



भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

DEPUTY GENERAL MANAGER
INVESTMENT MANAGEMENT DEPARTMENT
DIVISION OF FUNDS-6

SEBI/HO/IMD/DF6/OW/KAS/2020/22987
December 29, 2020

Scale Management Consultants LLP
(Manager to Scale Ventures Trust)
851/2 Bhandarkar Inst. Road,
Deccan Gymkhana,
Pune - 411 004

Dear Sir/Madam,

Sub: Request for interpretative letter under the SEBI (Informal Guidance) Scheme, 2003 in connection with the SEBI (AIF) Regulations, 2012 from Scale Management Consultants LLP

1. This has reference to your letter dated October 05, 2020, seeking informal guidance by way of an interpretative letter under the SEBI (Informal Guidance) Scheme, 2003.
2. In your communication under reference you have, *inter alia*, presented as follows:
 - i. Scale Ventures Trust is registered with SEBI as a Category I AIF-VCF-Angel Fund with Registration No. IN/AIF1/16-17/0274 dated November 08, 2016. The Manager of the Fund is Scale Management Consultants LLP
 - ii. The Manager has requested for an informal guidance under the scheme on the following:

Query 1: Whether the minimum corpus of five crore rupees under Regulation 19D (2) will have to be maintained separately by the Fund for each scheme launched under the New Schemes Structure or corpus is required to be maintained at the Fund level?

Query 2: Once the Fund launches several schemes under the New Schemes Structure can the sponsor and the manager together maintain the continuing interest of 2.5% of the corpus or fifty lakh rupees, whichever is lesser (minimum interest) at the Fund level.



अनुवर्ती:
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3. Relevant Regulatory Framework – SEBI (Alternative Investment Funds) Regulations 2012:

- (i) As per Regulation 10 (b) of SEBI AIF Regulation:
“each scheme of the Alternative Investment Fund shall have corpus of at least twenty crore rupees.”
- (ii) As per Regulation 19(B)(2) of SEBI AIF Regulation:
“All other provisions of these regulations, except clauses (a), (b), (c), (d) and (f) of regulation 10, regulation 12, regulation 14, clauses (a), (c) and (e) of sub-regulation (1) of regulation 15, clause (b) of sub-regulation (1) of regulation 16 and sub-regulation (2) of regulation 16, 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.”
- (iii) As per Regulation 19(D)(2) of SEBI AIF Regulation:
“An angel fund shall have a corpus of at least five crore rupees.”
- (iv) As per Regulation 19(D)(3) of SEBI AIF Regulation:
“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.”
- (v) As per Regulation 19(E) of SEBI AIF Regulation:
“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.”
- (vi) SEBI Circular dated June 29, 2018 provided that Angel Funds may launch scheme by filing of term sheets with SEBI in a prescribed format under the aforesaid circular.
- (vii) As per Regulation 19(G)(2) of SEBI AIF Regulation:
“The manager or sponsor shall have a continuing interest in the angel fund of not less than two and half percent of the corpus or fifty lakh rupees, whichever is lesser, and such interest shall not be through the waiver of management fees.”

4. Our Comments:

The submissions made in your letter have been considered and without necessarily agreeing with your analysis, our view on the issue raised in your letter are as under:

4.1. Response to Query 1:

An Angel fund is required to maintain minimum corpus of rupees five crore at Fund level.



अनुवर्ती:
Continuation :


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4.2. Response to Query 2:

The sponsor and manager together can maintain continuing interest of not less than two and half percent of the corpus or fifty lakh rupees, whichever is lesser, in an Angel Fund.

5. The above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to different result. This letter does not express decision of the Board on the questions referred.
6. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to the SEBI (Alternative Investment Funds) Regulations, 2012 and do not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or of the laws administered by any other authority.

Yours faithfully,



Sanjay Singh Bhati