SECURITIES AND EXCHANGE BOARD OF INDIA
(ALTERNATIVE INVESTMENT FUNDS) REGULATIONS, 2012

Amended upto October 15, 2026

LAD-NRO/GN/2012-13/04/11262. — 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 Securities and Exchange Board of India hereby, makes the following regulations, namely, —

CHAPTER – I
PRELIMINARY

Short title and commencement.

1. (1) These regulations shall be called the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

(2) These regulations shall come into force on the date of their notification in the Official Gazette.

Definitions.

2. (1) In these regulations, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below, and their cognate expressions and variations shall be construed accordingly,—

(a) "Act" means the Securities and Exchange Board of India Act, 1992 (15 of 1992);

[1][(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 [2][***] [3][or who is accredited by a specified SEBI registered/regulated entity as an accredited investor, as per the following eligibility conditions, in a manner as may be specified by the Board from time to time, -]

(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 [4][; or]

[5][(D) securities market exposure of at least five crore rupees, as specified by the Board.]

(ii) [6][in case of a limited liability partnership set up under the Limited Liability Partnership Act, 2008, has net worth of at least fifty crore rupees

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[1] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2021, w.e.f. 03-08-2021.

[2] The word and symbol "who," omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026, w.e.f. 15-10-2026.

[3] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026, w.e.f. 15-10-2026.

[4] The symbol "." substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026, w.e.f. 15-10-2026.

[5] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026, w.e.f. 15-10-2026.

or securities market exposure of at least twenty crore rupees, as specified by the Board, or each partner independently meets the eligibility criteria for accreditation under these regulations;]

[7][(iii) in case of a body corporate other than a limited liability partnership, has net worth of at least fifty crore rupees or securities market exposure of at least twenty crore rupees, as specified by the Board;]

[8][(iv)] in case of a trust other than family trust, has net worth of at least fifty crore rupees [9][or securities market exposure of at least twenty crore rupees, as specified by the Board];

[10][(v)] in case of a partnership firm set up under the Indian Partnership Act, 1932, each partner independently meets the eligibility criteria for accreditation [11][under these regulations]:

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, [12][***] multilateral agencies[13][, Persons Resident Outside India as defined under Foreign Exchange Management Act, 1999] and any other entity as may be

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[6] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026, w.e.f. 15-10-2026. Prior to the substitution, it read as "in case of a body corporate, has net worth of at least fifty crore rupees;".

[7] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026, w.e.f. 15-10-2026.

[8] Sub-clause (iii) renumbered as (iv) by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026, w.e.f. 15-10-2026.

[9] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026, w.e.f. 15-10-2026.

[10] Sub-regulation (iv) renumbered as (v) by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026, w.e.f. 15-10-2026.

[11] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026, w.e.f. 15-10-2026.

[12] The words "Category I foreign portfolio investors, sovereign wealth funds and" omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026, w.e.f. 15-10-2026.

[13] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026, w.e.f. 15-10-2026.

specified by the Board from time to time, shall deemed to be an accredited investor [14][***];]

[15][(ac) "Accredited Investors only fund" means an Alternative Investment Fund or scheme of the 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:

Provided that an Alternative Investment Fund or a scheme of an Alternative Investment Fund, launched prior to the notification of Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, may be permitted to convert to Accredited Investors only fund, subject to the conditions as may be specified by the Board.

Explanation - 'Accredited Investors only fund' shall include 'large value fund for accredited investors'.]

(b) "Alternative Investment Fund" means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which,-

(i) is a privately pooled investment vehicle which collects funds from investors, whether Indian or foreign, for investing it in accordance with a defined investment policy for the benefit of its investors; and

(ii) is not covered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999 or any other regulations of the Board to regulate fund management activities:

Provided that the following shall not be considered as Alternative Investment Fund for the purpose of these regulations,-

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[14] The words "and may not be required to obtain a certificate of accreditation" omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026, w.e.f. 15-10-2026.

[15] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, w.e.f. 19-11-2025.

(i) family trusts set up for the benefit of 'relatives' as defined under [16][Companies Act, 2013];

(ii) [17][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;]

(iii) employee welfare trusts or gratuity trusts set up for the benefit of employees;

(iv) [18['holding companies' as defined under sub-section 46 of section 2 of Companies Act, 2013;]

(v) other special purpose vehicles not established by fund managers, including securitization trusts, regulated under a specific regulatory framework;

(vi) funds managed by securitisation company or reconstruction company which is registered with the Reserve Bank of India under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; and

(vii) any such pool of funds which is directly regulated by any other regulator in India;

(c) "associate" means a company or a limited liability partnership or a body corporate in which a director or trustee or partner or Sponsor or Manager of the Alternative Investment Fund or a director or partner of the Manager or Sponsor holds, either individually or collectively, more than fifteen percent of its paid-up equity share capital or partnership interest, as the case may be;

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[16] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2018, w.e.f. 01-06-2018. Prior to the substitution, it read as "Companies Act, 1956".

[17] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2018, w.e.f. 01-06-2018. Prior to the substitution, it read as "(ii) ESOP Trusts set up under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999 or as permitted under Companies Act, 1956;"

[18] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds)(Amendment) Regulations, 2018, w.e.f. 01-06-2018. Prior to the substitution, it read as "holding companies' within the meaning of Section 4 of the Companies Act, 1956;".

(d) "Board" means the Securities and Exchange Board of India established under Section 3 of the Act;

(e) "certificate" means a certificate of registration granted by the Board under regulation 6;

[19][(f) "Change in control" –

(i) in case of a body corporate –

(A) if its shares are listed on any recognised stock exchange, shall be construed with reference to the definition of control in terms of regulations framed under clause (h) of sub-section (2) of section 11 of the Act;

(B) if its shares are not listed on any recognised stock exchange, shall be construed with reference to the definition of control as provided in sub-section (27) of Section 2 of the Companies Act, 2013 (18 of 2013);

(ii) in a case other than that of a body corporate, shall be construed as any change in its legal formation or ownership or change in controlling interest.

Explanation – For the purpose of sub-clause (ii), the expression "controlling interest" means an interest, direct or indirect, to the extent of not less than fifty percent of voting rights or interest;]

[20][(fa) "Co-investment" means investment made by a Manager or Sponsor or investor of a Category I or II Alternative Investment Fund in unlisted securities of investee

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[19] Substituted by the Securities and Exchange Board of India (Change in Control in Intermediaries) (Amendment) Regulations, 2023 w.e.f. 17-1-2023. Prior to the substitution, clause (f) read as under:

""change in control" in relation to a company or a body corporate, means:

(i) if its shares are listed on any recognized stock exchange, change in control within the meaning of clause (e) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(ii) in any other case, change in the controlling interest or change in legal form;

Explanation.– For the purpose of sub-clause (ii), the expression "controlling interest" means an interest, whether direct or indirect, to the extent of more than fifty percent of voting rights or interest;"

[20] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to the substitution, it read as-

companies where such a Category I or Category II Alternative Investment Fund makes investment;]

[21][(fb) "Co-investment scheme" means a scheme of a Category I or Category II Alternative Investment Fund, which facilitates co-investment to investors of a particular scheme of an Alternative Investment Fund, in unlisted securities of an investee company where the scheme of the Alternative Investment Fund is making investment or has invested;]

(g) "company" means a company incorporated under the [22][Companies Act, 2013];

[23][(ga) "Corporate Debt Market Development Fund" means an Alternative Investment Fund set up and making investments in terms of Chapter III-C of these regulations.]

(h) "corpus" means the total amount of funds committed by investors to the Alternative Investment Fund by way of a written contract or any such document as on a particular date;

[24][(ha) "credit default swaps" shall have the same meaning as assigned to it in the Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022.]

[25][[26][(hb)] "custodian" means a person who has been granted a certificate of registration to carry on the business of custodian under the Securities and Exchange Board of India (Custodian) Regulations, 1996;]

"(fa) "Co-investment" means investment made by a Manager or Sponsor or investor of Category I and II Alternative Investment Fund(s) in investee companies where such Category I or Category II Alternative Investment Fund(s) make investment:
Provided that Co-investment by investors of Alternative Investment Fundshall be through a Co-investment Portfolio Manager as specified under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020."

[21] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[22] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2018, w.e.f. 01-06-2018. Prior to the substitution, it read as "Companies Act, 1956".

[23] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

[24] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) **(**Amendment**)** Regulations, 2023, w.e.f 09-01-2023.

[25] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2019, w.e.f. 10-05-2019.

[26] Substituted for ("ha") by the Securities and Exchange Board of India (Alternative Investment Funds) **(**Amendment**)** Regulations, 2023, w.e.f 09-01-2023.

[27][(i) "debt fund" means an Alternative Investment Fund which invests primarily in debt securities of listed or unlisted investee companies or in securitized debt instruments as per the stated objectives of the Fund;]

[28][(ia) "dissolution period" means the period following the expiry of the liquidation period of the scheme for the purpose of liquidating the unliquidated investments of the scheme of the Alternative Investment Fund.

(ib) "encumbrance" shall have the same meaning as assigned to it under chapter V of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.]

(j) "equity linked instruments" includes instruments convertible into equity shares or share warrants, preference shares, debentures compulsorily or optionally convertible into equity;

(k) "form" means any of the forms set out in the First Schedule;

[29][(ka) "goods" means the goods notified by the Central Government under clause (bc) of section 2 of the Securities Contracts (Regulation) Act, 1956 and forming the underlying of any commodity derivative;]

(l) "hedge fund" means an Alternative Investment Fund which employs diverse or complex trading strategies and invests and trades in securities having diverse risks or complex products including listed and unlisted derivatives;

(m) "infrastructure fund" means an Alternative Investment Fund which invests primarily in unlisted securities or partnership interest or listed debt or securitized debt instruments of investee companies or special purpose vehicles engaged in or formed for the purpose of operating, developing or holding infrastructure projects;

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[27] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021. Prior to the substitution, it read as-
"(i) "debt fund" means an Alternative Investment Fund which invests primarily in debt or debt securities of listed or unlisted investee companies according to the stated objectives of the Fund;"

[28] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024, w.e.f. 25-04-2024.

[29] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds)(Amendment) Regulations, 2019, w.e.f. 10-05-2019.

Explanation.— 'Infrastructure' shall be as defined by the government of India from time to time.

(n) "inspecting authority" means any one or more person appointed by the Board to exercise powers conferred under regulation 30;

(o) "investee company" means any company, special purpose vehicle or limited liability partnership or body corporate [30][or real estate investment trust or infrastructure investment trust] in which an Alternative Investment Fund makes an investment;

[31][(p) "investable funds" means corpus of the scheme of Alternative Investment Fund net of expenditure for administration and management of the fund estimated for the tenure of the fund.

Explanation.— For the purpose of this clause, the expression "tenure" means the duration of scheme from the [32][date of first close] till [33][last date] of the term as specified in the fund documents;]

[34][(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 [35][twenty-five] crore rupees;]

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[30] Inserted by the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, w.e.f. 26-09-2014.

[31] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021. Prior to the substitution, it read as-

"(p) "investible funds" means corpus of the Alternative Investment Fund net of estimated expenditure for administration and management of the fund;"

[32] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2022, w.e.f. 15-11-2022. Prior to the substitution, it read as "day of its launch".

[33] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2022, w.e.f. 15-11-2022. Prior to the substitution, it read as "last day".

[34] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2021, w.e.f. 03-08-2021.

[35] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, w.e.f. 19-11-2025. Prior to the substitution, it read as "seventy".

[36][Provided that an Alternative Investment Fund or a scheme of an Alternative Investment Fund, launched prior to the notification of the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, may be permitted to convert to a large value fund for accredited investors, subject to the conditions as may be specified by the Board.]

[37][(pb) "liquidation period" means a period of one year following the expiry of tenure or extended tenure of the scheme [38][***] of an Alternative Investment Fund;

(pc) "liquidation scheme" means a close ended scheme launched by an Alternative Investment Fund only for the purpose of liquidating the unliquidated investments purchased from its scheme, whose tenure has expired.]

(q) "manager" means any person or entity who is appointed by the Alternative Investment Fund to manage its investments by whatever name called and may also be same as the sponsor of the Fund;

[39][(qa) "not for profit organization" shall have the same meaning as assigned to it in clause (e) of regulation 292A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;]

(r) "private equity fund" means an Alternative Investment Fund which invests primarily in equity or equity linked instruments or partnership interests of investee companies according to the stated objective of the fund;

[40][(ra) "Shelf placement memorandum" means a placement memorandum filed by an Alternative Investment Fund for launching co-investment schemes;]

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[36] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, w.e.f. 19-11-2025.

[37] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

[38] The words "for fully liquidating the scheme" omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024 w.e.f 25-04-2024.

[39] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022, w.e.f. 25-07-2022.

[40] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

(s) "SME" means Small and Medium Enterprise and shall have the same meaning as assigned to it under the Micro, Small and Medium Enterprises Development Act 2006 as amended from time to time;

(t) "SME fund" means an Alternative Investment Fund which invests primarily in unlisted securities of investee companies which are SMEs or securities of those SMEs which are listed or proposed to be listed on a SME exchange or SME segment of an exchange;

[41][(ta) "social enterprise" shall have the same meaning as assigned to it in clause (h) of regulation 292A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(tb) "social impact fund" means an Alternative Investment Fund which invests primarily in securities, units or partnership interest of social ventures or securities of social enterprises and which satisfies the social performance norms laid down by the fund;

(tc) "social stock exchange" shall have the same meaning as assigned to it in clause (i) of regulation 292A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(td) "social units" means units issued by a social impact fund or schemes of a social impact fund to investors who have agreed to receive only social returns or benefits and no financial returns against their contribution;]

(u) "social venture" means a trust, society or company or venture capital undertaking or limited liability partnership formed with the purpose of promoting social welfare or solving social problems or providing social benefits and includes,-

(i) public charitable trusts registered with Charity Commissioner;

(ii) societies registered for charitable purposes or for promotion of science, literature, or fine arts;

(iii) [42][company registered under section 8 of the Companies Act, 2013;]

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[41] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022, w.e.f. 25-07-2022.

(iv) micro finance institutions;

(v) [43][***]

(w) "sponsor" means any person or persons who set up the Alternative Investment Fund and includes promoter in case of a company and designated partner in case of a limited liability partnership;

[44][(wa) "startup" means a private limited company or a limited liability partnership which fulfills the criteria for startup as specified by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, vide notification no. G.S.R. 127(E) dated February 19, 2019 or such other policy of the Central Government issued in this regard from time to time;]

(x) "trust" means a trust established under the Indian Trusts Act, 1882 or under an Act of Parliament or State Legislation;

[45][(y) "unit" means beneficial interest of the investors in the Alternative Investment Fund or a scheme of the Alternative Investment Fund and may be fully or partly paid up.

Explanation.— For the purpose of this clause, partly paid up units shall represent the portion of committed capital invested by the investor in Alternative Investment Fund or scheme of the Alternative Investment Fund;]

(z) "venture capital fund" means an Alternative Investment Fund which invests primarily in unlisted securities of start-ups, emerging or early-stage venture

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[42] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2018, w.e.f. 01-06-2018. Prior to the substitution, it read as "company registered under Section 25 of the Companies Act, 1956".

[43] Omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022, w.e.f. 25-07-2022. Prior to its omission, clause (v) of sub-regulation (1) of regulation 2 read as under:

"social venture fund" means an Alternative Investment Fund which invests primarily in securities or units of social ventures and which satisfies social performance norms laid down by the fund and whose investors may agree to receive restricted or muted returns;"

[44] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021, w.e.f. 05-05-2021.

[45] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021. Prior to the substitution, it read as-

(z) "unit" means beneficial interest of the investors in the Alternative Investment Fund or a scheme of the Alternative Investment Fund and shall include shares or partnership interests;

capital undertakings mainly involved in new products, new services, technology or intellectual property right based activities or a new business model [46][and shall include [47][a] [48][migrated venture capital fund as defined under Chapter III-D]];

[49][[50][(za)] "venture capital undertaking" means a domestic company which is not listed on a recognised stock exchange at the time of making investments;]

(2) All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Act or the Securities Contracts (Regulation) Act, 1956, (42 of 1956) or the [51][Companies Act, 2013 (18 of 2013)], or any statutory modification or re-enactment thereto, as the case may be.

CHAPTER II

REGISTRATION OF ALTERNATIVE INVESTMENT FUNDS

Registration of Alternative Investment Funds.

3. (1) On and from the commencement of these regulations, no entity or person shall act as an Alternative Investment Fund unless it has obtained a certificate of registration from the Board:

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[46] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2013, w.e.f. 16-09-2013

[47] Substituted for "an angel fund as defined under Chapter III-A and" by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[48] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2024 w.e.f 20-07-2024.

[49] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021, w.e.f. 05-05-2021. Prior to its substitution, clause (aa) read as under :

"(aa) "venture capital undertaking" means a domestic company:

(i) which is not listed on a recognised stock exchange in India at the time of making investment; and

(ii) which is engaged in the business for providing services, production or manufacture of article or things and does not include following activities or sectors:

(1) non-banking financial companies;

(2) gold financing;

(3) activities not permitted under industrial policy of Government of India;

(4) any other activity which may be specified by the Board in consultation with Government of India from time to time;"

[50] Substituted for "(aa)" by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2021, w.e.f. 03-08-2021.

[51] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2018, w.e.f. 01-06-2018. Prior to the substitution, it read as "Companies Act, 1956 (1 of 1956)".

Provided that an existing fund falling within the definition of Alternative Investment Fund which is not registered with the Board may continue to operate for a period of six months from commencement of these regulations or if it has made an application for registration under sub-regulation (5) within the said period of six months, till the disposal of such application:

Provided further that the Board may, in special cases, extend the said period up to a maximum of twelve months from the date of such commencement:

Provided further that existing schemes will be allowed to complete their agreed tenure, such funds shall not raise any fresh monies other than commitments already made till registration is granted under regulation 6:

[52]**[Provided** further that such existing funds, which do not propose to accept any fresh commitments after commencement of these regulations shall not be required to obtain registration under these regulations subject to submission of information on their activities to the Board in the manner as may be specified]

Provided further that if such existing funds are not able to comply with conditions specified under these regulations, they may apply for exemption to the Board from strict compliance with these regulations and the Board upon examination may provide such exemptions or issue such instructions as may be deemed appropriate.

(2) The funds registered as venture capital fund under Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 shall continue to be regulated by the said regulations till the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after notification of these regulations:

Provided that the existing fund or scheme shall not increase the targeted corpus of the fund or scheme after notification of these regulations.

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[52] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2013, w.e.f. 16-09-2013.

Provided further that venture capital funds may seek [53][registration under these regulations as migrated venture capital funds in terms of Chapter III-D, within twelve months from the date of notification of the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2024].

[54][Provided further that the Board may specify enhanced regulatory reporting and other measures for the venture capital funds that do not seek registration as a migrated venture capital fund in terms of Chapter III-D.]

