be permitted, subject to the condition that the Social Stock Exchanges should undertake appropriate due diligence of the fund raising document and

satisfy themselves regarding the feasibility of project implementation at lower subscription prior to granting approval to the NPOs for raising funds.

3.4. Based on the recommendations of SSEAC, it is decided to reduce the requirement of minimum subscription for issuance of ZCZP from 75% to 50% for the projects where the cost of the disclosed object/s of the project can be proportionately allocated on a 'per unit' basis, subject to appropriate due diligence by the SSEs.

4. Partial modification to the existing provisions in the Master Circular on Framework for Social Stock Exchange -

4.1. The requirement relating to registration for an NPO is specified in Regulation 292F of the ICDR Regulations, which provides that an NPO may be registered with SSE for a maximum period of two years from the date of registration or such duration as may be specified by the Board without raising funds. As this regulation empowers the Board to specify the duration of registration, it is decided to extend the duration for registration through an appropriate provision in the Master Circular no. HO/49/14/14(6)2025-CFD-PoD1//2771/2026 dated January 19, 2026 on Social Stock Exchange (SSE) Framework and ICDR Regulations.

4.2. Further, the provisions relating to the requirement of minimum subscriptions are also prescribed under the above mentioned Master Circular.

5. In view of the abovementioned decision at serial no. 2.2 and serial no. 3.4, the following partial modifications to the Master Circular shall be carried out:

5.1. After para 1.1.1, a new para 1.1.2. as under, shall be inserted in the Master Circular:

"1.1.2. In terms of Clause (1) of Regulation 292F of SEBI ICDR Regulations, it is being specified that a Not for Profit Organization may register on a Social Stock Exchange and not raise funds through it for a period of two years from the date of registration. Such period of two years may be further extended by one additional year subject to approval by the Social Stock Exchange."

5.2. Para 1.4.5 of abovementioned Master Circular, shall be read as under:

“1.4.5. The minimum subscription required to be achieved shall be 75% of the funds proposed to be raised through issuance of ZCZP:

Provided that the minimum subscription required to be achieved shall be 50% in case where the project cost is structured for implementation on a clearly identifiable per-unit basis and the funds raised are capable of being meaningfully deployed on proportionate basis towards the disclosed object in the fund raising document. The Social Stock Exchanges shall undertake appropriate due diligence to ensure that the deployment of funds raised and implementation of the project are aligned with the per-unit structure, prior to granting approval for the fund raising;”

5.3. Para 1.4.6 of abovementioned Master Circular, shall be read as under:

“1.4.6. In case of any under subscription, the NPO in the fund raising document, shall provide details on the following:

- a) manner of raising balance capital in case of minimum subscription achieved is 75% or 50%, as the case may be;*
- b) possible impact on achieving the social objective(s) in case such under subscription is not arranged:*

Provided that the funds shall be refunded in case the minimum subscription is not achieved.”

6. This Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 292F and Regulation 292K of the ICDR Regulations to protect the interests of investors and to promote the development of, and to regulate the securities market and shall come into effect immediately.
7. A copy of this circular is available on SEBI website at www.sebi.gov.in under the categories “Legal → Circulars”.

Yours faithfully,