

**‘Green-Channel: AIF Rollout Upon Document Acknowledgement’ (GARUDA)
Mechanism for Processing of Placement Memorandum of Alternative
Investment Funds (AIFs) filed with SEBI**

1. Objective:

1.1. This Board Memorandum proposes to amend the SEBI (Alternative Investment Funds) Regulations, 2012 (“**AIF Regulations**”), to ease and expedite the process of launch of scheme/ funds by Alternative Investment Funds (‘AIFs’) in order to enable faster and more efficient deployment of capital by AIFs.

2. Issues under consideration:

2.1. AIFs, as an asset class, are instrumental in channelizing the capital of sophisticated investors to companies in need. Given the rapid expansion of the AIF industry in recent years, efficient capital deployment plays a pivotal role in sustaining this momentum and unlocking value for the broader economy. In this context, SEBI has recently reviewed the procedure for processing Private Placement Memorandums (PPMs) of AIFs for launch of schemes/funds. This review considered the sophistication of AIF investors, the expertise of Merchant Bankers in performing due diligence of disclosures in the PPM, and extensive stakeholder consultations, aiming to streamline the process of launch of scheme.

2.2. It may be noted that AIFs launch schemes/funds under three different buckets/tags, with varying regulatory concessions depending on the sophistication of their investor base, as under –

2.2.1. Large Value Fund for Accredited Investors (‘LVF’) - Scheme of AIF in which each investor is an Accredited Investor and invests minimum INR 25 Crore.

2.2.2. Accredited Investor Only Scheme/Fund (‘AI only scheme’) - Scheme of AIF in which each investor is an Accredited Investor, with no minimum investment amount prescribed. [Note: Vide an amendment in SEBI (AIF) Regulations, 2012, Angel Funds can onboard and raise funds only from Accredited Investors].

- 2.2.3. Non- Accredited Investor Scheme which excludes LVF, AI only scheme and Angel Fund (for ease of reference mentioned as ‘Regular schemes’ in this memorandum) – Scheme of AIF which on-boards investors primarily based on minimum investment amount of INR 1 crore. This includes Special Situation Funds (SSFs) as well.
- 2.3. Regulation 12 of SEBI (AIF) Regulations, 2012, *inter alia*, lays down norms for launch of scheme/ fund of AIFs as under:
- 2.3.1. The AIF may launch schemes subject to filing of placement memorandum (PPM) with SEBI.
- 2.3.2. Such PPM shall be filed with SEBI through a merchant banker at least thirty days prior to launch of scheme along with the prescribed fees.
- 2.3.3. SEBI 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.
- 2.3.4. The requirements at para 2.3.2 and 2.3.3 above shall not apply to LVFs. Similar provisions pertaining to raising of funds through private placement by Angel Funds by issue of placement memorandum are provided in Regulation 19 of AIF Regulations.
- 2.4. It may be noted that SEBI has taken various steps in the past to streamline the processing of registration/scheme launch applications and standardize the disclosures made in the PPM so that investors make an informed decision basis the same. In order to ensure that a minimum standard of disclosure is available in the PPM of AIFs, templates for PPMs were introduced vide SEBI circular dated February 05, 2020.
- 2.5. Further, to tackle the issue of errors and deficiencies (often recurring) observed in the PPM, the requirement of filing of PPM with SEBI through SEBI registered Merchant Banker was introduced vide SEBI circular dated October 21, 2021. Merchant Bankers have gained sufficient experience in conducting due

diligence of the disclosures in the PPMs in the time period of almost five years since the introduction of Merchant Banker requirement in October 2021.

2.6. Upon filing of PPM with SEBI, till recently, SEBI had been reviewing the disclosures made in PPMs, Merchant Banker Due Diligence Certificate, etc. and providing comments, if any, to Merchant Banker/AIF. Thereafter, Merchant Banker/the AIF would carry out necessary changes incorporating the SEBI comments and submit revised PPM/ other documents to SEBI for taking the same on record. Once the PPM was taken on record, the scheme would be launched and the PPM circulated to prospective investors. Recently, the above procedure was revised and a fast track mechanism, as indicated at para 2.8 below, is currently in place.

