



**भारतीय प्रतिभूति और विनिमय बोर्ड**  
**Securities and Exchange Board of India**

CIRCULAR

CIR/IMD/DF1/ 102 /2018

June 29, 2018

**All Registered Alternative Investment Funds**

Dear Sir/ Madam,

**Sub.: Filing of Term Sheet by Angel Funds.**

1. In order to provide ease of doing business to Angel Funds, SEBI had formed a working group to study SEBI (Alternative Investment Funds) Regulations, 2012 (hereinafter referred to as 'AIF regulations') and suggest changes required, if any. Based on the recommendations of the working group, SEBI has amended the AIF Regulations vide notification dated June 1, 2018 (copy of the notification enclosed as Annexure I), simplifying certain regulatory provisions regarding the Angel Fund including Regulation 19(E) which deals with filing of scheme details with SEBI.
2. Pursuant to the aforesaid amendment of AIF regulations, it is specified that :
  - 2.1 angel funds may now launch schemes subject to filing of a Term Sheet in the format as specified in Annexure II;
  - 2.2 such Term Sheet shall contain material information regarding the scheme; and
  - 2.3 such Term Sheet shall be filed with the Board within ten days of launching the scheme.
3. This circular is issued in exercise of powers conferred by sub-section (1) of section 11 and section 11A of the Securities and Exchange Board of India Act, 1992 read with the provisions of the AIF regulations, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. The provisions of this circular shall be applicable with immediate effect.
4. This Circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal Framework-Circulars" and "Info for – Alternative Investment Funds".

Yours faithfully,

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**THE GAZETTE OF INDIA  
EXTRAORDINARY  
PART –III – SECTION 4  
PUBLISHED BY AUTHORITY  
NEW DELHI, JUNE 01, 2018  
SECURITIES AND EXCHANGE BOARD OF INDIA  
NOTIFICATION  
Mumbai, the 31<sup>st</sup> of May, 2018**

**SECURITIES AND EXCHANGE BOARD OF INDIA (ALTERNATIVE INVESTMENT FUNDS) (AMENDMENT) REGULATIONS, 2018**

No. **SEBI/LAD-NRO/GN/2018/19**.- In exercise of the powers conferred by subsection (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-sections (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) (Amendment) Regulations, 2018.
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 regulation 2, in sub-regulation (1),-
    - (a) in clause (b),

1. in proviso, in clause (i), the words “Companies Act, 1956” shall be substituted with the words “Companies Act, 2013”.
2. in proviso, the existing clause (ii) shall be substituted with the following clause, namely,-

“(ii) ESOP Trusts set up under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 or as permitted under Companies Act, 2013;”

3. in proviso, the existing clause (iv) shall be substituted with the following clause, namely,-

“(iv) ‘holding companies’ as defined under sub-section 46 of section 2 of Companies Act, 2013;”

- (b) in clause (g), the words “Companies Act, 1956” shall be substituted with the words “Companies Act, 2013”

- (c) in clause (u), the existing sub-clause (iii) shall be substituted with the following sub-clause, namely;-

“(iii) company registered under section 8 of the Companies Act, 2013”

- (ii) in regulation 2, in sub-regulation (2), the words “Companies Act, 1956 (1 of 1956)” shall be substituted with the words “Companies Act, 2013 (18 of 2013)”
- (iii) in regulation 10, in clause (f), in the proviso, the words “Companies Act, 1956” shall be substituted with the words “Companies Act, 2013”.
- (iv) in regulation 19A, in sub-regulation (3), in clause (a), in Explanation I, the words “section 6 of the Companies Act, 1956 (1 of 1956)” shall be substituted with the words “sub-section 77 of section 2 of the Companies Act, 2013”.
- (v) in regulation 19D, in sub-regulation (2), the word “ten” shall be substituted with the word “five”.
- (vi) in regulation 19D, in sub-regulation (3), the word “three” shall be substituted with the word “five”.
- (vii) in regulation 19D, in sub-regulation (4), the following proviso shall be inserted, namely,-  
  
“Provided that the provisions of the Companies Act, 2013 shall apply to the Angel Fund, if it is formed as a company.”
- (viii) in regulation 19E,-
  - (a) sub-regulation (1) shall be substituted with the following, namely,-

“The angel fund may launch schemes subject to filing of a term sheet with the Board, containing material information regarding the scheme, in the format and time period as may be specified by SEBI.”

- (b) sub-regulation (2) and (3) shall be omitted.
- (c) existing sub-regulation (4) shall be re-numbered as sub-regulation (2)
- (d) in sub-regulation (2), the following proviso shall be inserted, namely,

“Provided that the provisions of the Companies Act, 2013 shall apply to the Angel Fund, if it is formed as a company”

(ix) in regulation 19F, in sub-regulation (2), the words “five crores” shall be substituted with the words “ten crores”.