(3) Any entity referred to in sub-regulation (1) who fails to make an application for grant of a certificate within the period specified therein shall cease to carry on any activity as an Alternative Investment Fund.

(4) Alternative Investment Funds shall seek registration in one of the categories mentioned hereunder and in case of Category I Alternative Investment Fund, in one of the sub-categories thereof:

(a) "Category I Alternative Investment Fund" which invests in start-up or early stage ventures or social ventures or SMEs or infrastructure or other sectors or areas which the government or regulators consider as socially or economically desirable and shall include venture capital funds, SME Funds, [55][angel funds,][56][social impact funds], infrastructure funds [57][, special situation funds] and such other Alternative Investment Funds as may be specified;

Explanation.– For the purpose of this clause, Alternative Investment Funds which are generally perceived to have positive spillover effects on economy and for which the Board or Government of India or other regulators in India might consider providing incentives or concessions shall be included and such funds

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[53] Substituted for the words "re-registration under these regulations subject to approval of two-thirds of their investors by value of their investment" by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2024 w.e.f 20-07-2024.

[54] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2024 w.e.f 20-07-2024.

[55] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[56] Substituted for the words "social venture funds" by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022 w.e.f 25.07.2022.

[57] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2022 w.e.f 24.01.2022.

which are formed as trusts or companies shall be construed as "venture capital company" or "venture capital fund" as specified under sub-section (23FB) of Section 10 of the Income Tax Act, 1961.

(b) "Category II Alternative Investment Fund" which does not fall in Category I and III and which does not undertake leverage or borrowing other than [***][58] as permitted in these regulations;

Explanation.— For the purpose of this clause, Alternative Investment Funds such as private equity funds or debt funds for which no specific incentives or concessions are given by the government or any other Regulator shall be included.

(c) "Category III Alternative Investment Fund" which employs diverse or complex trading strategies and may employ leverage including through investment in listed or unlisted derivatives.

Explanation.— For the purpose of this clause, Alternative Investment Funds such as hedge funds or funds which trade with a view to make short term returns or such other funds which are open ended and for which no specific incentives or concessions are given by the government or any other Regulator shall be included.

(d) [59][specified Alternative Investment Fund under Regulation 19 of these regulations.]

(5) An application for grant of certificate shall be made for any of the categories as specified in sub-regulation (4) in Form A as specified in the First Schedule to these regulations and shall be accompanied by a non-refundable application fee as specified in Part A of the Second Schedule to these regulations to be paid in the manner specified in Part B thereof.

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[58] The words "to meet day-to-day operational requirements and" omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2024 w.e.f 07-08-2024.

[59] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

(6) The Board shall take into account requirements as specified in these regulations for the purpose of considering grant of registration.

(7) Without prejudice to the powers of the Board to take any action under the Act or regulations made there under, the certificate of registration shall be valid till the Alternative Investment Fund is wound up.

(8) The Board may, in the interest of the investors, issue directions with regard to the transfer of records, documents or securities or disposal of investments relating to its activities as an Alternative Investment Fund.

(9) The Board may, in order to protect the interests of investors, appoint any person to take charge of records, documents, securities and for this purpose, also determine the terms and conditions of such an appointment.

Eligibility Criteria.

4. For the purpose of the grant of certificate to an applicant, the Board shall consider the following conditions for eligibility, namely, —

(a) the memorandum of association in case of a company; or the Trust Deed in case of a Trust; or the Partnership deed in case of a limited liability partnership permits it to carry on the activity of an Alternative Investment Fund;

(b) the applicant is prohibited by its memorandum and articles of association or trust deed or partnership deed from making an invitation to the public to subscribe to its securities;

(c) in case the applicant is a Trust, the instrument of trust is in the form of a deed and has been duly registered under the provisions of the Registration Act, 1908;

(d) in case the applicant is a limited liability partnership, the partnership is duly incorporated and the partnership deed has been duly filed with the Registrar under the provisions of the Limited Liability Partnership Act, 2008;

(e) in case the applicant is a body corporate, it is set up or established under the laws of the Central or State Legislature and is permitted to carry on the activities of an Alternative Investment Fund;

(f) the applicant, Sponsor and Manager are fit and proper persons based on the criteria specified in Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008;

(g) [60][The key investment team of the Manager of Alternative Investment Fund has -

(i) [61][at least one key personnel with relevant certification as may be specified by the Board from time to time][62][:]

[63][Provided that the provisions of this sub-clause shall not apply to Accredited Investors only fund; and]

(ii) at least one key personnel with professional qualification in finance, accountancy, business management, commerce, economics, capital market or banking from a university or an institution recognized by the Central Government or any State Government or a foreign university, or a CFA charter from the CFA institute or any other qualification as may be specified by the Board:

Provided that the requirements [64][***] as specified in regulation 4(g)(i) and 4(g)(ii) may also be fulfilled by the same key personnel.]

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[60] Substituted by Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2020 w.e.f 19-10-2020. Prior to its substitution, clause (g) read as follows;
"(g) the key investment team of the Manager of Alternative Investment Fund has adequate experience, with at least one key personnel having not less than five years experience in advising or managing pools of capital or in fund or asset or wealth or portfolio management or in the business of buying, selling and dealing of securities or other financial assets and has relevant professional qualification;"

[61] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f such date as the Board may by notification in the Official Gazette appoint. Prior to its substitution, sub-clause (i) read as follows:
"(i) adequate experience, with at least one key personnel having not less than five years of experience in advising or managing pools of capital or in fund or asset or wealth or portfolio management or in the business of buying, selling and dealing of securities or other financial assets;"

[62] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, w.e.f. 19-11-2025. Prior to the substitution, it read as "; and".

[63] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, w.e.f. 19-11-2025.

[64] The words "of experience and professional qualification" omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f such date as the Board may by notification in the Official Gazette appoint.

[65][Provided further that a fresh certification shall be obtained before expiry of the validity of the existing certification to ensure continuity in compliance with the certification requirement.]

(h) the Manager or Sponsor has the necessary infrastructure and manpower to effectively discharge its activities;

(i) the applicant has clearly described at the time of registration the investment objective, the targeted investors, proposed corpus, investment style or strategy and proposed tenure of the fund or scheme;

(j) whether the applicant or any entity established by the Sponsor or Manager has earlier been refused registration by the Board.

Furnishing of Information.

5. (1) The Board may require the applicant to furnish any such further information or clarification regarding the Sponsor or Manager or nature of the fund or fund management activities or any such matter connected thereto to consider the application for grant of a certificate or after registration thereon.

(2) If required by the Board, the applicant or Sponsor or Manager shall appear before the Board for personal representation.

Procedure for grant of Certificate.

6. (1) The Board may grant certificate under any specific category of Alternative Investment Fund, if it is satisfied that the applicant fulfills the requirements as specified in these regulations.

(2) The Board shall, on receipt of the registration fee as specified in the Second Schedule, grant a certificate of registration in Form B.

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[65] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f such date as the Board may by notification in the Official Gazette appoint.

(3) The registration may be granted with such conditions as may be deemed appropriate by the Board.

[66][(4) The Board may, on being satisfied that the applicant complies with the provisions of regulation 4 except those of clause (c) or clause (d) thereof, as the case may be, grant an in-principle approval to the applicant:

Provided that the applicant shall comply with clause (c) or clause (d) of regulation 4, as the case may be, within six months from the date of grant of in-principle approval and upon compliance with the same, the Board may grant a certificate of registration under sub-regulation (2).

(5) An Alternative Investment Fund that has been granted in-principle approval may accept commitments from investors but shall not accept any monies till it is granted registration under sub-regulation (2) of this regulation.]

Conditions of certificate.

7. (1) The certificate granted under regulation 6 shall, inter-alia, be subject to the following conditions:-

(a) the Alternative Investment Fund shall abide by the provisions of the Act and these regulations;

(b) the Alternative Investment Fund shall not carry on any other activity other than permitted activities;

(c) the Alternative Investment Fund shall forthwith inform the Board in writing, if any information or particulars previously submitted to the Board are found to be false or misleading in any material particular or if there is any material change in the information already submitted.

(2) An Alternative Investment Fund which has been granted registration under a particular category cannot change its category subsequent to registration, except with the approval of the Board.

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[66] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2013, w.e.f. 16-09-2013

Procedure where registration is refused.

8. (1) After considering an application made under regulation 3, if the Board is of the opinion that a certificate should not be granted, it may reject the application after giving the applicant a reasonable opportunity of being heard.

(2) The decision of the Board to reject the application shall be communicated to the applicant within thirty days.

(3) Where an application for a certificate is rejected by the Board, the applicant shall cease to carry on any activity as an Alternative Investment Fund:

Provided that nothing contained in these regulations shall affect the liability of the applicant towards its existing investors under law or agreement.

CHAPTER III

INVESTMENT CONDITIONS AND RESTRICTIONS

Investment Strategy.

9. (1) All Alternative Investment Funds shall state investment strategy, investment purpose and its investment methodology in its placement memorandum to the investors.

(2) Any material alteration to the fund strategy shall be made with the consent of atleast two-thirds of unit holders by value of their investment in the Alternative Investment Fund.

Investment in Alternative Investment Fund.

10. Investment in all categories of Alternative Investment Funds shall be subject to the following conditions:-

(a) the Alternative Investment Fund may raise funds from any investor whether Indian, foreign or non-resident Indians by way of issue of units [67][:]

[67] Substituted for the symbol ";" by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022 w.e.f 25.07.2022.

[68][Provided that a social impact fund or schemes of a social impact fund may also issue social units;]

[69][(aa) The Alternative Investment Fund shall issue units in dematerialised form subject to the conditions specified by the Board from time to time.]

(b) each scheme of the Alternative Investment Fund shall have corpus of at least twenty crore rupees [70][:]

[71][Provided that each scheme of the social impact fund shall have a corpus of at least five crore rupees;]

(c) the Alternative Investment Fund shall not accept from an investor, an investment of value less than one crore rupees:

Provided that in case of investors who are employees or directors of the Alternative Investment Fund or employees or directors of the Manager, the minimum value of investment shall be twenty five lakh rupees [72][:]

[73][Provided further that this clause shall not apply to an accredited investor[74][:]]

[75][Provided further 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 [76][one thousand] rupees;]

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[68] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022 w.e.f 25.07.2022.

[69] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

[70] Substituted for the symbol ";" by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022 w.e.f 25.07.2022.

[71] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022 w.e.f 25.07.2022.

[72] Substituted for "." by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2021, w.e.f. 03-08-2021.

[73] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2021, w.e.f. 03-08-2021.

[74] Substituted for the symbol ";" by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022, w.e.f 25.07.2022

[75] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022 w.e.f 25.07.2022.

[76] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2026, w.e.f. 18-04-2026. Prior to the substitution, it read as "two lakh".

(d) the Manager or Sponsor shall have a continuing interest in the Alternative Investment Fund of not less than two and half percent of the corpus or five crore rupees, whichever is lower, in the form of investment in the Alternative Investment Fund and such interest shall not be through the waiver of management fees:

Provided that for Category III Alternative Investment Fund, the continuing interest shall be not less than five percent of the corpus or ten crore rupees, whichever is lower.

(e) the Manager or Sponsor shall disclose their investment in the Alternative Investment Fund to the investors of the Alternative Investment Fund;

(f) no scheme of the Alternative Investment Fund shall have more than one thousand investors[77][:]

[78][Provided that accredited investors shall be excluded while computing the number of investor in a scheme of an Alternative Investment Fund:]

[79]**[Provided** [80][further] that the provisions of the [81][Companies Act, 2013] shall apply to the Alternative Investment Fund, if it is formed as a company.]

(g) the fund shall not solicit or collect funds except by way of private placement.

Placement Memorandum.

11. (1) Alternative Investment Fund shall raise funds through private placement by issue of information memorandum or placement memorandum, by whatever name called.

(2) Such information or placement memorandum as specified in sub-regulation (1) shall contain all material information about the Alternative Investment Fund and the Manager, background of key investment team of the Manager, targeted investors, fees and all other expenses proposed to be charged, tenure of the Alternative Investment Fund or scheme,

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[77] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2013, w.e.f. 16-09-2013 for the symbol ";"

[78] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, w.e.f. 19-11-2025.

[79] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2013, w.e.f. 16-09-2013

[80] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, w.e.f. 19-11-2025.

[81] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2018, w.e.f. 01-06-2018. Prior to the substitution, it read as "Companies Act, 1956".

conditions or limits on redemption, investment strategy, risk management tools and parameters employed, key service providers, [82][terms of reference of the committee constituted for approving the decisions of the Alternative Investment Fund,] conflict of interest and procedures to identify and address them, disciplinary history, the terms and conditions on which the Manager offers investment services, its affiliations with other intermediaries, manner of winding up of the Alternative Investment Fund or the scheme and such other information as may be necessary for the investor to take an informed decision on whether to invest in the Alternative Investment Fund.

Schemes.

12. (1) The Alternative Investment Fund may launch schemes subject to filing of placement memorandum with the Board [83][along with the fees as specified in the Second Schedule:]

[84][Provided that payment of scheme fees shall not apply in case of launch of first scheme by the Alternative Investment Fund.]

(2) Such placement memorandum shall be filed with the Board [85][through a merchant banker] atleast [86][ten working] days prior to launch of scheme along with the [87][documents specified by the Board.]

[88][***]

[89][(3) After the documents specified under sub-regulation (2) are filed with the Board, the Board may communicate its comments, if any, to the merchant banker or the Manager.]

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[82] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021, w.e.f. 05-05-2021.

[83] Substituted for the symbol "." by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2026, w.e.f. 14-07-2026.

[84] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2026, w.e.f. 14-07-2026.

[85] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 11-11-2021.

[86] Substituted for the words "*thirty*" by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2026, w.e.f. 14-07-2026.

[87] Substituted for the words and symbol "*fees as specified in the Second Schedule:*" by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2026, w.e.f. 14-07-2026.

[88] Omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2026, w.e.f. 14-07-2026. Prior to its omission, the proviso to regulation 12(2) read as under:
"*Provided that payment of scheme fees shall not apply in case of launch of first scheme by the Alternative Investment Fund.*"

[90][(3A) The merchant banker or the Manager shall ensure that the comments provided under sub-regulation (3) are complied with:]

[91][Provided that the requirements under sub-regulation (2) [92][", (3) and (3A) shall not apply to Accredited Investors only fund].]

[93][(4) The first close of the scheme shall be declared by an Alternative Investment Fund in the manner as may be specified by the Board from time to time.

(5) Notwithstanding the proviso to sub-regulation (2), if the Alternative Investment Fund fails to declare the first close of the scheme in the specified manner, it shall be required to file a fresh application for launch of the scheme by paying the requisite scheme fee under the Second Schedule.]

Tenure.

13. (1) Category I Alternative Investment Fund and Category II Alternative Investment Fund shall be close ended and the tenure of fund or scheme shall be determined at the time of application subject to sub-regulation (2) of this regulation.

(2) Category I and II Alternative Investment Fund or schemes launched by such funds shall have a minimum tenure of three years.

(3) [94][Schemes of] Category III Alternative Investment Fund may be open ended or close ended.

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[89] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2026, w.e.f. 14-07-2026. Prior to its substitution, it read as:
"*(3) The Board may communicate its comments, if any, to the merchant banker prior to launch of the scheme and the merchant banker shall ensure that the comments are incorporated in the placement memorandum prior to launch of the scheme [:]]*"

[90] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2026, w.e.f. 14-07-2026.
[91] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2022 w.e.f 24.01.2022
[92] Substituted for the words and symbols "*and (3) shall not apply to large value fund for accredited investors*" by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2026, w.e.f. 14-07-2026.
[93] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2022, w.e.f. 15-11-2022.
[94] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021.

(4) [95][The manner of calculating the tenure of a close ended scheme of an Alternative Investment Fund, including the manner of modification of the tenure, may be specified by the Board from time to time.]

(5) Extension of the tenure of the close ended Alternative Investment Fund may be permitted up to two years subject to approval of two-thirds of the unit holders by value of their investment in the Alternative Investment Fund [96][:]

[97][Provided that a [98][Accredited Investors only fund] may be permitted to extend its tenure up to five years subject to the approval of two-thirds of the unit holders by value of their investment in the [99][Accredited Investors only fund]:

Provided further that the extension in tenure of any existing scheme of [100][Accredited Investors only fund] shall be subject to such conditions as may be specified by the Board from time to time.]

(6) [101][In the absence of consent of unit holders under sub-regulation (5) or upon expiry of the extended tenure, the Alternative Investment Fund or the scheme of the Alternative Investment Fund shall be wound up in accordance with Regulation 29 of these regulations.]

Listing.

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[95] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2022, w.e.f. 15-11-2022.

[96] Substituted for "." by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2021, w.e.f. 03-08-2021.

[97] Substituted for "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." by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2024, w.e.f. 07-08-2024.

[98] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, w.e.f. 19-11-2025. Prior to the substitution, it read as "large value fund for accredited investors".

[99] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, w.e.f. 19-11-2025. Prior to the substitution, it read as "large value fund for accredited investors".

[100] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, w.e.f. 19-11-2025. Prior to the substitution, it read as "a large value fund for accredited investors".

[101] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023. Prior to its substitution, sub-regulation (6) read as follows:
"(6) In the absence of consent of unit holders, the Alternative Investment Fund shall fully liquidate within one year following expiration of the fund tenure or extended tenure."

14. (1) Units of close ended Alternative Investment Fund may be listed on stock exchange subject to a minimum tradable lot of one crore rupees.

(2) Listing of Alternative Investment Fund units shall be permitted only after final close of the fund or scheme.

General Investment Conditions.

15. (1) Investments by all categories of Alternative Investment Funds shall be subject to the following conditions:-

(a) Alternative Investment Fund may invest in securities of companies incorporated outside India subject to such conditions or guidelines that may be stipulated or issued by the Reserve Bank of India and the Board from time to time;

(b) [102][***]

[103][(c) Category I and II of Alternative Investment Funds shall invest not more than twenty five per cent of the investable funds in an Investee Company directly or through investment in the units of other Alternative Investment Funds [104][:]

[105][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;]

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[102] Omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its omission, clause (b) of sub-regulation (1) of regulation 15 read as under:

"The terms of Co-investment in an investee company by a Manager or Sponsor or co-investor, shall not be more favourable than the terms of investment of the Alternative Investment Fund:

Provided that the terms of exit from the Co-investment in an investee company including the timing of exit shall be identical to the terms applicable to that of exit of the Alternative Investment Fund:

Provided further that the above proviso shall be applicable only for co-investment made from the date of coming into force of this regulation;"

[103] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021, w.e.f. 05-05-2021. Prior to its substitution clauses (c) and (d) read as under:

"(c) Category I and II Alternative Investment Funds shall invest not more than twenty five percent of the *[investable funds] in one Investee Company;

(d) Category III Alternative Investment Fund shall invest not more than ten percent of the *[investable funds] in one Investee Company"

* Substituted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2013, w.e.f. 16-09-2013 for the word "corpus".

[104] Substituted for "." by the Securities and Exchange Board of India Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2021, w.e.f. 03-08-2021.

[106][(d) Category III Alternative Investment Funds shall invest not more than ten per cent of the investable funds in an Investee Company, directly or through investment in units of other Alternative Investment Funds and the large value funds for accredited investors of Category III Alternative Investment Funds may invest up to twenty per cent of the investable funds in an Investee Company, directly or through investment in units of other Alternative Investment Funds:

Provided that for investment in listed equity of an Investee Company, Category III Alternative Investment Funds may calculate the investment limit of ten per cent of either the investable funds or the net asset value of the scheme and large value funds for accredited investors of Category III Alternative Investment Funds may calculate the investment limit of twenty per cent of either the investable funds or the net asset value of the scheme, subject to the conditions specified by the Board from time to time;]

[107][(da) Alternative Investment Funds which are authorised under the fund documents to invest in units of Alternative Investment Funds shall not offer their units for subscription to other Alternative Investment Funds;]

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[105] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2021, w.e.f. 03-08-2021.

[106] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2022, w.e.f. 16-03-2022. Prior to its substitution clause (d) read as under –

"[(d) Category III Alternative Investment Funds shall invest not more than ten per cent of the net asset value in listed equity of an Investee Company and shall invest not more than ten per cent of the investable funds in securities other than listed equity of an Investee Company, directly or through investment in units of other Alternative Investment Funds:*

Provided that large value funds for accredited investors of Category III Alternative Investment Funds may invest up to twenty per cent of the net asset value in listed equity of an Investee Company and may invest up to twenty per cent of the investable funds in securities other than listed equity of an Investee Company, directly or through investment in units of other Alternative Investment Funds;"

*Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fifth Amendment) Regulations, 2021 w.e.f 09-11-2021. Prior to its substitution clause (d) read as under –

"(d) Category III of Alternative Investment Funds shall invest not more than ten per cent of the investable funds in an Investee Company directly or through investment in units of other Alternative Investment Funds:

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;"

[107]Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021, w.e.f. 05-05-2021.

[108][(e) Alternative Investment Fund shall not invest except with the approval of seventy five percent of investors by value of their investment in the Alternative Investment Fund in -

(a) associates; or

(b) units of Alternative Investment Funds managed or sponsored by its Manager, Sponsor or associates of its Manager or Sponsor;]

[109] [(ea) Except with the approval of seventy five percent of the investors by value of their investment in the scheme of Alternative Investment Fund and subject to the conditions specified by the Board, a scheme of an Alternative Investment Fund shall not buy or sell investments, from or to -

(a) associates; or

(b) schemes of Alternative Investment Funds managed or sponsored by its Manager, Sponsor or associates of its Manager or Sponsor; or

(c) an investor who has committed to invest at least fifty percent of the corpus of the scheme of Alternative Investment Fund:

Provided that while obtaining approval of the investors, the investor specified under sub-clause (c) who has committed to invest at least fifty percent of the corpus of the scheme of Alternative Investment Fund and is buying or selling the investment, from or to, the Alternative Investment Fund, shall be excluded from the voting process.]

[110][(f) Un-invested portion of the investable funds and divestment proceeds pending distribution to investors may be invested in liquid mutual funds or bank deposits or other liquid assets of higher quality such as Treasury bills, Triparty Repo Dealing

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[108] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021, w.e.f. 05-05-2021. Prior to its substitution clauses (e) read as under –

"(e) Alternative Investment Fund shall not invest in associates except with the approval of seventy five percent of investors by value of their investment in the Alternative Investment Fund;"

[109] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

[110] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021. Prior to the substitution, it read as-

*"(f) Un-invested portion of the *[investable funds] may be invested in liquid mutual funds or bank deposits or other liquid assets of higher quality such as Treasury bills, CBLOs, Commercial Papers, Certificates of Deposits, etc. till deployment of funds as per the investment objective;"*

* Substituted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2013, w.e.f. 16-09-2013 for the word "corpus".

and Settlement, Commercial Papers, Certificates of Deposits, etc. till the deployment of funds as per the investment objective or the distribution of the funds to investors as per the terms of the fund documents, as applicable;]

(g) Alternative Investment Fund may act as Nominated Investor as specified in clause (b) of sub-regulation (1) of regulation 106N of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

[111][(h) Investment by Category I and Category II Alternative Investment Funds in the shares of entities listed on institutional trading platform after the commencement of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2015 shall be deemed to be investment in 'unlisted securities' for the purpose of these regulations.]

[112][(i) Alternative Investment Funds shall hold their investments in dematerialised form, subject to such conditions as may be specified by the Board from time to time:

Provided that the requirement under clause (i) of sub-regulation (1) shall not apply to:

(a) investments by Alternative Investment Funds in such type of instruments which are not eligible for dematerialisation,

(b) investments held by a liquidation scheme of the Alternative Investment Funds that are not available in the dematerialised form, and

(c) such other investments by Alternative Investment Funds and such other schemes of Alternative Investment Funds as may be specified by the Board from time to time.]

(2) Notwithstanding the conditions as specified in sub-regulation (1), the Board may specify additional requirements or criteria for Alternative Investment Funds or for a specific category thereof.

Conditions for Category I Alternative Investment Funds.

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[111] Inserted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2015, w.e.f. 14.08.2015

[112] Inserted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2024, w.e.f. 05-01-2024.

16. (1) The following investment conditions shall apply to all Category I Alternative Investment Funds:-

[113][(a) Category I Alternative Investment Fund shall invest in investee companies, venture capital undertakings, special purpose vehicles, limited liability partnerships [114][,] in units of other Category I Alternative Investment Funds of the same sub category [115][, or in units of Category II Alternative Investment Funds as specified in this regulation]];

[116][(aa) Category I Alternative Investment Funds may engage in hedging, including credit default swaps in terms of the conditions as may be specified by the Board from time to time.]

(b) [117][***]

[118][(c) Category I Alternative Investment Funds shall not borrow funds directly or indirectly or engage in any leverage for the purpose of making investments or otherwise, except for borrowing funds to meet temporary funding requirements and

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[113] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021, w.e.f. 05-05-2021. Prior to its substitution, clause (a) read as follows -
"(a) Category I Alternative Investment Fund shall invest in investee companies or venture capital undertaking or in special purpose vehicles or in limited liability partnerships or in units of other Alternative Investment Funds as specified in these regulations;"

[114] Substituted for the word "or" by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021.

[115] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021.

[116] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) **(**Amendment**)** Regulations, 2023, w.e.f 09-01-2023.

[117] Omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021, w.e.f. 05-05-2021. Prior to its omission clause (b) read as follows:
(b) Fund of Category I Alternative Investment Funds may invest in units of Category I Alternative Investment Funds of same sub-category:
Provided that they shall only invest in such units and shall not invest in units of other Fund of Funds:
Provided further that the investment conditions as specified in sub-regulations (2), (3), (4) or (5) shall not be applicable to investments by such funds.

[118] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2024, w.e.f. 07-08-2024. Prior to the substitution, it read as-
"(c) Category I Alternative Investment Funds shall not borrow funds directly or indirectly or engage in any leverage except for meeting temporary funding requirements for not more than thirty days, on not more than four occasions in a year and not more than ten percent of the investable funds:
Provided that Category I Alternative Investment Funds may create encumbrance on equity of investee company, which is in the business of development, operation or management of projects in any of the infrastructure sub-sectors listed in the Harmonised Master List of Infrastructure issued by the Central Government, only for the purpose of borrowing by such investee company and subject to such conditions as may be specified by the Board from time to time."

day-to-day operational requirements for not more than thirty days, on not more than four occasions in a year and not more than ten percent of the investable funds and subject to such conditions as may be specified by the Board from time to time:

Provided that Category I Alternative Investment Funds may create encumbrance on equity of investee company, which is in the business of development, operation or management of projects in any of the infrastructure sub-sectors listed in the Harmonised Master List of Infrastructure issued by the Central Government, only for the purpose of borrowing by such investee company and subject to such conditions as may be specified by the Board from time to time.]

(2) The following investment conditions shall apply to venture capital funds in addition to conditions laid down in sub-regulation (1):-

[119][(a) at least seventy-five percent of the investable funds shall be invested in unlisted equity shares or equity linked instruments of a venture capital undertaking or in companies listed or proposed to be listed on a SME exchange or SME segment of an exchange:

Provided that the investment conditions specified in clause (a) shall be achieved by the fund by the end of its life cycle.]

(b) [120][***]

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[119] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021. Prior to the substitution, it read as-

"(a) at least two-thirds of the *[investable funds] shall be invested in unlisted equity shares or equity linked instruments of a venture capital undertaking or in companies listed or proposed to be listed on a SME exchange or SME segment of an exchange;"

* Substituted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2013, w.e.f 16-09-2013 for the word "corpus"

[120] Omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021. Prior to the omission, it read as-

*"(b) not more than one-third of the *[investable funds] shall be invested in:*

(i) subscription to initial public offer of a venture capital undertaking whose shares are proposed to be listed;

(ii) debt or debt instrument of a venture capital undertaking in which the fund has already made an investment by way of equity or contribution towards partnership interest;

(iii) preferential allotment, including through qualified institutional placement, of equity shares or equity linked instruments of a listed company subject to lock in period of one year;

(iv) the equity shares or equity linked instruments of a financially weak company or a sick industrial company whose shares are listed.

Explanation.– For the purpose of these regulations, "a financially weak company" means a company, which has at the end of the previous financial year accumulated losses, which has resulted in erosion of more than fifty percent but less than hundred percent of its net worth as at the beginning of the previous financial year.

(c) such funds may enter into an agreement with merchant banker to subscribe to the unsubscribed portion of the issue or to receive or deliver securities in the process of market making under [121][Chapter IX of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the provisions of clause (a) of sub- regulation (2)] shall not apply in case of acquisition or sale of securities pursuant to such subscription or market making.

[122][(d) such funds shall be exempt from sub-regulations (1) and (2) of regulation 3 and sub-regulation (1) of regulation 4 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 in respect of investment in companies listed on the SME exchange or SME segment of an exchange pursuant to due diligence of such companies subject to the following conditions:

(i) the fund shall disclose any trading in securities pursuant to such due-diligence, within two trading days of such trading, to the stock exchanges where the investee company is listed;

(ii) such investment shall be locked in for a period of one year from the date of investment.]

(3) The following conditions shall apply to SME Funds in addition to conditions laid down in sub-regulation (1):-

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(v) special purpose vehicles which are created by the fund for the purpose of facilitating or promoting investment in accordance with these regulations:

Provided that the investment conditions and restrictions stipulated in clause (a) and clause (b) of sub-regulation (2) shall be achieved by the fund by the end of its life cycle."

* Substituted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2013, w.e.f 16-09-2013 for the word "corpus"

[121] Substituted for *"Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the provisions of clause (a) and clause (b) of sub-regulation (2)"* by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021.

[122] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021. Prior to the substitution, it read as-

"(d) such funds shall be exempt from regulation 3 and 3A of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 in respect of investment in companies listed on SME Exchange or SME segment of an exchange pursuant to due diligence of such companies subject to the following conditions:

(i) the fund shall disclose any acquisition or dealing in securities pursuant to such due-diligence, within two working days of such acquisition or dealing, to the stock exchanges where the investee company is listed;

(ii) such investment shall be locked in for a period of one year from the date of investment."

(a) atleast seventy five percent of the [123][investable funds] shall be invested in unlisted securities or partnership interest of venture capital undertakings or investee companies which are SMEs or in companies listed or proposed to be listed on SME exchange or SME segment of an exchange [124][or in units of Category II Alternative Investment Funds which invest primarily in such venture capital undertakings or investee companies];

(b) such funds may enter into an agreement with merchant banker to subscribe to the unsubscribed portion of the issue or to receive or deliver securities in the process of market making under [125][Chapter IX of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018];

[126][(c) such funds shall be exempt from sub-regulations (1) and (2) of regulation 3 and sub-regulation (1) of regulation 4 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 in respect of investment in companies listed on the SME exchange or SME segment of an exchange pursuant to due diligence of such companies subject to the following conditions:

(i) the fund shall disclose any trading in securities pursuant to such due-diligence, within two trading days of such trading, to the stock exchanges where the investee company is listed;

(ii) such investment shall be locked in for a period of one year from the date of investment.]

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[123] Substituted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2013, w.e..f 16-09-2013 for the word "corpus"

[124] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021.

[125] Substituted for "Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009" by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021.

[126] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021. Prior to the substitution, it read as-

"(c) such funds shall be exempt from regulation 3 and 3A of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 in respect of investment in companies listed on SME Exchange or SME segment of an exchange pursuant to due diligence of such companies subject to the following conditions:

(i) the fund shall disclose any acquisition or dealing in securities pursuant to such due-diligence, within two working days of such acquisition or dealing, to the stock exchanges where the investee company is listed;

(ii) such investment shall be locked in for a period of one year from the date of investment."

(4) The following conditions shall apply to social [127][impact] funds in addition to the conditions laid down in sub-regulation (1):-

(a) [128][at least seventy-five percent of the investable funds shall be invested in unlisted securities or partnership interest of social ventures or in units of social ventures or in securities of social enterprises:

Provided that an existing social impact fund may invest the remaining investable funds in securities of not for profit organizations registered or listed on a social stock exchange with the prior consent of atleast 75% of the investors by value of their investment;]

(b) such funds may accept grants, provided that such utilization of such grants shall be restricted to clause (a) [129][:]

[130]**[Provided** that the amount of grant that may be accepted by the fund from any person shall not be less than [131][ten lakh rupees]:
[132][**Provided further** that the minimum amount of grant shall not apply to accredited investors:]
Provided further that no profits or gains shall accrue to the provider of such grants.]

[133][(ba) Notwithstanding the provisions of clauses (a) and (b), a social impact fund or schemes of a social impact fund launched exclusively for a not for profit organization registered or listed on a social stock exchange, shall be permitted to deploy or invest

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[127] Substituted for the word "*venture*" by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022 w.e.f 25.07.2022.
[128] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022 w.e.f 25.07.2022. Prior to the substitution, clause (a) of sub-regulation (4) of regulation 16 read as under:
*"atleast seventy five percent of the *[investable funds] shall be invested in unlisted securities or partnership interest of social ventures."*
* Substituted for "corpus" by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2013, w.e.f. 16-9-2013.
[129] Substituted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2013, w.e..f 16-09-2013 for the symbol "."
[130] Inserted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2013, w.e..f 16-09-2013
[131] Substituted for the words "*twenty five lakh rupees*" by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022 w.e.f 25.07.2022.
[132] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021.
[133] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022 w.e.f 25.07.2022.

hundred percent of the investable funds in the securities of not for profit organizations registered or listed on a social stock exchange.]

(c) such funds may give grants to social ventures [134][or social enterprises], provided that appropriate disclosure is made in the placement memorandum.

(d) [135][***]

(5) The following conditions shall apply to Infrastructure Funds in addition to conditions laid down in sub-regulation (1):-

(a) atleast seventy five percent of the [136][investable funds] shall be invested in unlisted securities or units or partnership interest of venture capital undertaking or investee companies or special purpose vehicles, which are engaged in or formed for the purpose of operating, developing or holding infrastructure projects [137][or in units of Category II Alternative Investment Funds which invest primarily in such venture capital undertakings or investee companies or special purpose vehicles];

(b) notwithstanding clause (a) of sub-regulation (5), such funds may also invest in listed securitized debt instruments or listed debt securities of investee companies or special purpose vehicles, which are engaged in or formed for the purpose of operating, developing or holding infrastructure projects.

Conditions for Category II Alternative Investment Funds.

17. The following investment conditions shall apply to Category II Alternative Investment Funds:-

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[134] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022 w.e.f 25.07.2022.

[135] Omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022 w.e.f 25.07.2022. Prior to its omission, clause (d) of sub-regulation (4) of regulation 16 read as under:

"such funds may accept muted returns for their investors i.e. they may accept returns on their investments which may be lower than prevailing returns for similar investments."

[136] Substituted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2013, w.e..f 16-09-2013 for the word "corpus"

[137] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021.

[138][(a) Category II Alternative Investment Funds shall invest in investee companies or in the units of Category I or other Category II Alternative Investment Funds as may be disclosed in the Placement Memorandum;

Explanation - Category II Alternative Investment Fund shall invest primarily in unlisted securities and/or listed debt securities (including securitised debt instruments) which are rated 'A' or below by a credit rating agency registered with the Board, directly or through investment in units of other Alternative Investment Funds, in the manner as may be specified by the Board;]

(b) [139][***]

[140][(c) Category II Alternative Investment Funds shall not borrow funds directly or indirectly or engage in any leverage for the purpose of making investments or otherwise, except for borrowing funds to meet temporary funding requirements and day-to-day operational requirements for not more than thirty days, on not more than four occasions in a year and not more than ten percent of the investable funds and subject to such conditions as may be specified by the Board from time to time:

Provided that Category II Alternative Investment Funds may create encumbrance on equity of investee company, which is in the business of development, operation or management of projects in any of the infrastructure

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[138] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2025, w.e.f. 23-05-2025. Prior to its substitution, clause (a) read as follows -

"(a) Category II Alternative Investment Funds shall invest in investee companies or in the units of Category I or other Category II Alternative Investment Funds as may be disclosed in the placement memorandum;

Explanation.– Category II Alternative Investment Fund shall invest primarily in unlisted companies directly or through investment in units of other Alternative Investment Funds;"

[139] Omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021, w.e.f. 05-05-2021. Prior to its omission, clause (b) read as follows -

"(b) Fund of Category II Alternative Investment Funds may invest in units of Category I or Category II Alternative Investment Funds:

Provided that they shall only invest in such units and shall not invest in units of other Fund of Funds."

[140] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2024, w.e.f. 07-08-2024. Prior to the substitution, it read as-

"(c) Category II Alternative Investment Funds may not borrow funds directly or indirectly and shall not engage in leverage except for meeting temporary funding requirements for not more than thirty days, not more than four occasions in a year and not more than ten percent of the investable funds:

Provided that Category II Alternative Investment Funds may create encumbrance on equity of investee company, which is in the business of development, operation or management of projects in any of the infrastructure sub-sectors listed in the Harmonised Master List of Infrastructure issued by the Central Government, only for the purpose of borrowing by such investee company and subject to such conditions as may be specified by the Board from time to time."

sub-sectors listed in the Harmonised Master List of Infrastructure issued by the Central Government, only for the purpose of borrowing by such investee company and subject to such conditions as may be specified by the Board from time to time.]

(d) Notwithstanding clause (c), Category II Alternative Investment Funds may engage in hedging, subject to guidelines as specified by the Board from time to time;

[141][(da) Category II Alternative Investment Funds may buy or sell credit default swaps in terms of the conditions as may be specified by the Board from time to time.]