(x) in regulation 29, in sub-regulation (3), the words “Companies Act, 1956 (1 of 1956)” shall be substituted with the words “Companies Act, 2013”.

**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 21st May, 2012 vide No. LAD-NRO/GN/2012-13/04/11262.

2. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 were subsequently amended on:

- a. 16<sup>th</sup> September, 2013 by Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2013 vide No. LAD-NRO/GN/2013-14/24/6573.
- b. 23<sup>rd</sup> May, 2014 by Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2014 vide No. LAD-NRO/GN/2014-15/03/1089.
- c. 26<sup>th</sup> September, 2014 by Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 vide No. LAD-NRO/GN/2014-15/11/1576.
- d. 14<sup>th</sup> August, 2015 by Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2015 vide No. SEBI/LAD-NRO/GN/2015-16/011.
- e. 4<sup>th</sup> January, 2017 by Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2016 vide No. SEBI/LAD/NRO/GN/2016-17/026.
- f. 6<sup>th</sup> 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.

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## Term Sheet

## A - Investment and Investee Company Related Information

|                                                                                                                      |  |
|----------------------------------------------------------------------------------------------------------------------|--|
| Name of the Angel Fund                                                                                               |  |
| SEBI Registration No.                                                                                                |  |
| Name of Scheme                                                                                                       |  |
| Name of investee company                                                                                             |  |
| Investee Company profile and Product details/ services offered by the investee company                               |  |
| Business/ industry details of the Investee company                                                                   |  |
| Present Investment size/ Amount of the offering                                                                      |  |
| Investment highlights                                                                                                |  |
| Total Capital Commitment by investors                                                                                |  |
| Capital drawn by the fund                                                                                            |  |
| Type of Securities (Equity Shares / Compulsorily Convertible Preference Shares / Compulsorily Convertible Debenture) |  |
| Number of securities along with description                                                                          |  |
| Price per share/ unit of the security                                                                                |  |
| Conversion Price and terms, in case convertible securities                                                           |  |
| Details of lock in for share/ unit of fund                                                                           |  |
| Co-investment, if any                                                                                                |  |
| Details of Valuation of investee company                                                                             |  |
| Fee and expenses details for the fund                                                                                |  |
| Exit strategy for the Angel Fund - Termination of the investment / exit provisions                                   |  |
| Distribution waterfall (distribution to the investors)                                                               |  |
| Exit/ transfer rights for investors                                                                                  |  |

## B - Compliance with SEBI (Alternative Investment Fund) Regulations

|                                                                                                                                                      |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| List of investors in the scheme and compliance with AIF regulations in this regard in detail {Regulation 19D(1)}                                     |  |
| Whether the fund has a corpus of at least 5 crore rupees                                                                                             |  |
| Details of compliance of Regulation 19D(3)                                                                                                           |  |
| Whether funds have been raised through private placement by issue of information memorandum or placement memorandum.                                 |  |
| Details of compliance of Regulation 19(F) (1)                                                                                                        |  |
| Investment by an angel fund in any venture capital undertaking shall not be less than twenty five lakh rupees and shall not exceed ten crore rupees. |  |
| Details of compliance of Regulation 19(F) (3)                                                                                                        |  |

|                                                                                                                                                                                                                                                                         |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Details of investment made in associates (as % of total investments), if any. Also provide reasons for such investments.                                                                                                                                                |  |
| Whether investments of the Angel fund is more than twenty-five per cent of the total investments under all its schemes in one venture capital undertaking. If yes, provide detailed explanation.                                                                        |  |
| Conditions or guidelines stipulated /issued by the Reserve Bank of India and the Board have been complied with, in case of investment in the securities of companies incorporated outside India                                                                         |  |
| A declaration from sponsor w.r.t. the angel investors satisfying the conditions specified in sub-regulation (2) of regulation 19A.                                                                                                                                      |  |
| A declaration that the manager/ sponsor have a continuing interest in the angel fund of not less than two and half percent of the corpus or fifty lakh rupees, whichever is lesser, and such interest is not through the waiver of management fees. {Regulation 19G(2)} |  |
| Whether undertaking received from every angel investor confirming approval for investment, prior to making such investment {Regulation 19G(3)}                                                                                                                          |  |

### **C - Material changes**

Angel Fund shall submit details of material changes from the last PPM/ Term Sheet in the following tabular format:

| Provisions in the PPM / last Term sheet | Material change | Rationale for change | Date of intimation to SEBI / date of approval from SEBI |
|-----------------------------------------|-----------------|----------------------|---------------------------------------------------------|
|                                         |                 |                      |                                                         |
|                                         |                 |                      |                                                         |