(e) Category II Alternative Investment Funds may enter into an agreement with merchant banker to subscribe to the unsubscribed portion of the issue or to receive or deliver securities in the process of market making under [142][Chapter IX of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018].

[143][(f) Category II Alternative Investment Funds shall be exempt from sub-regulations (1) and (2) of regulation 3 and sub-regulation (1) of regulation 4 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 in respect of investment in companies listed on the SME exchange or SME segment of an exchange pursuant to due diligence of such companies subject to the following conditions:

(i) the fund shall disclose any trading in securities pursuant to such due-diligence, within two trading days of such trading, to the stock exchanges where the investee company is listed;

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[141] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) **(**Amendment**)** Regulations, 2023, w.e.f 09-01-2023.

[142] Substituted for *"Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009"* by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021.

[143] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2018, w.e.f. 13-08-2021. Prior to the substitution, it read as-

"(c) Category II Alternative Investment Funds shall be exempt from regulation 3 and 3A of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 in respect of investment in companies listed on SME Exchange or SME segment of an exchange pursuant to due diligence of such companies subject to the following conditions:

(i) the fund shall disclose any acquisition or dealing in securities pursuant to such due-diligence, within two working days of such acquisition or dealing, to the stock exchanges where the investee company is listed;

(ii) such investment shall be locked in for a period of one year from the date of investment."

(ii) such investment shall be locked in for a period of one year from the date of investment.]

[144][Conditions for co-investment by Category I and II Alternative Investment Funds.

17A. (1) Co-investment by investors of Category I or Category II Alternative Investment Fund shall be through a co-investment scheme launched under these regulations or through a Co-investment Portfolio Manager as specified under the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.

(2) A shelf placement memorandum shall be filed with the Board, in the manner as may be specified by the Board from time to time, through a merchant banker along with the fee as specified in Second Schedule to these regulations, prior to the co-investment opportunity being offered to the investors of Category I or Category II Alternative Investment Fund, through co-investment scheme.

(3) A separate co-investment scheme shall be launched for each co-investment, in accordance with the shelf placement memorandum filed with the Board:

Provided that an Angel fund shall not launch a co-investment scheme.

(4) Only accredited investors of the Category I or Category II Alternative Investment Fund shall be eligible to invest in a co-investment scheme.

(5) Each co-investment scheme shall invest in only one investee company.

(6) A co-investment scheme shall not invest in units of Alternative Investment Funds.

(7) Co-investment through a co-investment scheme shall be carried out in the manner and subject to the conditions as may be specified by the Board from time to time.

(8) The terms of co-investment in an investee company by a Manager or Sponsor or Co-investor or a co-investment scheme, shall not be more favourable than the terms of investment of the Alternative Investment Fund:

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[144] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

Provided that the timing of exit from the co-investment in an investee company shall be identical to the exit of the scheme of the Alternative Investment Fund from the investment in the investee company.

(9) The co-investment scheme shall be wound up on exit from the co-investment in terms of these regulations.

(10) The requirements under clauses (b) and (d) of regulation 10, sub-regulation (2) of regulation 11, sub-regulations (2), (3), (4) and (5) of regulation 12, regulation 13, clauses (a), (c), (da), (g) and (h) of sub-regulation (1) of regulation 15, regulation 16 and regulation 17 shall not apply to a co-investment scheme of an Alternative Investment Fund.]

Conditions for Category III Alternative Investment Funds.

18. The following investment conditions shall apply to Category III Alternative Investment Funds:-

[145][(a) Category III Alternative Investment Funds may invest in securities of listed or unlisted investee companies, derivatives, units of other Alternative Investment Funds or complex or structured products;]

[146][(aa) Category III Alternative Investment Funds may deal in goods received in delivery against physical settlement of commodity derivatives;]

[147][(ab) Category III Alternative Investment Funds may buy or sell credit default swaps in terms of the conditions as may be specified by the Board from time to time.]

(b) [148][***]

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[145] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021, w.e.f. 05-05-2021. Prior to its substitution, clause (a) read as follows -
"(a) Category III Alternative Investment Funds may invest in securities of listed or unlisted investee companies or derivatives or complex or structured products;"

[146] Inserted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2019, w.e.f 10-05-2019.

[147] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) **(**Amendment**)** Regulations, 2023, w.e.f 09-01-2023.

[148] Omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021, w.e.f. 05-05-2021. Prior to its omission, clause (b) read as follows -
"(b) *[Fund of Category III] Alternative Investment Funds may invest in units of Category I or Category II Alternative Investment Funds:
Provided that they invest solely in such units and shall not invest in units of other Fund of Funds"

(c) Category III Alternative Investment Funds may engage in leverage or borrow subject to consent from the investors in the fund and subject to a maximum limit, as may be specified by the Board:

Provided that such funds shall disclose information regarding the overall level of leverage employed, the level of leverage arising from borrowing of cash, the level of leverage arising from position held in derivatives or in any complex product and the main source of leverage in their fund to the investors and to the Board periodically, as may be specified by the Board.

(d) Category III Alternative Investment Funds shall be regulated through issuance of directions regarding areas such as operational standards, conduct of business rules, prudential requirements, restrictions on redemption and conflict of interest as may be specified by the Board.

Other Alternative Investment Fund.

19. The Board may lay down framework for Alternative Investment Funds other than the Funds falling in the categories specified in these regulations.

[149][CHAPTER III -A

ANGEL FUNDS

Definitions.

19A. For the purposes of this Chapter, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below, and their cognate expressions and variations shall be construed accordingly,-

(1) "angel fund" means a sub-category of [150][***] Category I- Alternative Investment Fund that raises funds from [151][accredited investors] and invests in accordance with the provisions of this Chapter.

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*Substituted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2013, w.e..f 16-09-2013 for the words and symbol "Fund of Category II".

[149] Inserted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2013, w.e..f 16-09-2013

[152][(2) "angel investor" means an accredited investor, or key management personnel of an angel fund or its manager, who invests in an angel fund.]

[153][(3) "related party" shall have the same meaning as assigned to it under clause (zb) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.]

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[150] The words "Venture Capital Fund under" omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025 w.e.f 09-09-2025.

[151] Substituted for the words "angel investors" by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[152] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its substitution, sub-regulation (2) read as follows -

"(2) "angel investor" means any person who proposes to invest in an angel fund and satisfies one of the following conditions, namely,

(a) an individual investor who has net tangible assets of at least two crore rupees excluding value of his principal residence, and who:

(i) has early stage investment experience, or

(ii) has experience as a serial entrepreneur, or

(iii) is a senior management professional with at least ten years of experience;

Explanation: For the purpose of this clause, 'early stage investment experience' shall mean prior experience in investing in start-up or emerging or early-stage ventures and 'serial entrepreneur' shall mean a person who has promoted or co-promoted more than one start-up venture.

(b) a body corporate with a net worth of at least ten crore rupees; or

(c) an Alternative Investment Fund registered under these regulations or a Venture Capital Fund registered under the SEBI (Venture Capital Funds) Regulations, 1996."

[153] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its substitution, sub-regulation (3) read as follows –

(3) "company with family connection" means:

a. if the angel investor is an individual,

i. any company which is promoted by such an individual or his relative; or

ii. any company where the individual or his relative is a director; or

iii. any company where the person or his relative has control, or shares or voting rights which entitle them to fifteen percent or more of the shares or voting rights in the company.

Explanation I: For the purpose of this clause, "relative" means a person as defined under sub-section 77 of section 2 of the Companies Act, 2013.

Explanation II: For the purpose of this clause, "control" shall have the same meaning as assigned to it under sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

b. if the angel investor is a body corporate,

i. any company which is a subsidiary or a holding company of the investor;

or

ii. any company which is part of the same group or under the same management of the investor; or

Explanation: For the purpose of this clause, "part of the same group" and "under the same management" shall have the same meaning as assigned to it under regulation 23 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

iii. any company where the body corporate or its directors/partners have control, or shares or voting rights which entitle them to fifteen percent or more of the shares or voting rights in the company.

Explanation: For the purpose of this clause, "control" shall have the same meaning as assigned to it under sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011."

Applicability.

19B. (1) The provisions of this Chapter shall apply to angel funds and [154][their managers, sponsors, angel investors and investments of angel funds:]

[155][Provided that the provisions of the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025 shall apply to angel funds registered prior to the notification of the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, in the manner as may be specified by the Board.]

(2) All other provisions of these regulations, except clauses (a), (b), (c), (d) and (f) of regulation 10, regulation 12, regulation 14, clauses (a), (c)[156][, (da)] and (e) of sub-regulation (1) of regulation 15, [157][clause (a) of sub-regulation (1) of regulation 16] and sub-regulation (2) of regulation 16, [158][regulation 17, regulation 18,][159][sub-regulation (21) of regulation 20] and the guidelines and circulars issued under these regulations, unless the context otherwise requires or repugnant to the provisions of this Chapter, shall apply to angel funds, their sponsors and managers and angel investors.

[160][Explanation: For the purpose of this sub-regulation, the provisions which are applicable to a scheme of an alternative investment fund, shall be applicable to the angel fund at the fund level, unless specifically stated otherwise.]

Registration of angel funds.

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[154] Substituted for the words and symbols "schemes launched by such angel funds." by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[155] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[156] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[157] Substituted for the words and symbols "clause (b) of sub-regulation (1) of regulation 16" by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[158] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[159] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fifth Amendment) Regulations, 2024, w.e.f. 18-11-2024.

[160] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

19C. (1) An applicant may apply for registration as an angel fund in accordance with the provisions of Chapter II of these Regulations.

(2) [161][***]

Investment in angel funds.

19D. [162][(1) Angel funds shall raise funds only from accredited investors by way of issue of units, in the manner as may be specified by the Board from time to time:

Provided that the key management personnel of an angel fund or its manager may invest in the angel fund.]

[163][(2) No minimum value of investment shall be applicable for investment in an angel fund by an angel investor.]

[164][***]

[165][(3)] Angel fund shall raise funds through private placement by issue of information memorandum or placement memorandum, by whatever name called.

[166][Provided that the provisions of the Companies Act, 2013 shall apply to the Angel Fund, if it is formed as a company.]

[167][(4) Such placement memorandum shall be filed with the Board in the specified format [168][***] while filing the application for registration as an angel fund.

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[161] Omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its omission, sub-regulation (2) of regulation 19C read as under:
"An Alternative Investment Fund already registered under these regulations, which has not made any investments, may apply for conversion of its category into an angel fund under the provisions of this Chapter and the provisions of Chapter II shall apply as they apply to a fresh registration."

[162] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its substitution, sub-regulation (1) read as follows –
"*(1) Angel funds shall only raise funds by way of issue of units to angel investors.*"

[163] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its substitution, sub-regulation (2) read as follows –
"(2) *An angel fund shall have a corpus of at least five crore rupees.*"

[164] Omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its omission, sub-regulation (3) read as follows –
"*(3) Angel funds shall accept, up to a maximum period of five years, an investment of not less than twenty five lakh rupees from an angel investor.*"

[165] Sub-regulation (4) renumbered as (3) by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[166] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds)(Amendment) Regulations, 2018, w.e.f. 01-06-2018.

[169][***]

(6) An angel fund shall on-board at least five accredited investors before declaring its first close in the manner as may be specified by the Board from time to time.

(7) If the angel fund fails to declare the first close of the fund in the specified manner, it shall be required to refile the placement memorandum with the Board for circulation and soliciting funds from angel investors, by paying the requisite fee under the Second Schedule.]

Schemes.

[170][**19E.** An angel fund shall not launch any schemes for soliciting funds from angel investors or making any investments.]

Investment by Angel Funds.

19F. [171][(1) Angel funds shall invest only in startups, which are not promoted or sponsored by or related to a corporate group whose group turnover exceeds three hundred crore rupees:

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[167] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[168] Omitted the words "*through a merchant banker*" by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2026, w.e.f. 14-07-2026.

[169] Omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2026, w.e.f. 14-07-2026. Prior to its omission, regulation 19D(5) read as under:
"*(5) The Board may communicate its comments, if any, to the merchant banker and the merchant banker shall ensure that the comments are incorporated in the placement memorandum prior to its circulation to angel investors by the angel fund for soliciting funds.*"

[170] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its substitution, regulation 19E read as follows –
"*19E. (1) 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 the Board.*
(2) No scheme of the angel fund shall have more than two hundred angel investors.
Provided that the provisions of the Companies Act, 2013 shall apply to the Angel Fund, if it is formed as a company."

[171] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its substitution, sub-regulation (1) of regulation 19F read as follows –
"*(1) Angel funds shall invest in startups which:*
(c) are not promoted or sponsored by or related to an industrial group whose group turnover exceeds three hundred crore rupees; and
Explanation I: For the purpose of this clause, "industrial group" shall include a group of body corporates with the same promoter(s)/promoter group, a parent company and its subsidiaries, a group of body corporates in which the same person/ group of persons exercise control, and a group of body corporates comprised of associates/ subsidiaries/ holding companies.
Explanation II: For the purpose of this clause, "group turnover" shall mean combined total revenue of the industrial group.
(d) are not companies with family connection with any of the angel investors who are investing in the company."

Provided that angel funds may make additional investments in their existing investee companies, which are no longer start-ups, subject to the conditions as may be specified by the Board from time to time.

Explanation I: For the purpose of this clause, "corporate group" shall include a group of body corporates with the same promoter(s)/promoter group, a parent company and its subsidiaries, a group of body corporates in which the same person/ group of persons exercise control, and a group of body corporates consisting of associates/ subsidiaries/ holding companies.

Explanation II: For the purpose of this clause, "group turnover" shall mean combined total revenue of the corporate group.]

[172][(2) Investment made by an angel fund in any investee company shall not be less than ten lakh rupees and shall not exceed twenty five crores rupees.]

[173][(3) Investment by an angel fund in an investee company shall be subject to lock-in period as may be specified by the Board.]

(4) Angel funds shall not invest in associates.

[174][(5) Each investment of an angel fund in an investee company shall have contribution from at least two accredited investors.]

[175][(6) Angel funds shall not accept contribution for investment in an investee company, from those angel investors who are a related party to such investee company.]

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[172] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its substitution, sub-regulation (2) of regulation 19F read as follows – "*Investment by an angel fund in any venture capital undertaking shall not be less than twenty five lakh rupees and shall not exceed ten crores rupees.*"

[173] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its substitution, sub-regulation (3) of regulation 19F read as follows – "*(3) Investment by an angel fund in the venture capital undertaking shall be locked-in for a period of one year.*"

[174] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its substitution, sub-regulation (5) of regulation 19F read as follows – "*(5) Angel funds shall not invest more than twenty-five per cent of the total investments under all its schemes in one venture capital undertaking:*
Provided that the compliance to this sub-regulation shall be ensured by the Angel Fund at the end of its tenure."

[176][(7)][177][An angel fund may also invest in the securities of companies incorporated outside India subject to such conditions or guidelines that may be stipulated or issued by the Reserve Bank of India and the Board from time to time.]

Obligations of Sponsors and Managers of Angel Fund.

19G. [178][***]

[179][(1)] The manager or sponsor shall have a continuing interest in [180][each investment of] the angel fund of not less than [181][half percent of the amount invested or fifty thousand rupees, whichever is higher,] and such interest shall not be through the waiver of management fees.

[182][(2)] [183][The manager shall accept contribution from an angel investor for investing in an investee company only after obtaining approval from the angel investor for such investment.]

[184][(3) The manager shall disclose and offer each investment opportunity to all the angel investors of the angel fund.

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[175] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[176] Sub-regulation (6) renumbered as (7) by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[177] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2016, w.e.f. 04-01-2017.

[178] Omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its omission, sub-regulation (1) of regulation 19G read as follows –
"*(1) The sponsor shall ensure that the angel investors satisfy the conditions specified in sub-regulation (2) of regulation 19A.*"

[179] Sub-regulation (2) renumbered as (1) by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[180] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[181] Substituted for the words and symbols "two and half percent of the corpus or fifty thousand rupees,whichever is lesser," by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[182] Sub-regulation (3) renumbered as (2) by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

[183] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its substitution, the text of sub-regulation (3) re-numbered as sub-regulation (2) of regulation 19G read as follows –
"*The manager of the angel fund shall obtain an undertaking from every angel investor proposing to make investment in a venture capital undertaking, confirming his approval for such an investment, prior to making such an investment.*"

[184] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025.

(4) The manager shall disclose a defined methodology in the placement memorandum of the angel fund, for the purpose of allocating the investment among angel investors who provide approval for such investment, in the manner as may be specified by the Board from time to time.

(5) The manager shall accept contributions for investment in an investee company from the angel investors who provide approval for the investment, in accordance with the methodology disclosed in the placement memorandum of the angel fund.

(6) The investors of an angel fund shall have rights in an investment of the angel fund and in the distribution of proceeds of the investment, pro-rata to their contribution to such investment, except in the cases as may be specified by the Board from time to time.

(7) In case an angel fund offers an opportunity for investment in an existing investee company or related party of an existing investee company, the same shall be disclosed to the angel investors at the time of seeking their approval for making such investment.]

Prohibition of Listing.

19H. Units of angel funds shall not be listed on any recognised stock exchange.]

[185][CHAPTER III -B
SPECIAL SITUATION FUNDS

Definitions.

19I. For the purposes of this Chapter, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below and their cognate expressions and variations shall be construed accordingly,-

(1) "resolution applicant" shall have the same meaning as assigned to it under the Insolvency and Bankruptcy Code, 2016;

(2) "special situation asset" includes,-

[185] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2022 w.e.f 24.01.2022

(a) stressed loan available for acquisition in terms of Clause 58 of Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 as amended from time to time or as part of a resolution plan approved under the Insolvency and Bankruptcy Code, 2016 or in terms of any other policy of the Reserve Bank of India or Government of India issued in this regard from time to time;

(b) security receipts issued by an Asset Reconstruction Company registered with the Reserve Bank of India;

(c) securities of investee companies,

(i) whose stressed loans are available for acquisition in terms of Clause 58 of the Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 as amended from time to time or as part of a resolution plan approved under the Insolvency and Bankruptcy Code, 2016 or in terms of any other policy of the Reserve Bank of India or Government of India issued in this regard from time to time;

(ii) against whose borrowings, security receipts have been issued by an Asset Reconstruction Company registered with the Reserve Bank of India;

(iii) whose borrowings are subject to corporate insolvency resolution process under Chapter II of the Insolvency and Bankruptcy Code, 2016;

(iv) who have disclosed all the defaults relating to the payment of interest/ repayment of principal amount on loans from banks / financial institutions/ Systemically Important Non-Deposit taking Non-Banking Financial Companies/ Deposit taking Non-Banking Financial Companies and /or listed or unlisted debt securities in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and such payment default is continuing for a period of at least ninety calendar days after the occurrence of such default:

Provided that in case of sub-clauses (iii) and (iv), the credit rating of the financial instruments or credit instruments or borrowings of the company has been downgraded to "D" or equivalent;

(d) Any other asset as may be specified by the Board from time to time;

(3) "special situation fund" means a Category 1 Alternative Investment Fund that invests in special situation assets in accordance with its investment objectives and may act as a resolution applicant under the Insolvency and Bankruptcy Code, 2016.

Applicability.

19J. (1) The provisions of this Chapter shall apply to special situation funds and schemes launched by such special situation funds.

(3) All other provisions of these regulations, except clauses (b) and (c) of regulation 10, clauses (a), (c) and (e) of sub-regulation (1) of regulation 15, clause (a) of sub-regulation (1) of regulation 16 and the guidelines and circulars issued under these regulations, unless the context otherwise requires or is repugnant to the provisions of this Chapter, shall apply to the special situation funds, the schemes of special situation funds and their sponsors and managers.

Registration of special situation funds.

19K. An applicant may apply for registration as a special situation fund in accordance with the provisions of Chapter II of these Regulations.

Investment in special situation funds.

19L. (1) Each scheme of a special situation fund shall have a corpus as may be specified by the Board.

(2) The special situation fund shall accept from an investor, an investment of such value as may be specified by the Board.

(3) The special situation fund shall not accept investments from any other Alternative Investment Fund other than a special situation fund.

Investment by special situation funds.

19M. (1) Special situation funds shall invest only in special situation assets and may act as a resolution applicant under the Insolvency and Bankruptcy Code, 2016:

Provided that the special situation fund shall not invest in,

i. its associates; or
ii. the units of any other Alternative Investment Fund other than the units of a special situation fund; or
iii. units of special situation funds managed or sponsored by its manager, sponsor or associates of its manager or sponsor.

(2) Any investment by a special situation fund in the stressed loan acquired under clause 58 of the Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 as amended from time to time shall be subject to lock-in period as may be specified by the Board.]

[186][CHAPTER III - C

CORPORATE DEBT MARKET DEVELOPMENT FUND

Applicability.

[186] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

19N. (1) The provisions of this Chapter shall apply only to the Corporate Debt Market Development Fund.

(2) All other provisions of these regulations, except the following provisions and the guidelines and circulars issued under these regulations, unless the context otherwise requires or is repugnant to the provisions of this Chapter, shall apply to the Corporate Debt Market Development Fund, its sponsor, manager, trustee and investors:

i. sub regulation (2) of regulation 9;
ii. clauses (a), (c), (d), and (f) of regulation 10;
iii. sub regulations (2) and (3) of regulation 12;
iv. sub regulations (1), (2), (3), (5) and (6) of regulation 13;
v. regulations 14, 16, 17, 18, 19, Chapter III-A and III-B, 23;
vi. sub regulation (1) of regulation 15;
vii. sub regulation (15) of regulation 20;
viii. clause (a), (b) and (c) of sub regulation (1) of regulation 29;
ix. sub regulations (2),(3), (4) and (8) of regulation 29.

Registration of the Corporate Debt Market Development Fund.

19O. (1) The Corporate Debt Market Development Fund shall be constituted in the form of a Trust and the instrument of Trust shall be in the form of a deed duly registered under the provisions of the Indian Registration Act, 1908.

(2) The Corporate Debt Market Development Fund shall apply for registration as an Alternative Investment Fund in accordance with the provisions of Chapter II of these regulations.

(3) The placement memorandum of the Corporate Debt Market Development Fund shall be filed with the Board.

(4) The Board may communicate its comments, if any, to the Manager prior to the launch of the fund and the Manager shall incorporate the comments in the placement memorandum prior to the launch of the fund.

(5) The Corporate Debt Market Development Fund shall be a close ended fund, with a tenure of fifteen years from the date of its first closing:

Provided that the tenure may be extended with the prior approval of the Board.

(6) The Corporate Debt Market Development Fund shall be wound up with the prior approval of the Board.

Investment in the Corporate Debt Market Development Fund.

19P. (1) The units of the Corporate Debt Market Development Fund shall be offered to the Asset Management Companies as defined under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the specified debt-oriented schemes of mutual funds.

(2) The investment by the Asset Management Companies and the specified debt-oriented schemes of the mutual funds shall be in accordance with the provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

(3) The Manager or Sponsor shall have a continuing interest in the Corporate Debt Market Development Fund of not less than five crore rupees in the form of investment in the fund but such continuing interest shall not be through the waiver of management fees.

Investment conditions for the Corporate Debt Market Development Fund.

19Q. (1) During periods of market dislocation, the Corporate Debt Market Development Fund shall purchase corporate debt securities from the specified debt-oriented schemes of mutual funds which meet the following eligibility criteria:

(a) corporate debt securities shall be listed and have an investment grade rating;

(b) the residual maturity of such securities shall not exceed five years on the date of purchase;

(c) securities where there is no material possibility of default or adverse credit news or views.

Explanation: For the purpose of sub regulation (1) of this regulation, the Board shall decide the trigger of market dislocation and its reversal based on the parameters as may be specified by the Board.

(2) The Corporate Debt Market Development Fund shall purchase corporate debt securities in proportion to the contribution made in it at a mutual fund level and in accordance with detailed guidelines as may be approved by the Board.

(3) The Corporate Debt Market Development Fund shall hold eligible securities as mentioned in sub regulation (1) of this regulation, till maturity or sell the same in the secondary market upon reversal of market dislocation, in the manner as specified by the Board from time to time.

(4) Other than market dislocation period, the Corporate Debt Market Development Fund shall invest in liquid and low-risk debt instruments and undertake any other activity related to corporate debt market, as may be specified by the Board from time to time.

(5) The Corporate Debt Market Development Fund shall buy corporate debt securities at fair price adjusted for liquidity risk, interest rate risk and credit risk but not at distress prices.

(6) The sharing of loss by the sellers of corporate debt securities to the Corporate Debt Market Development Fund during periods of market dislocation may be higher than their pro rata holding in the Alternative Investment Fund vis-à-vis other unit holders.

(7) The Corporate Debt Market Development Fund shall not invest in the securities of companies incorporated outside India.

(8) Investment by the Corporate Debt Market Development Fund in any one investee company shall not exceed five percent of its fund capital at the time of investment:

Provided that the combined investment in the corporate debt securities of an issuer group as specified under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 shall not exceed seven and half percent of its fund capital at the time of investment.

Explanation: For the purpose of this sub-regulation, ‘fund capital’ shall be the aggregate of the corpus of the fund and maximum permissible borrowing as per sub-regulation (9) of this regulation.

(9) The Corporate Debt Market Development Fund may borrow funds up to ten times its corpus, subject to such conditions as may be specified by the Board in consultation with the Government of India.

(10) The valuation procedure and methodology for valuing assets of the Corporate Debt Market Development Fund shall be governed by the norms applicable to Mutual Fund schemes under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

(11) In-specie distribution of assets of the Corporate Debt Market Development Fund may be made to the unit holders, only at the time of winding up subject to the consent of seventy-five percent of the unit holders by value of their investment in such fund.

(12) Any material alteration to the investment strategy of the Corporate Debt Market Development Fund shall be with the prior approval of the Board.

Disclosures.

19R. (1) The portfolio of the Corporate Debt Market Development Fund shall be disclosed to the unitholders on a fortnightly basis.

(2) The Net Asset Value of the Corporate Debt Market Development Fund shall be disclosed to the unitholders on a daily basis.

Governance Mechanism for the Corporate Debt Market Development Fund.

19S. (1) The Corporate Debt Market Development Fund shall appoint a trustee company.

(2) The Board of directors of trustee company and the Manager of the Corporate Debt Market Development Fund shall be appointed with the prior approval of the Board.

(3) The roles and responsibilities of the trustee company shall be similar to the roles and responsibilities assigned to trustees under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

(4) The trustee company of the Corporate Debt Market Development Fund shall not engage in any activity other than acting as a trustee of the Corporate Debt Market Development Fund, except with the prior written consent of the Board:

Provided that any other activity of the trustee company as permitted by the Board shall not be in conflict with its role as the trustee of the Corporate Debt Market Development Fund.

(5) Two-thirds of the members of the board of directors of the trustee company shall be independent directors and shall not be associated with the Sponsor or the Manager in any manner whatsoever.

(6) No person shall initially or any time thereafter be appointed as a director of the trustee company of the Corporate Debt Market Development Fund without the prior approval of the Board.

(7) An audit committee of the trustee company shall be constituted to review compliance with the provisions of placement memorandum as required under these regulations along with other responsibilities as may be specified by the Board from time to time.

(8) The manager of the Corporate Debt Market Development Fund shall appoint a Governance Committee.

(9) The Governance Committee shall comprise corporate bond market experts including academicians, fund managers or Chief Investment Officers, risk management professionals and independent market experts.

(10) The Governance Committee, jointly with the board of the Manager and trustee company, shall approve the policies of the Corporate Debt Market Development Fund.

(11) The Governance Committee shall supervise the activities of the Corporate Debt Market Development Fund, especially relating to management of conflict of interest, if any.

(12) The Governance Committee shall have oversight on management of asset liability mismatches during times of market dislocation.

Prohibition of Listing.

19T. The units of the Corporate Debt Market Development Fund shall not be listed on any recognised stock exchange.

Others.

19U. (1) The provisions of Chapter III-C of these regulations shall cease to exist upon the winding up of the Corporate Debt Market Development Fund.

(2) Notwithstanding anything contained in sub-regulation (1) of this regulation, the Manager of Corporate Debt Market Development Fund shall continue to be responsible for any liabilities, that may arise out of the mandate in relation to its investment management activities."]

[187][CHAPTER III-D

Definitions.

19V. For the purpose of this Chapter, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below and their cognate expressions and variations shall be construed accordingly,-

(1) "migrated venture capital fund" means a fund that was previously registered as a venture capital fund under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 and subsequently registered under these regulations as a sub-category of Venture Capital Fund under Category I - Alternative Investment Fund in accordance with the provisions of this Chapter.

(2) "investable funds" means corpus of the scheme of the migrated venture capital fund net of expenditure for administration and management of the fund.

Applicability.

19W. (1) The provisions of this Chapter shall apply only to migrated venture capital funds and schemes launched by such migrated venture capital funds.

(2) All other provisions of these regulations, except the following provisions and the guidelines and circulars issued under these regulations, unless the context otherwise requires or is repugnant to the provisions of this Chapter, shall apply to the migrated venture capital fund, its trustee, trustee company, directors of the trustee company, directors of the migrated venture capital fund, as the case may be, sponsor, if any, Manager, if any, and investors:

(i) clause (p), (w), of sub-regulation (1) of regulation 2;

(ii) sub-regulation (5) of regulation 3;

(iii) regulation 4;

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[187] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2024 w.e.f 20-07-2024.

(iv) sub-regulation (2), (4) and (5) of regulation 6;

(v) sub-regulation (2) of regulation 7;

(vi) regulations 9, 10, 11, 12, 13, 14, 15, 16;

(vii) sub-regulation (11), (11A), (15) (17), (18) and (19) of regulation 20;

(viii) sub-regulations (2), (3), (4) and (5) of regulation 23; and

(ix) sub-regulation (2) of regulation 27.

Procedure for grant of Certificate.

19X. (1) An application for seeking registration as a migrated venture capital fund shall be made to the Board in the manner specified by Board.

(2) The certificate of registration as a Category I Alternative Investment Fund – Venture Capital Fund (Migrated Venture Capital Fund) shall be granted by the Board, if it is satisfied that the applicant fulfills all the requirements as specified in this Chapter under these regulations.

Eligibility Criteria.

19Y. For the purpose of the grant of certificate under this Chapter, the Board shall consider the following eligibility conditions, namely, —

(a) the applicant has a certificate of registration as a Venture Capital Fund under Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996;

(b) the applicant is a fit and proper person;

(c) the applicant has furnished the required information as specified by the Board from time to time;

(d) the applicant has no pending investor complaint with regard to non-receipt of funds or securities for any of its schemes whose assets are not liquidated in terms of sub-regulation (2) of regulation 24 of Securities and Exchange Board of India (Venture Capital Funds) Regulations 1996, on the date of application under this Chapter;

(e) no scheme launched by the applicant has investment from an investor which is less than five lakh rupees:

Provided that nothing contained in clause (e) shall apply to investors who are employees or the principal officer or directors of the venture capital fund or directors of the trustee company or trustees where the venture capital fund has been

established as a trust or the employees of the manager or asset management company of the migrated venture capital fund;

(f) each scheme launched by the applicant has a firm commitment from the investors for contribution of an amount not below rupees five crores before the start of operations by the applicant.

Prohibition on inviting subscription from the public.

19Z. Migrated venture capital fund shall not issue a document or an advertisement inviting offers from the public for the subscription or purchase of any of its units.

Private placement.

19AA. A migrated venture capital fund may receive monies for investment in the migrated venture capital fund only through private placement of its units.

Placement memorandum or subscription agreement.

19AB. (1) The migrated venture capital fund shall—

(a) issue a placement memorandum which shall contain details of the terms and conditions subject to which monies are proposed to be raised from investors; or

(b) enter into a contribution or subscription agreement with the investors which shall specify the terms and conditions subject to which monies are proposed to be raised.

(2) The migrated venture capital fund shall file with the Board for information, the copy of the placement memorandum or the copy of the contribution or subscription agreement entered into with the investors along with a report of money actually collected from the investor.

Contents of Placement Memorandum.

19AC. The placement memorandum or the subscription agreement with investors shall contain the following, namely –

(a) details of the trustees or trustee company and the directors or chief executives of the migrated venture capital fund;

(b) the corpus of the fund, the minimum amount to be raised for the fund to be operational, the minimum amount to be raised for each scheme and the provision for refund of monies to the investor in the event of non-receipt of minimum amount;

(c) details of entitlements on the units of venture capital fund for which subscription is being sought;

(d) tax implications that are likely to apply to investors;

(e) manner of subscription to the units of the migrated venture capital fund;

(f) the period of maturity, if any, of the fund;

(g) the manner, if any, in which the fund shall be wound up;

(h) the manner in which the benefits accruing to investors in the units of the trust are to be distributed;

(i) details of the fund manager or asset management company, if any, and the fees to be paid to such manager;

(j) the details about performance of the fund, if any, managed by the Fund Manager;

(k) investment strategy of the fund; and

(l) any other information specified by the Board.

Investment by migrated venture capital fund.

19AD. (1) Investments by migrated venture capital fund shall be subject to the following conditions:—

(a) the migrated venture capital fund shall not invest more than 25% corpus of the fund in a single venture capital undertaking;

(b) the migrated venture capital fund may invest in the securities of companies incorporated outside India subject to such conditions or guidelines that may be stipulated or issued by the Reserve Bank of India and the Board from time to time;

(c) The migrated venture capital fund shall not invest in the associated companies; and

(d) the migrated venture capital fund shall invest as enumerated below:

(i) at least 66.67% of the investable funds shall be invested in unlisted equity shares or equity linked instruments of venture capital undertaking;

(ii) not more than 33.33% of the investable funds may be invested by way of:

(a) subscription to the initial public offer of a venture capital undertaking whose shares are proposed to be listed;

(b) investment in the debt or debt instrument of a venture capital undertaking in which the venture capital fund has already made an investment by way of equity;

(c) preferential allotment of equity shares of a listed company subject to a lock in period of one year;

(d) investment in the equity shares or equity linked instruments of a financially weak company or a sick industrial company whose shares are listed.

Explanation. — For the purpose of these regulations, a "financially weak company" means a company, which has at the end of the previous financial year, accumulated losses, which has resulted in the erosion of more than 50% but less than 100% of its net worth at the beginning of the previous financial year;

(e) investment in the Special Purpose Vehicles that are created by a venture capital fund for the purpose of facilitating or promoting investment in accordance with these regulations.

Explanation. — The investment conditions and restrictions stipulated in clause (d) of sub-regulation (1) shall be achieved by the venture capital fund by the end of its life cycle.

(2) The migrated venture capital fund may enter into an agreement with the merchant banker to subscribe to the unsubscribed portion of the issue or to receive or deliver securities in the process of market making under Chapter IX of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the provisions of sub-regulation (1) shall not apply in case of acquisition or sale of securities pursuant to such subscription or market making.

(3) Notwithstanding the conditions as specified in sub-regulations (1) and (2), the Board may specify additional requirements or criteria for investments by the migrated venture capital funds.

Schemes.

19AE. A migrated venture capital fund shall not launch any new scheme.

Tenure.

19AF. (1) The tenure of a migrated venture capital fund shall be calculated in the manner as may be specified by the Board.

(2) Extension of the tenure of a migrated venture capital fund may be permitted up to two years subject to the approval of two-thirds of the unit holders by value of their investment in the migrated venture capital fund.

(3) In the absence of consent of the unit holders under sub-regulation (2) or upon expiry of the extended tenure, the migrated venture capital fund or the scheme of the migrated venture capital fund shall be wound up in accordance with Regulation 29 of these regulations:

Provided that sub-regulation (9A) of regulation 29 shall not be applicable to a migrated venture capital fund or the scheme of the migrated venture capital fund.

(4) If the assets of a scheme of a venture capital fund registered under the Securities and Exchange Board of India (Venture Capital Regulations) 1996, are not liquidated after the expiry of its tenure in terms of sub-regulation (2) of regulation 24 of Securities and Exchange Board of India (Venture Capital Regulations), 1996 prior to the date of application for registration under this Chapter, and the venture capital fund has been granted registration as a migrated venture capital fund under these regulations, then such schemes of the migrated venture capital fund may be granted additional liquidation period, subject to conditions and in the manner as may be specified by the Board:

Provided that the registration as migrated venture capital fund granted under regulation 19X of these regulations and the additional liquidation period granted under sub-regulation (4) of this regulation shall be without prejudice to the issuance of any direction or measures in accordance with the provision of the Act and regulations framed thereunder.

Listing.

19AG. No migrated venture capital fund shall be entitled to get its units listed on any recognised stock exchange till the expiry of three years from the date of the issuance of units by the migrated venture capital fund.

Maintenance of Records.

19AH. The migrated venture capital fund shall maintain its records under sub-regulation (1) of regulation 27 of these regulations for a period of eight years after the winding up of the fund.]

CHAPTER IV

GENERAL OBLIGATIONS AND RESPONSIBILITIES AND TRANSPERANCY

General Obligations.

[188][**20** (1) Alternative Investment Fund, key management personnel of the Alternative Investment Fund, trustee, trustee company, directors of the trustee company, designated partners or directors

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[188] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021, w.e.f. 05-05-2021.Prior to its substitution regulation 20 read as follows-

"20(1) All Alternative Investment Funds shall review policies and procedures, and their implementation, on a regular basis, or as a result of business developments, to ensure their continued appropriateness.

(2) The Sponsor or Manager of Alternative Investment Fund shall appoint a custodian registered with the Board for safekeeping of securities if the corpus of the Alternative Investment Fund is more than five hundred crore rupees:

Provided that the Sponsor or Manager of a Category III Alternative Investment Fund shall appoint such custodian irrespective of the size of corpus of the Alternative Investment Fund.

*[Provided further that the custodian appointed by Category III Alternative Investment Fund shall keep custody of securities and goods received in delivery against physical settlement of commodity derivatives.]

(3) All Alternative Investment Funds shall inform the Board in case of any change in the Sponsor, Manager or designated partners or any other material change from the information provided by the Alternative Investment Fund at the time of application for registration.

(4) In case of change in control of the Alternative Investment Fund, Sponsor or Manager, prior approval from the Board shall be taken by the Alternative Investment Fund.

(5) The books of accounts of the Alternative Investment Fund shall be audited annually by a qualified auditor.

**[(6) The Manager shall be responsible for investment decisions of the Alternative Investment Fund:

Provided that the Manager may constitute an Investment Committee (by whatever name it may be called), to approve investment decisions of the Alternative Investment Fund, subject to the following:

(i) The members of Investment Committee shall be equally responsible as the Manager for investment decisions of the Alternative Investment Fund.

(ii) The Manager and members of the Investment Committee shall jointly and severally ensure that the investments of the Alternative Investment Fund are in compliance with the provisions of these regulations, the terms of the placement memorandum, agreement made with the investor, any other fund documents and any other applicable law.

(iii) External members whose names are not disclosed in the placement memorandum or agreement made with the investor or any other fund documents at the time of on-boarding investors, shall be appointed to the Investment Committee only with the consent of at least seventy five percent of the investors by value of their investment in the Alternative Investment Fund or scheme.

of the Alternative Investment Fund, as the case may be, managers and key management personnel of managers shall abide by the Code of Conduct as specified in the Fourth Schedule.

Explanation.– For the purpose of this sub-regulation, 'key management personnel' shall have the meaning as specified by the Board from time to time.

(2) The Manager and either the trustee or trustee company or the Board of Directors or the designated partners of the Alternative Investment Fund, as the case may be, shall ensure compliance by the Alternative Investment Fund with the Code of Conduct as specified in the Fourth Schedule.

(3) All Alternative Investment Funds shall have detailed policies and procedures, as approved jointly by the Manager and the trustee or trustee company or Board of Directors or designated partners of the Alternative Investment Fund, as the case may be, to ensure that all the decisions of the Alternative Investment Fund are in compliance with the provisions of these regulations, terms of the placement memorandum, agreements made with investors, other fund documents and applicable laws.

(4) All Alternative Investment Funds shall review the policies and procedures laid down in terms of sub regulation (3) of this regulation, other internal policies, if any, and their implementation, on a regular basis or as a result of business developments, to ensure their continued appropriateness.

(5) The Manager shall be responsible for every decision of the Alternative Investment Fund, including ensuring that the decisions are in compliance with the provisions of these regulations, terms of the placement memorandum, agreements made with investors, other fund documents and applicable laws.

(6) The Manager shall be responsible for ensuring that every decision of the Alternative Investment Fund is in compliance with the policies and procedures laid down for the Alternative

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(iv) Any other conditions as specified by the Board from time to time ***[:]]

***[Provided further that clauses (i) and (ii) shall not apply to 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, has committed to invest not less than seventy crore rupees (or an equivalent amount in currency other than Indian rupee) and has furnished a waiver to the Alternative Investment Fund in respect of compliance with the said clauses, in the manner specified by the Board.]"

* Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2019, w.e.f. 10-05-2019.

** Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2020, w.e.f. 19-10-2020.

*** Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2021, w.e.f. 08-01-2021.

Investment Fund in terms of sub regulation (3) of this regulation and other internal policies of the Alternative Investment Fund, as applicable.

(7) The Manager may constitute an Investment Committee (by whatever name called), to approve the decisions of the Alternative Investment Fund and such constitution shall be subject to such conditions as specified by the Board from time to time.

(8) The members of the Investment Committee shall be responsible for ensuring that the decisions of the Investment Committee are in compliance with the policies and procedures laid down in terms of sub regulation (3) of this regulation:

Provided that sub-regulation (8) of this regulation shall not apply to 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, has committed to invest not less than seventy crore rupees (or an equivalent amount in currency other than Indian rupees) and has furnished a waiver to the Alternative Investment Fund in respect of compliance with the said sub-regulation, in the manner as may be specified by the Board.

[189][Provided further that the provisions of this sub-regulation shall not apply to large value fund for accredited investors.]

(9) The members of the Investment Committee shall abide by the Code of Conduct applicable to them as specified in Fourth Schedule.

(10) The external members of the Investment Committee whose names are not disclosed in the placement memorandum or in the agreement made with the investor or any other fund document at the time of on-boarding investors shall be appointed to the Investment Committee only with the consent of at least seventy five percent of the investors by the value of their investment in the Alternative Investment Fund or scheme.

[190][(11) The Sponsor or Manager of the Alternative Investment Fund shall appoint a Custodian registered with the Board for safekeeping of the securities of the Alternative Investment Fund, in the manner as may be specified by the Board from time to time:

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[189] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, w.e.f. 19-11-2025.

[190] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2024, w.e.f. 05-01-2024. Prior to the substitution, it read as

"*The Sponsor or Manager of the Alternative Investment Fund shall appoint a custodian registered with the Board for safekeeping of the securities if the corpus of the Alternative Investment Fund is more than five hundred crore rupees:*

Provided that the Custodian appointed by the Sponsor or Manager of a Category III Alternative Investment Fund shall keep the custody of the securities and goods received in delivery against the physical settlement of commodity derivative:

Provided further that the Custodian appointed by the Sponsor or Manager of an Alternative Investment Fund shall report or disclose such information regarding investments of the Alternative Investment Fund in such manner as may be specified by the Board from time to time.]

[191][(11A) A Custodian which is an associate of the Sponsor or Manager of an Alternative Investment Fund may act as a custodian for that Alternative Investment Fund only when all the following conditions are met:

(a) the Sponsor or Manager has a net worth of at least twenty thousand crore rupees at all points of time;

(b) fifty per cent or more of the directors of the Custodian do not represent the interest of the Sponsor or Manager or their associates;

(c) the Custodian and the Sponsor or Manager of the Alternative Investment Fund are not subsidiaries of each other;

(d) the custodian and the Sponsor or Manager of the Alternative Investment Fund do not have common directors; and

(e) the Custodian and the Manager of the Alternative Investment Fund sign an undertaking that they shall act independently of each other in their dealings of the schemes of the Alternative Investment Fund.]

(12) All Alternative Investment Funds shall inform the Board in case of any [192][***] material change from the information provided by the Alternative Investment Fund at the time of application for registration.

Provided that the Sponsor or Manager of a Category III Alternative Investment Fund shall appoint such a custodian, irrespective of the size of the corpus of the Alternative Investment Fund:

Provided further that the custodian appointed by Category III Alternative Investment Fund shall keep the custody of the securities and goods received in delivery against the physical settlement of commodity derivatives.

[*]*Provided further that the Sponsor or Manager of the Category I and Category II Alternative Investment Fund transacting in credit default swaps shall appoint a custodian registered with the Board and comply with such terms and conditions as may be specified by the Board.".*

[*]This proviso was inserted by the Securities and Exchange Board of India (Alternative Investment Funds) **(**Amendment**)** Regulations, 2023, w.e.f 09-01-2023.

[191] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2024, w.e.f. 05-01-2024.

(13) In case of [193][change of Sponsor or Manager, or] change in control of the Alternative Investment Fund, Sponsor or Manager, prior approval from the Board shall be taken by the Alternative Investment Fund [194][, subject to levy of fees and any other conditions as may be specified by the Board from time to time].

(14) The books of accounts of the Alternative Investment Fund shall be audited annually by a qualified auditor.]

[195][(15) The Manager shall not provide advisory services to any investor other than the investors of a co-investment scheme or clients of a Co-investment Portfolio Manager as specified in the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, for investment in securities of investee companies where the Alternative Investment Fund managed by it makes investment.]

[196][(16) The Manager and either the trustee or the trustee company or the Board of Directors or designated partners of the Alternative Investment Fund, as the case may be, shall ensure that the assets and liabilities of each scheme of an Alternative Investment Fund are segregated and ring-fenced from other schemes of the Alternative Investment Fund; and bank accounts and securities accounts of each scheme are segregated and ring-fenced.]

[197][(17) The Manager shall appoint a Compliance Officer who shall be responsible for monitoring compliance with the provisions of the Act, rules, regulations, notifications, circulars, guidelines, instructions or any other directives issued by the Board.

(18) The Compliance Officer shall satisfy the eligibility criteria as may be specified by the Board from time to time.

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[192] Omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2022, w.e.f. 15-11-2022.

[193] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2022, w.e.f. 15-11-2022.

[194] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2022, w.e.f. 15-11-2022.

[195] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, w.e.f. 09-09-2025. Prior to its substitution, sub-regulation (15) of regulation 20 read as follows – "(15) The manager shall not provide advisory services to any investor other than the clients of Co investment Portfolio Manager as specified in the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, for investment in securities of investee companies where the Alternative Investment Fund managed by it makes investment."

[196] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2022, w.e.f. 15-11-2022.

[197] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

(19) The Compliance Officer shall immediately and independently report to the Board any non-compliance observed by him, as soon as possible but not later than seven working days from the date of observing such non-compliance.]

[198][(20) Every Alternative Investment Fund, Manager of the Alternative Investment Fund and Key Management Personnel of the Manager and the Alternative Investment Fund shall exercise specific due diligence, with respect to their investors and investments, to prevent facilitation of circumvention of such laws, as may be specified by the Board from time to time.

Explanation: "laws" shall include Acts, Rules, Regulations, Guidelines or circulars framed thereunder that are administered by a financial sector regulator, including those administered by the Board.]

[199][(21) The investors of a scheme of an Alternative Investment Fund shall have rights, pro-rata to their commitment to the scheme, in each investment of the scheme and in the distribution of proceeds of such investment, except as may be specified by the Board from time to time:

Provided that the rights of the investors of a schemes of Alternative Investment Fund issued prior to the notification of the Securities and Exchange Board of India (Alternative Investment Funds) (Fifth Amendment) Regulations, 2024, which are not pro-rata to their commitment to the scheme and not exempted by the Board, shall be dealt with in the manner specified by the Board.

(22) The rights of investors of a scheme of an Alternative Investment Fund, other than that specified in sub-regulation (21) of this regulation, shall be pari-passu in all aspects:

Provided that differential rights may be offered to select investors of a scheme of an Alternative Investment Fund, in the manner as may be specified by the Board, without affecting the interest of other investors of the scheme:

Provided further that the requirement under sub-regulation (22) of this regulation shall not apply to [200][Accredited Investors only fund]:

Provided further that any differential right already issued by an Alternative Investment Fund prior to the notification of the Securities and Exchange Board of India (Alternative Investment

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[198] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024 w.e.f 25-04-2024.

[199] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Fifth Amendment) Regulations, 2024 w.e.f 18-11-2024.

[200] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, w.e.f. 19-11-2025. Prior to the substitution, it read as "Large Value Fund for Accredited Investors".

Funds) (Fifth Amendment) Regulations, 2024, not falling within the first proviso of sub-regulation (22) of this regulation, shall be dealt with in the manner as specified by the Board.]

[201][(23) The Alternative Investment Fund shall ensure compliance with the Investor Charter specified by the Board from time to time.]

[202][(24) The responsibilities and obligations of a trustee of an Alternative Investment Fund specified under these regulations shall, in case of an Accredited Investors only fund, be carried out by the manager of the Accredited Investors only fund.]

Conflict of Interest.

21. (1) The Sponsor and Manager of the Alternative Investment Fund shall act in a fiduciary capacity towards its investors and shall disclose to the investors, all conflicts of interests as and when they arise or seem likely to arise.

(2) Manager shall establish and implement written policies and procedures to identify, monitor and appropriately mitigate conflicts of interest throughout the scope of business.

(3) Managers and Sponsors of Alternative Investment Fund shall abide by high level principles on avoidance of conflicts of interest with associated persons, as may be specified by the Board from time to time.

Transparency.

22. All Alternative Investment Funds shall ensure transparency and disclosure of information to investors on the following:

(a) financial, risk management, operational, portfolio, and transactional information regarding fund investments shall be disclosed periodically to the investors;

(b) any fees ascribed to the Manager or Sponsor; and any fees charged to the Alternative Investment Fund or any investee company by an associate of the Manager or Sponsor shall be disclosed periodically to the investors;

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[201] Inserted by the Securities and Exchange Board of India (Investor Charter) (Amendment) Regulations, 2025 w.e.f. 10-02-2025.

[202] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025, w.e.f. 19-11-2025.

(c) any inquiries/ legal actions by legal or regulatory bodies in any jurisdiction, as and when occurred;

(d) any material liability arising during the Alternative Investment Fund's tenure shall be disclosed, as and when occurred;

(e) any breach of a provision of the placement memorandum or agreement made with the investor or any other fund documents, if any, as and when occurred;

(f) change in control of the Sponsor or Manager or Investee Company.

(g) Alternative Investment Fund shall provide at least on an annual basis, within 180 days from the year end, reports to investors including the following information, as may be applicable to the Alternative Investment Fund:-

A. financial information of investee companies.

B. material risks and how they are managed which may include:

(i) concentration risk at fund level;

(ii) foreign exchange risk at fund level;

(iii) leverage risk at fund and investee company levels;

(iv) realization risk (i.e. change in exit environment) at fund and investee company levels;

(v) strategy risk (i.e. change in or divergence from business strategy) at investee company level;

(vi) reputation risk at investee company level;

(vii) extra-financial risks, including environmental, social and corporate governance risks, at fund and investee company level.

(h) Category III Alternative Investment Fund shall provide quarterly reports to investors in respect of clause (g) within 60 days of end of the quarter;

(i) any significant change in the key investment team shall be intimated to all investors;

(j) alternative Investment Funds shall provide, when required by the Board, information for systemic risk purposes (including the identification, analysis and mitigation of systemic risks).

Valuation.

23. (1) The Alternative Investment Fund shall [203][carry out valuation of its investments in the manner specified by the Board from time to time and] provide to its investors, a description of its valuation procedure and of the methodology for valuing assets.

(2) Category I and Category II Alternative Investment Funds shall undertake valuation of their investments, atleast once in every six months, by an independent valuer appointed by the Alternative Investment Fund:

Provided that such period may be enhanced to one year on approval of atleast seventy-five percent of the investors by value of their investment in the Alternative Investment Fund.

(3) Category III Alternative Investment Funds shall ensure that calculation of the net asset value (NAV) is independent from the fund management function of the Alternative Investment Fund and such NAV shall be disclosed to the investors at intervals not longer than a quarter for close ended Funds and at intervals not longer than a month for open ended funds:

[204][Provided that for the purpose of calculation of NAV, Category III Alternative Investment Funds shall undertake valuation of their investment in unlisted securities and listed debt securities by an independent valuer.

(4) The Manager shall ensure that the Alternative Investment Fund appoints an independent valuer who satisfies the criteria specified by the Board from time to time.

(5) The Manager and the key management personnel of the Manager shall ensure that the independent valuer computes and carries out valuation of the investments of the scheme

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[203] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 01-11-2023.

[204] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 01-11-2023.

of the Alternative Investment Fund in the manner specified by the Board from time to time.

(6) The Manager shall be responsible for true and fair valuation of the investments of the scheme of the Alternative Investment Fund:

Provided that in case the established policies and procedures of valuation do not result in fair and appropriate valuation, the Manager shall deviate from the established policies and procedures in order to value the assets or securities at a fair value and document the rationale for such deviation:

Provided further that such deviation and its rationale shall be reported to the trustee or the trustee company or the Board of Directors or designated partners of the Alternative Investment Fund and investors of the Alternative Investment Fund.]

Obligation of Manager.

24. The Manager shall be obliged to:

(a) address all investor complaints;

(b) provide to the Board any information sought by Board;

(c) maintain all records as may be specified by the Board;

(d) take all steps to address conflict of interest as specified in these regulations;

(e) ensure transparency and disclosure as specified in the regulations.

[205][**Grievance Redressal Mechanism.**

24A. (1) The Manager shall redress investor grievances promptly but not later than twenty-one calendar days from the date of receipt of the grievance and in such manner as may be specified by the Board.

(2) The Board may also recognize a body corporate for handling and monitoring the process of grievance redressal within such time and in such manner as may be specified.]

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[205] Inserted by the Securities and Exchange Board of India (Facilitation of Grievance Redressal Mechanism) (Amendment) Regulations, 2023 w.e.f. 18-08-2023.

Dispute Resolution.

25. [206][(1) All claims, differences or disputes between investors and the Alternative Investment Fund or the Manager arising out of or in relation to the activities of the Alternative Investment Fund or the Manager in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.

(2) Where claims, differences or disputes between investors and the Alternative Investment Fund or the Manager arise under sub-regulation (1), then any loss or damage or expenses incurred by the Manager or officers of the Manager, including those in relation to resolution of claims or disputes of investors, shall not be met out of property of the Alternative Investment Fund]

Power to call for information.

26. (1) The Board may at any time call for any information from an Alternative Investment Fund or its Manager or Sponsor or trustee or investor with respect to any matter relating to its activity as an Alternative Investment Fund or for the assessment of systemic risk or prevention of fraud.

(2) Where any information is called for under sub-regulation (1) it shall be furnished within the time specified by the Board.

Maintenance of Records.

27. (1)The Manager or Sponsor shall be required to maintain following records describing:

(a) the assets under the scheme/fund;

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[206] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026, w.e.f. 15-10-2026. Prior to the substitution, it read as "All claims, differences or disputes between investors and the Alternative Investment Fund or the Manager arising out of or in relation to the activities of the Alternative Investment Fund or the Manager in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board:
Provided that if the Alternative Investment Fund has been established as a trust, then no loss or damage or expenses incurred by the Manager or officers of the Manager, including those in relation to resolution of claims or disputes of investors, shall be met out of the trust property.".

(b) valuation policies and practices;

(c) investment strategies;

(d) particulars of investors and their contribution;

(e) rationale for investments made.

(2) The records under sub-regulation (1) shall be maintained for a period of five years after the winding up of the fund.

Submission of reports to the Board.

28. The Board may at any time call upon the Alternative Investment Fund to file such reports, as the Board may desire, with respect to the activities carried on by the Alternative Investment Fund.

Winding up.

29. (1) An Alternative Investment Fund set up as a trust shall be wound up:

(a) when the tenure of the Alternative Investment Fund or all schemes launched by the Alternative Investment Fund, as mentioned in the placement memorandum is over; or

(b) if it is the opinion of the trustees or the trustee company, as the case may be, that the Alternative Investment Fund be wound up in the interests of investors in the units; or

(c) if seventy five percent of the investors by value of their investment in the Alternative Investment Fund pass a resolution at a meeting of unitholders that the Alternative Investment Fund be wound up; or

(d) if the Board so directs in the interests of investors.

(2) An Alternative Investment Fund set up as a limited liability partnership shall be wound up in accordance with the provisions of The Limited Liability Partnership Act, 2008:

(a) when the tenure of the Alternative Investment Fund or all schemes launched by the Alternative Investment Fund, as mentioned in the placement memorandum is over; or

(b) if seventy five percent of the investors by value of their investment in the Alternative Investment Fund pass a resolution at a meeting of unitholders that the Alternative Investment Fund be wound up; or

(c) if the Board so directs in the interests of investors.

(3) An Alternative Investment Fund set up as a company shall be wound up in accordance with the provisions of the [207][Companies Act, 2013].

(4) An Alternative Investment Fund set up as a body corporate shall be wound up in accordance with the provisions of the statute under which it is constituted.

(5) The trustees or trustee company or the Board of Directors or designated partners of the Alternative Investment Fund, as the case maybe, shall intimate the Board and investors of the circumstances leading to the winding up of the Alternative Investment Fund.

(6) On and from the date of intimation under sub-regulation (5) of regulation 29, no further investments shall be made on behalf of the Alternative Investment Fund so wound up.

(7) Within [208][the liquidation period], the assets shall be liquidated, and the proceeds accruing to investors in the Alternative Investment Fund [209][or the scheme of the Alternative Investment Fund] shall be distributed to them after satisfying all liabilities [210][, subject to conditions as may be specified by the Board from time to time].

(8) Notwithstanding anything contained in sub-regulation (7) and subject to the conditions, if any, contained in the placement memorandum or contribution agreement or subscription

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[207] Substituted by the Securities and Exchange Board of India (Alternative Investment Funds)(Amendment) Regulations, 2018, w.e.f. 01-06-2018. Prior to its substitution, it read as "Companies Act, 1956 (1 of 1956)".

[208] Substituted for the words "one year from the date of intimation under sub-regulation (5) of regulation 29" by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

[209] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

[210] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2026 w.e.f 18-04-2026.

agreement, as the case may be, [211][in specie distribution of assets of the scheme of the Alternative Investment Fund], shall be made by the Alternative Investment Fund at any time, [212][including on winding up of the scheme of the Alternative Investment Fund], as per the preference of investors, [213][subject to conditions as may be specified by the Board from time to time].

(9) [214][Notwithstanding anything contained in sub-regulation (7), during liquidation period of a scheme, an Alternative Investment Fund may distribute investments of a scheme which are not sold due to lack of liquidity, in-specie to the investors or [215][enter into dissolution period], after obtaining approval of at least seventy five percent of the investors by value of their investment in the scheme of the Alternative Investment Fund, in the manner and subject to conditions specified by the Board from time to time:

Provided that in the absence of consent of unit holders for exercising the options under sub-regulation (9) during liquidation period, such investments of the scheme of the Alternative Investment Fund shall be dealt with in the manner as may be specified by the Board from time to time.]

[216] [(9A) If the liquidation period for a scheme of an Alternative Investment Fund has expired or is expiring within three months from the date of notification of the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024, such schemes may be granted an additional liquidation period, subject to such conditions and in the manner as may be specified by the Board:

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[211] Substituted for the words "in specie distribution of assets of the Alternative Investment Fund" by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

[212] Substituted for the words "including on winding up of the Alternative Investment Fund" by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

[213] Substituted for the words "after obtaining approval of at least seventy five percent of the investors by value of their investment in the Alternative Investment Fund" by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

[214] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

[215] Substituted for the words "sell such investments to a liquidation scheme" by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024 w.e.f 25-04-2024.

[216] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024 w.e.f 25-04-2024.

Provided that the additional liquidation period granted under sub-regulation (9A) shall be without prejudice to the issuance of any direction or measures in accordance with the provision of the Act and regulations framed thereunder.

(10) If the scheme of an Alternative Investment Fund enters into a dissolution period as provided under regulation 29B and the unliquidated investments of the scheme are not sold by the expiry of the dissolution period, such investments shall be mandatorily distributed in-specie to the investors, in the manner as may be specified by the Board.]

[217][(10A) An Alternative Investment Fund may be tagged as an inoperative fund, in such manner and subject to conditions as may be specified by the Board from time to time.]

[218][(11)] Upon winding up of the Alternative Investment Fund, the certificate of registration shall be surrendered to the Board.

[219]**[Liquidation Scheme.**

29A. (1) The Alternative Investment Fund may launch a liquidation scheme subject to filing of placement memorandum with the Board.

(2) The requirements under Regulation 10(b), Regulation 10(c), Regulation 12, Regulation 13(1), Regulation 13(2), Regulation 13(4), Regulation 13(5), Regulation 15, Regulation 16, Regulation 17, Regulation 18, Regulation 19L(1), Regulation 19L(2), Regulation 19M, Regulation 29 (7) and Regulation 29 (9) shall not apply to a liquidation scheme of the Alternative Investment Fund.

(3) The placement memorandum of liquidation scheme of the Alternative Investment Fund shall be filed with the Board through a merchant banker along with the fees as specified in the Second Schedule.

(4) The tenure of liquidation scheme of the Alternative Investment Fund shall be determined at the time of filing of placement memorandum with the Board in the manner and subject to conditions as may be specified by the Board.

(5) The tenure of liquidation scheme of the Alternative Investment Fund shall not be extended.

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[217] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2026 w.e.f 18-04-2026.

[218] Sub-regulation (10) renumbered as (11) by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024 w.e.f 25-04-2024.

[219] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

(6) The liquidation scheme of the Alternative Investment Fund shall not accept any fresh commitment from any investor and shall not make any new investment.

(7) The investments of the liquidation scheme of the Alternative Investment Fund which are not sold due to lack of liquidity by the end of its tenure shall be dealt with, in the manner as may be specified by the Board from time to time.]

[220][(8) No Alternative Investment Fund shall launch any new liquidation scheme under this regulation after the notification of the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024:

Provided that any liquidation scheme launched by an Alternative Investment Fund prior to the notification of the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024 shall continue to be governed by regulation 29A and the other provisions of these regulations till such schemes are wound up.]

[221][**Dissolution Period.**

29B. (1) A scheme of an Alternative Investment Fund may enter into a dissolution period in the manner and subject to such conditions as may be specified by the Board.

(2) The scheme entering into a dissolution period shall file an information memorandum with the Board through a merchant banker in the manner as may be specified by the Board.

(3) The dissolution period of a scheme of an Alternative Investment Fund shall not be more than the original tenure of the scheme and shall not be extended in any manner upon expiry of the dissolution period.

(4) The scheme of the Alternative Investment Fund shall not accept any fresh commitment from any investor and shall not make any new investment during the dissolution period.]

CHAPTER V

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[220] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024 w.e.f 25-04-2024.

[221] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024 w.e.f 25-04-2024.

INSPECTION

Board's right to inspect.

30. The Board may suo motu or upon receipt of information or complaint appoint one or more persons as Inspecting Authority to undertake inspection of the books of account, records and documents relating to an Alternative Investment Fund for any of the following reasons, namely, —

(a) to ensure that the books of account, records and documents are being maintained by the Alternative Investment Fund in the manner specified in these regulations;

(b) to inspect complaints received from investors, clients or any other person, on any matter having a bearing on the activities of the Alternative Investment Fund;

(c) to ascertain whether the provisions of the Act and these regulations are being complied with by the Alternative Investment Fund;

(d) to inspect suo motu the affairs of an Alternative Investment Fund, in the interest of the securities market or in the interest of investors.

Notice before inspection.

31. (1) Before ordering an inspection under regulation 30, the Board shall give not less than ten days notice to the Alternative Investment Fund.

(2) Notwithstanding anything contained in sub-regulation (1) where the Board is satisfied that in the interest of the investors no such notice should be given, it may by an order in writing direct that the inspection of the affairs of the Alternative Investment Fund be taken up without such notice.

(3) During the course of an inspection, the Alternative Investment Fund against whom the inspection is being carried out shall be bound to discharge its obligations as provided in regulation 32.

Obligation of Alternative Investment Fund on inspection.

32. (1) It shall be the duty of every officer of the Alternative Investment Fund in respect of whom an inspection has been ordered under regulation 30 and any other associated person who is in possession of relevant information pertaining to conduct and affairs of

such Alternative Investment Fund including Manager, if any, to produce to the Inspecting Authority such books, accounts and other documents in his custody or control and furnish him with such statements and information as the said Authority may require for the purposes of the inspection.

(2) It shall be the duty of every officer of the Alternative Investment Fund and any other associated person who is in possession of relevant information pertaining to conduct and affairs of the Alternative Investment Fund including the manager to give to the Inspecting Authority all such assistance and shall extend all such co-operation as may be required in connection with the inspection and shall furnish such information as sought by the Inspecting Authority in connection with the inspection.

(3) The Inspecting Authority shall, for the purposes of inspection, have power to examine on oath and record the statement of any employees, directors or person responsible for or connected with the activities of Alternative Investment Fund or any other associated person having relevant information pertaining to such Alternative Investment Fund.

(4) The Inspecting Authority shall, for the purposes of inspection, have power to obtain authenticated copies of documents, books, accounts of Alternative Investment Fund, from any person having control or custody of such documents, books or accounts.

Submission of report to the Board.

33. The Inspecting Authority shall, as soon as possible, on completion of the inspection submit an inspection report to the Board:

Provided that if directed to do so by the Board, he may submit an interim report.

Communication of findings, etc. to the Alternative Investment Fund.

34. The Board may after consideration of the inspection report and after giving reasonable opportunity of hearing to the Alternative Investment Fund or its trustees, directors or manager issue such direction as it deems fit in the interest of securities market or the investors including directions in the nature of :—

(a) requiring an Alternative Investment Fund not to launch new schemes or raise money from investors for a particular period;

(b) prohibiting the person concerned from disposing of any of the properties of the fund or scheme acquired in violation of these regulations;

(c) requiring the person connected to dispose of the assets of the fund or scheme in a manner as may be specified in the directions;

(d) requiring the person concerned to refund any money or the assets to the concerned investors along with the requisite interest or otherwise, collected under the scheme;

(e) prohibiting the person concerned from operating in the capital market or from accessing the capital market for a specified period.

CHAPTER VI

PROCEDURE FOR ACTION IN CASE OF DEFAULT

Liability for action in case of default.

35. (1) An Alternative Investment Fund which—

(a) contravenes any of the provisions of the Act or these regulations;

(b) fails to furnish any information relating to its activity as an Alternative Investment Fund as required by the Board;

(c) furnishes to the Board information which is false or misleading in any material particular;

(d) does not submit periodic returns or reports as required by the Board;

(e) does not co-operate in any enquiry, inspection or investigation conducted by the Board;

(f) fails to resolve the complaints of investors or fails to give a satisfactory reply to the Board in this behalf,

shall be dealt with in the manner provided under the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

(2) Sub-regulation (1) shall not prejudice the powers of the Board to issue directions or measures under regulation 34 or under sections 11, 11B, 11D, sub-section (3) of section

12 or section 24 or Chapter VIA of the Act or under any other law for the time being in force.

[222][CHAPTER VI-A
POWER TO RELAX STRICT ENFORCEMENT OF THE REGULATIONS

Exemption from enforcement of the regulations in special cases.

35A. (1) The Board may, exempt any person or class of persons from the operation of all or any of the provisions of these regulations for a period as may be specified but not exceeding twelve months, for furthering innovation [223][***] relating to testing new products, processes, services, business models, etc. in live environment of regulatory sandbox in the securities markets.

(2) Any exemption granted by the Board under sub-regulation (1) shall be subject to the applicant satisfying such conditions as may be specified by the Board including conditions to be complied with on a continuous basis.

Explanation. —For the purposes of these Regulations , "regulatory sandbox" means a live testing environment where new products, processes, services, business models, etc. may be deployed on a limited set of eligible customers for a specified period of time, for furthering innovation in the securities market, subject to such conditions as may be specified by the Board.]

CHAPTER VII

MISCELLANEOUS

Power of the Board to issue clarifications.

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[222] Inserted by the Securities and Exchange Board of India (Regulatory Sandbox) (Amendment) Regulations, 2020, w.e.f. 17-04-2020.

[223] The words “in technological aspects” omitted by the Securities and Exchange Board of India (Regulatory Sandbox) (Amendment) Regulations, 2021, w.e.f. 03-08-2021.

36. In order to remove any difficulties in the application or interpretation of these regulations, the Board may issue clarifications and guidelines in the form of circulars or issue separate circular or guidelines or framework for each category of Alternative Investment Funds.

Delegation of powers.

37. The powers exercisable by the Board under these regulations shall also be exercisable by any officer of the Board to whom such powers are delegated by the Board by means of an order made under section 19 of the Securities and Exchange Board of India Act, 1992.

Amendments to other Regulations.

38. The regulations specified in the Third Schedule to these regulations shall be amended in the manner and to the extent stated therein.

Repeal and Saving.

39. (1) The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 hereby shall stand repealed.

(2) Notwithstanding such repeal:

(a) Anything done or any action taken or purported to have been done or taken, including suspension or cancellation of certificate of registration, any inquiry or investigation commenced or show cause notice issued under the repealed regulations, shall be deemed to have been done or taken under the corresponding provisions of these regulations;

(b) All venture capital funds or schemes launched by such venture capital funds prior to date of notification of these regulations shall continue to be governed by provisions of Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 till the fund or Scheme is wound up:

Provided that such funds shall not launch any new Scheme after notification of these regulations;

[224][Provided further that the venture capital funds that seeks registration as a migrated venture capital fund in terms of Chapter III-D shall be governed by these regulations from the date of grant of certificate of registration:

Provided further that the Board may specify enhanced regulatory reporting and other measures for the venture capital funds that do not seek registration as a migrated venture capital fund in terms of Chapter III-D.]

(c) Any application made to the Board under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 and pending before it shall be deemed to have been made under the corresponding provisions of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

(3) After the repeal of Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, any reference thereto in any other regulations made, guidelines or circulars issued thereunder by the Board shall be deemed to be a reference to the corresponding provisions of these regulations.

[224] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2024 w.e.f 20-07-2024.

FIRST SCHEDULE-FORM

FORM A

Securities and Exchange Board of India

(Alternative Investment Funds) Regulations, 2012

See **regulation 3**

Application for Grant of Certificate of Registration as Alternative Investment Fund

Securities and Exchange Board of India

SEBI Bhavan, C4-A, G Block, Bandra Kurla Complex, Mumbai 400051 - India

INSTRUCTIONS

1. This form is meant for use by the applicant for grant of certificate of registration as an Alternative Investment Fund.
2. The applicant should complete this form, and submit it, along with all supporting documents to the Board at its head office at Mumbai.
3. This application form should be filled in accordance with these regulations.
4. The application shall be considered by the Board provided it is complete in all respects.
5. All answers must be legible and all the pages must be numbered with signature/ stamp on each page of the form.
6. Information which needs to be supplied in more detail may be given on separate sheets which should be attached to the application form and appropriately numbered.
7. The application must be signed and all signatures must be original.
8. The application must be accompanied by an application fee as specified in the Second Schedule to these regulations.

1. GENERAL INFORMATION

(a) Name, address of the registered office, address for correspondence and principal place of business, telephone number(s), fax number(s), e-mail address of the applicant.

(b) Name, direct line number, mobile number and e-mail of the contact person(s).

(c) Legal structure of applicant - Whether the applicant is a company or trust or limited liability partnership or a body corporate.

(d) Date and place of incorporation/ establishment.

[225][(e) Category under which the application is made –

1. Category I Alternative Investment Fund- Venture Capital Fund

   [226][1A. Category I Alternative Investment Fund- Angel Fund]

2. Category I Alternative Investment Fund- Social [227][Impact] Fund
3. Category I Alternative Investment Fund- SME Fund
4. Category I Alternative Investment Fund- Infrastructure Fund
5. Category I Alternative Investment Fund - Special Situation Fund
6. Category I Alternative Investment Fund- Other
7. Category II Alternative Investment Fund
8. Category III Alternative Investment Fund]
9. [228][Specified Alternative Investment Fund as provided under Regulation 19 of these regulations: Corporate Debt Market Development Fund]

(e) In case the applicant proposes to register as a Category III Alternative Investment Fund, whether the fund shall be open ended or close ended.

(f) Whether the applicant or its associates or its sponsor(s) or its manager(s) is/ are registered with the Board, Reserve Bank of India or any other regulatory authority in any capacity along with the details of its registration.

(g) Details of infrastructure for conducting activities as an Alternative Investment Fund

(h) Copy of the draft placement memorandum.

2. DETAILS OF APPLICANT

I. In case applicant is a Trust:

1. Write-up on the activities of the applicant
2. Whether the Trust Deed is registered under the provisions of the Registration Act, 1908. (Enclose relevant extract of the Registered Trust Deed)
3. Whether the Trust Deed permits the carrying on of the activity of an Alternative Investment Fund
4. Whether the applicant is prohibited by its trust deed from making an invitation to the public to subscribe to its units;

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[225] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2022 w.e.f 24.01.2022

[226] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025 w.e.f 09-09-2025.

[227] Substituted for the word "venture" by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022, w.e.f. 25.07.2022.

[228] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

5. Provide details of Trustees/ Trustee Company as below:
    a. Whether Trustee is an individual or a Trustee company.
    b. Name, registered office address, telephone number(s) and fax number(s) of the Trustees/ Trustee Company.
    c. Name, direct line number, mobile number and e-mail of the contact person(s).
    d. Identity and Address proof of Trustees/ Directors of the Trustee Company
    e. Whether the Trustee Company is registered with Board, Reserve Bank of India or any other regulatory authority in any capacity along with the details of its registration.
    f. Brief write up on the activities of the Trustee Company/ Profile of Trustees.

II. In case applicant is a Company:

1. Write-up on the activities of the applicant
2. Shareholding pattern and profile of the directors (Enclose Identity proof and address proof of the directors)
3. Whether the Memorandum of Association permits carrying on of the activity of an Alternative Investment Fund (Enclose relevant extract of the Memorandum of Association)
4. Whether the applicant is prohibited by its memorandum and articles of association from making an invitation to the public to subscribe to its securities;

III. In case applicant is a limited liability partnership:

1. Write-up on the activities of the applicant
2. Beneficial ownership pattern and profile of the partners (Enclose Identity proof and address proof of the partners)
3. Whether the partnership deed is [229][duly filed] under the provisions of the Limited Liability Partnership Act, 2008 and permits carrying on of the activity of an Alternative Investment Fund (Enclose relevant extract of the Partnership Deed)
4. Whether the applicant is prohibited by its partnership deed from making an invitation to the public to subscribe to its securities;

IV. In case applicant is a Body Corporate

1. Write-up on the activities of the applicant

[229] Substituted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2013, w.e..f 16-09-2013, for the words “duly registered”.

2. Shareholding pattern and profile of the directors (Enclose Identity proof and address proof of the directors)
3. Whether the applicant is set up or established under the laws of the Central or State Legislature
4. Whether the applicant is permitted carrying on of the activity of an Alternative Investment Fund (Enclose relevant extract of the relevant Statute/Act)
5. Whether the applicant is prohibited by its memorandum and articles of association from making an invitation to the public to subscribe to its securities;

3. DETAILS OF SPONSOR(S) (Sponsor shall be as defined in [230][clause (w) of sub-regulation (1) of regulation 2]),

(a) Name, address of registered office, address for correspondence and principal place of business, telephone number(s), fax number(s), e-mail address of the sponsor.

(b) Name, direct line number, mobile number and e-mail of the contact person(s).

(c) Legal status of the sponsor (whether sponsor(s) is/are individual/company/limited liability partnership/body corporate) and date and place of incorporation/ establishment, wherever applicable.

(d) In case of Sponsor being individual(s), provide a brief profile of the Sponsor including professional qualification. In case of Sponsor(s) being other than individual, write up on shareholding pattern/ Partnership interests and profile of the directors/partners including their professional qualification.

(e) Identity proof and address proof of the Sponsor (if sponsor is an individual)/ directors of Sponsor(is sponsor is a company)/ partners of the Sponsor (if sponsor is an limited liability partnership).

(f) Whether the Sponsor or its director(s)/ partner(s) is/are registered with the Board.

(g) Details of past experience of the Sponsor(s) in advising or managing pools of capital or in fund or asset or wealth or portfolio management or in the business of buying, selling and dealing of securities or other financial assets.

(h) Copies of the financial statements for the previous financial year

(i) Whether, the Sponsor has floated any Alternative Investment Funds/ Venture Capital Funds previously, which are registered with the Board. If yes, details of the same.

4. DETAILS OF MANAGER

(a) Name, address of the registered office address for correspondence, telephone number(s), fax number(s), of the Manager(s).

(b) Name, direct line number, mobile number and e-mail of the contact person(s).

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[230] Substituted by the Securities and Exchange Board of India (Alternative Investment Fund) (Amendment) Regulations, 2013, w.e..f 16-09-2013, for the words, symbols and number “sub-regulation (w) of regulation 2”

(c) Legal status of the Manager (whether Manager(s) is/are individual/company/limited liability partnership/body corporate) and date and place of incorporation/ establishment, wherever applicable.

(d) Write up on the activities of the Manager including past experience in advising or managing pools of capital or in fund or asset or wealth or portfolio management or in the business of buying, selling & dealing of securities or other financial assets.

(e) Identity proof and address proof of the Manager (if manager is an individual)/ directors of Manager (if manager is a company)/ partners of the Manager (if manager is an limited liability partnership).

(f) In case of Manager being a company or limited liability partnership, shareholding pattern /Partnership interests and profile of the directors /Partners

(g) Brief profile of Key Investment Team including experience and professional qualification

(h) Copies of the financial statements for the previous financial year

(i) Whether, the Manager has managed/advised any Alternative Investment Funds/ Venture Capital Funds previously, which are registered with the Board. If yes, details of the same.

5. DETAILS OF BUSINESS PLAN AND INVESTMENT STRATEGY

(a) Investment objective and investment style/ strategy of the fund.

(b) The target investors

(c) The target industries/ sectors, if any

(d) Proposed corpus

(e) Proposed fees to the Sponsor and Manager

(f) Tenure of the fund or scheme

(g) Details of proposed use of leverage in case of Category III Alternative Investment Fund

6. DETAILS OF REGULATORY ACTION TAKEN IN THE PAST, IF ANY

(a) Whether the applicant or Sponsor or its directors/ partners or Manager or its Directors/ Partners or Trustees/ Trustee Company or its directors are/ were involved in any litigation connected with the securities market and any order has/ had been passed against them for violation of securities laws. (If Yes, provide details. If No, enclose a declaration to that effect).

(b) Whether the applicant/ Sponsor/ Trustee/ Manager or its directors or Partners or employees are / have been involved in any litigation connected with the securities market which may have an adverse bearing on the business of the applicant or any order has/ had been passed against them for violation of securities laws. (If Yes, provide details. If No, enclose a declaration to that effect).

(c) Whether applicant/ Sponsor/ Trustee/ Manager or its directors or Partners has/ have been refused a certificate by the Board or its/ their certificate has been suspended at any time prior to this application. (If Yes, provide details. If No, enclose a declaration to that effect).

7. OTHER INFORMATION/DECLARATIONS

(a) Amount contributed/ proposed to be contributed by the Sponsor(s)/Manager(s) as per clause (d) of regulation 10 along with details of the same. (Provide copies of commitment letters from the sponsor(s)/manager(s)).

(b) Whether the applicant, Sponsor and Manager are fit and proper persons based on the criteria specified in the Securities and Exchange Board of India (Intermediaries) Regulations, 2008; (Enclose a declaration to that effect).

(c) Declaration that the applicant shall comply with the provisions of regulation 10 with respect to investment in the Alternative Investment Fund.

(d) Declaration that the applicant shall comply with the provisions of regulation 15 and 16 with respect to general investment conditions and conditions for the applicable category.

DECLARATION STATEMENT (TO BE GIVEN AS BELOW)

We hereby agree and declare that the information supplied in the application, including the attachment sheets, is complete and true.

AND we further agree that, we shall notify the Securities and Exchange Board of India immediately any change in the information provided in the application.

We further agree that we shall comply with, and be bound by the Securities and Exchange Board of India Act, 1992, and the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, and Government of India guidelines/instructions as may be announced by the Securities and Exchange Board of India from time to time.

We further agree that as a condition of registration, we shall abide by such operational instructions/directives as may be issued by the Securities and Exchange Board of India from time to time.

For and on behalf of_____

(Name of the applicant)

Authorized signatory

(Signature)

FORM B

Securities and Exchange Board of India

(Alternative Investment Funds) Regulations, 2012

See regulation 6

Certificate of registration as Alternative Investment Fund

I. In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), read with the regulations made thereunder, the Board hereby grants a certificate of registration to _____

as an Alternative Investment Fund subject to the conditions specified in the Act and in the regulations made thereunder.

II. The Category of the Alternative Investment Fund shall be - _____.

III. The Registration Number of the Alternative Investment Fund is

IN/AIF/Category__/_____.

Date :

Place : MUMBAI

By Order

Sd/-

For and on behalf of

Securities and Exchange Board of India

_____

SECOND SCHEDULE
Securities and Exchange Board of India
(Alternative Investment Funds) Regulations, 2012

See [231][sub-regulation (5) of regulation 3, sub-regulation (2) of regulation 6, sub-regulation (2) of regulation 12 and sub-regulation (2) of regulation 17A]

FEES

[232]**[PART A**

AMOUNT TO BE PAID AS FEES

Application fee	` 1,00,000
Registration fee for Category I Alternative Investment Funds other than Angel Funds	` 5,00,000
Registration fee for Category II Alternative Investment Funds	` 10,00,000
Registration fee for Category III Alternative Investment Funds	` 15,00,000
Scheme Fee for Alternative Investment Funds [233][***]	` 1,00,000
[234][Fee for filing shelf placement memorandum for launching Co-investment schemes	` 1,00,000]
[235][***]	

[231] Substituted for the words and symbols "sub-regulation (5) of regulation 3, sub-regulation (2) of regulation 6 and sub-regulation (2) of regulation 12" by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025 w.e.f 09-09-2025.

[232] Substituted by the Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2014, (w.e.f 23.05.2014). Prior to its substitution, the Second Schedule, Part A as amended by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2013, w.e.f. 16-09-2013, read as under:

"PART A
AMOUNT TO BE PAID AS FEES

Application fee	*` ` 1,00,000*
Registration fee for Alternative Investment Funds other than Angel Funds	*` ` 5,00,000*
Registration fees for Angel Funds	*` 2,00,000*
Scheme Fee for Alternative Investment Funds other than Angel Funds	*` 1,00,000*
Re-registration Fee	*` 1,00,000*

[233] The words "other than Angel Funds" omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025 w.e.f 09-09-2025.

[234] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025 w.e.f 09-09-2025.

Registration Fee for Angel Funds	`2,00,000
[236][Fee for refiling placement memorandum of Angel Fund under regulation 19D(7) of these regulations	`1,00,000]
[237][Registration fee for Corporate Debt Market Development Fund (specified Alternative Investment Fund as provided under Regulation 19 of these regulations)	₹5,00,000]

]

PART B

[238]**[**The fees specified above shall be payable by way of direct credit into the bank account through NEFT/RTGS/IMPS or online payment using the SEBI Payment Gateway or any other mode as may be specified by the Board from time to time.]

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[235] The words "Re-registration Fee: ₹1,00,000" omitted by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2024 w.e.f 20-07-2024.

[236] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025 w.e.f 09-09-2025.

[237] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 w.e.f 15-06-2023.

[238] Substituted by the SEBI (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2023, w.e.f 01-04-2023. Prior to its substitution, it read as under:

"The fees specified above shall be payable *[by way of direct credit in the bank account through NEFT/RTGS/IMPS or any other mode allowed by RBI or] by bank draft in favour of "The Securities and Exchange Board of India" at Mumbai."

*[Inserted by the SEBI (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2017, w.e.f. 6-3-2017.]

Third Schedule

[see regulation 38]

1. **Amendment to Securities and Exchange Board of India (Issue of Capital and Disclosure) Regulations, 2009.**

   (i) In regulation 2, in sub-regulation (1), in clause (zd),in sub-clause (i) after the words "venture capital fund" and before the words "and", the words ", Alternative Investment Fund" shall be inserted;

   (ii) In regulation 37, in the proviso, clause (b) shall be substituted with the following namely, —

   "(b) equity shares held by a venture capital fund or alternative investment fund of category I or a foreign venture capital investor:

   Provided that such equity shares shall be locked in for a period of at least one year from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor."

2. **Amendment to Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, -**

   (i) In regulation 2,

   (a) clause (l) shall be substituted with the following namely, —
   "(l) "Venture Capital Fund" means a fund registered with the Board under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 or under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 in the sub-category of "Venture Capital Fund' under Category I Alternative Investment Fund."

   (b) clause (m) shall be substituted with the following namely, —
   "(m) "Venture Capital undertaking" means a venture capital undertaking as defined under clause(aa) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012."

   (c) In sub-regulation (2), after the words "Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996" the words and numbers "or Securities and Exchange Board of India (Alternative Investment Funds) Regulation, 2012" shall be inserted.

   (ii) In regulation 4, in sub-regulation (1), clause (e) after the words "venture capital fund" the words "or Alternative Investment Fund" shall be inserted:

(iii) In regulation 11, in clause (b), after the words "venture capital fund", the words "or alternative investment fund" shall be inserted;

(iv) In regulation 11, in clause (c), the words "venture capital undertaking" wherever occurring shall be replaced with the words "venture capital undertaking or investee company as defined in clause (o) of sub-regulation (1) of regulation 2 of Securities and Exchange Board of India (Alternative Investment Funds) Regulation, 2012".

3. Amendments to Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeover) Regulations, 2011.

(i) In regulation 2, in sub-regulation (1), in clause (q),in sub-clause (2) after item (viii) the following new item shall be inserted namely, —

"(viiia) an alternative investment fund and its sponsor, trustees, trustee company and manager;"

(ii) In regulation 10, in sub-regulation (4), in clause (f) the words "venture capital fund" wherever occurring shall be replaced with the words "venture capital fund or Category I Alternative Investment Fund".

[239][Fourth Schedule

SEBI (Alternative Investment Funds) Regulations, 2012

[Regulation 20(1) and 20(9)]

1. Code of Conduct for Alternative Investment Funds

An Alternative Investment Fund shall:

(a) carry out its business activities and invest in accordance with the investment objectives stated in the placement memorandum and other fund documents.

(b) be operated and managed in the interest of all investors and not only in the interest of the sponsor, manager, directors or partners of the sponsor and manager or a select class of investors.

(c) ensure the dissemination of adequate, accurate, explicit and timely information in accordance with these Regulations to all investors.

(d) ensure the dissemination of any other information as agreed with the investors.

(e) ensure that an effective risk management process and appropriate internal controls are in place.

[239] Inserted by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021, w.e.f. 05-05-2021.

(f) have written policies and procedures to identify, monitor and appropriately mitigate any potential conflict of interest through-out the scope of its business.

(g) not use any unethical means to sell, market or induce any investor to buy its units.

(h) have written policies and procedures to comply with anti-money laundering laws.

2. Code of Conduct for the Managers of Alternative Investment Funds and key management personnel of Managers and Alternative Investment Funds

Every Manager of Alternative Investment Funds and key management personnel of the manager and Alternative Investment Funds shall:

(a) abide by the Act, Rules, Regulations, Guidelines and Circulars as applicable to Alternative Investment Funds at all times;

(b) maintain integrity, highest ethical and professional standards in all its dealings;

(c) ensure proper care and exercise due diligence and independent professional judgment in all its decisions;

(d) act in a fiduciary capacity towards investors of the Alternative Investment Fund and ensure that decisions are taken in the interest of the investors;

(e) abide by the policies of the Alternative Investment Fund to identify, monitor and appropriately mitigate any potential conflict of interest throughout the scope of its business;

(f) not make any misleading or inaccurate statement, whether oral or written, either about their qualifications or capability to render investment management services or their achievements;

(g) record in writing, the investment, divestment and other key decisions, together with appropriate justification for such decisions;

(h) provide appropriate and well considered inputs, which are not misleading, as required by the valuer to carry out appropriate valuation of the portfolio;

(i) not enter into arrangements for sale or purchase of securities, where there is no effective change in beneficial interest or where the transfer of beneficial interest is only between parties who are acting in concert or collusion, other than for bona fide and legally valid reasons;

(j) abide by confidentiality agreements with the investors and not make improper use of the details of personal investments and/or other information of investors;

(k) not offer or accept any inducement in connection with the affairs of or business of managing the funds of investors;

(l) document all relevant correspondence and understanding during a deal with counterparties as per the records of the Alternative Investment Fund, if they have committed to the transactions on behalf of Alternative Investment Fund;

(m) maintain ethical standards of conduct and deal fairly and honestly with investee companies at all times; and

(n) maintain confidentiality of information received from investee companies and companies seeking investments from Alternative Investment Fund, unless explicit confirmation is received that such information is not subject to any non-disclosure agreement.

3. Code of Conduct for members of the Investment Committee, trustee, trustee company, directors of the trustee company, directors or designated partners of the Alternative Investment Fund

Members of the Investment Committee, trustee, trustee company, directors of the trustee company, directors or designated partners of the Alternative Investment Fund shall:

(a) maintain integrity and the highest ethical and professional standards of conduct;

(b) ensure proper care and exercise due diligence and independent professional judgment in carrying out their roles;

(c) disclose details of any conflict of interest relating to any/all decisions in a timely manner to the Manager of the Alternative Investment Fund, adhere with the policies and procedures of the Alternative Investment Fund with respect to any conflict of interest and wherever necessary, recuse themselves from the decision making process;

(d) maintain confidentiality of information received regarding the Alternative Investment Fund, its investors and investee companies; unless explicit confirmation is received that such information is not subject to any non-disclosure agreement.

(e) not indulge in any unethical practice or professional misconduct or any act, whether by omission or commission, which tantamount to gross negligence or fraud.]

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Note:

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

2. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 was amended on –

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

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

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

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

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

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

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

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

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

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

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

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

(m) 3rd August, 2021 by the (Regulatory Sandbox) (Amendment) Regulations, 2021 vide notification No. SEBI/LAD-NRO/GN/2021/30.

(n) 3rd August, 2021 by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2021 vide notification No. SEBI/LAD-NRO/GN/2021/33.

(o) 13th August, 2021 by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2021 vide notification No. SEBI.LAD-NRO/GN/2021/41.

(p) 9th November, 2021 by the Securities and Exchange Board of India (Alternative Investment Funds) (Fifth Amendment) Regulations, 2021 vide notification No. SEBI/LAD-NRO/GN/2021/57.

(q) 24th January, 2022 by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2022 vide notification No. SEBI/LAD-NRO/GN/2022/68.

(r) 16th March, 2022 by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2022 vide notification No. SEBI/LAD-NRO/GN/2022/75.

(s) 25th July, 2022 by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022 vide notification No. SEBI/LAD-NRO/GN/2022/89.

(t) 15th November 2022, by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2022 vide notification No. SEBI/LAD-NRO/GN/2022/105.

(u) 9th January 2023, by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2023 vide notification No. SEBI/LAD-NRO/GN/2023/113.

(v) 18th January 2023, by the Securities and Exchange Board of India (Change in Control in Intermediaries) (Amendment) Regulations, 2023 vide notification No. SEBI/LAD-NRO/GN/2023/115.

(w) 7th February 2023, by the Securities and Exchange Board of India (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2023 vide notification No. SEBI/LAD-NRO/GN/2023/121.

(x) 15th June 2023, by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2023 vide notification No. SEBI/LAD-NRO/GN/2023/132.

(y) 3rd July 2023, by the Securities and Exchange Board of India (Alternative Dispute Resolution Mechanism) (Amendment) Regulations, 2023 vide notification No. SEBI/LAD-NRO/GN/2023/137.

(z) 17th August 2023, by the Securities and Exchange Board of India (Facilitation of Grievance Redressal Mechanism) (Amendment) Regulations, 2023 vide notification No. SEBI/LAD-NRO/GN/2023/146.

(aa) 5th January 2024, by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2024 vide notification No. SEBI/LAD-NRO/GN/2024/163.

(bb) 25th April 2024, by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024 vide notification No. SEBI/LAD-NRO/GN/2024/168.

(cc) 18th July, 2024, by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2024 vide notification No. SEBI/LAD-NRO/GN/2024/194.

(dd) 6th August, 2024, by the Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2024 vide notification No. SEBI/LAD-NRO/GN/2024/198.

(ee) 18th November, 2024, by the Securities and Exchange Board of India (Alternative Investment Funds) (Fifth Amendment) Regulations, 2024 vide notification No. SEBI/LAD-NRO/GN/2024/209.

(ff) 10th February, 2025, by the Securities and Exchange Board of India (Investor Charter) (Amendment) Regulations, 2025 vide notification No. SEBI/LAD-NRO/GN/2025/228.

(gg) 23rd May 2025, by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2025 vide notification No. SEBI/LAD-NRO/GN/2025/248.

(hh) 9th September 2025, by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025 vide notification No. SEBI/LAD-NRO/GN/2025/265.

(ii) 19th November 2025, by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2025 vide notification No. SEBI/LAD-NRO/GN/2025/274.

(jj) 18th April 2026, by the Securities and Exchange Board of India (Alternative Investment Funds) (Amendment) Regulations, 2026 vide notification No. SEBI/LAD-NRO/GN/2026/303.

(kk) 14th July 2026, by the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2026 vide notification No. SEBI/LAD-NRO/GN/2026/313.

(ll) 15th October 2026, by the Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2026 vide notification No. SEBI/LAD-NRO/GN/2026/326.

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[This note does not form a part of the regulations]