2.7. Growth of the AIF industry and increased inflow:

2.7.1. The industry has been growing rapidly, with the number of AIFs as of March 31, 2026 standing at 1849, a significant progress in comparison to 732 AIFs by end of March 31, 2021, constituting a 135% growth in the last 5 years.

2.7.2. The cumulative commitments raised by AIFs amounts to INR 15.74 lakh crores and net investments made amounts to INR 6.45 lakh crores as on December 31, 2025, both growing at roughly 30% CAGR over the last 5 years.

2.7.3. With the rapid expansion of the industry, the inflow of applications has also surged commensurately as may be evidenced from the numbers given below:

No. of applications	FY 2024-25	FY 2025-26
Registration Applications	313	407
First Schemes Applications	313	407
New Scheme Applications	155	266

As on March 31, 2026, total 183 scheme applications were pending – 124 first schemes and 59 new schemes.

Issue 1: Streamlining regulatory timeline for filing of PPM by AIFs prior to launch of scheme:

- 2.8. Recently, as an Ease of Doing Business Measure, a Fast-Track Mechanism has been adopted for launch of schemes (other than LVFs) by AIFs, placing reliance on due-diligence certificate and declarations from Merchant Bankers and AIF Managers/Sponsors in place of SEBI's review of PPM disclosures. Accordingly, as a first step, SEBI, vide circular dated April 30, 2026, inter alia clarified for new schemes that AIFs may now proceed with the launch of their Regular schemes, AI only schemes & Angel Funds and begin soliciting funds from investors 30 days after filing their application with SEBI, provided the regulator has not otherwise advised them. Further, for first schemes, it was clarified that AIFs can proceed with launch of such schemes from the date of grant of SEBI registration (or) after 30 days of filing of application with SEBI, whichever is later. This measure is intended to foster more efficient capital deployment by AIFs.

Pursuant to implementation of the Fast Track Mechanism, all 59 new scheme applications pending as on March 31, 2026 have been completed. Further, first scheme applications pending as March 31, 2026 have since been reduced from 124 to 39 as on May 31, 2026.

SEBI will carry out scrutiny of scheme documents post-facto on sample basis, based on risk assessment and specific criteria. In case of any irregularity or lapse in the PPM, concerned entities shall be liable for action.

- 2.9. Vide SEBI circular dated April 30, 2026, AIFs have been enabled to launch Regular schemes after 30 days of filing of PPM with SEBI. However, considering that the requirement of SEBI's review of disclosures in PPM has been replaced with the procedure given at para 2.8 above, the 30-day regulatory timeline for filing of PPM by AIFs prior to launch of scheme can be further streamlined.

Issue 2: Relaxation for AI only schemes and Angel Funds:

- 2.10. Accredited Investor (AI) are considered a class of investors who have an understanding of various financial products and the risks-returns associated with them and hence, are able to take informed decisions regarding their investments. They are also perceived to be well advised, due to their ability to hire expert managers/ advisors and well informed with sufficient financial acumen.
- 2.11. Certificate of accreditation is granted by an accreditation agency to a person after verification of commensurate net-worth and/or income criteria specified by SEBI. In terms of provisions of AIF Regulations, certain entities specified by SEBI such as Central Government, State Governments, funds set up by them, development agencies under their aegis, etc. are deemed to be AIs and may not be required to obtain a certificate of accreditation.
- 2.12. The current accreditation numbers indicate growing traction in accreditation. The number of AIs as of May 31, 2026 stands at 3057, a growth of 371% in the last 12 months compared to 649 AIs by end of May 2025.
- 2.13. Further, based on data on investors accredited by accreditation agencies ('certified AIs'), data available on deemed AIs and also information collected from depositories, it is observed that sum of par value of AIF units held by AIs, deemed and certified, amounts to INR 1,91,164 Crore as on December 31, 2025, which is roughly 30% of the total investments by the AIFs.
- 2.14. As a long term vision, it has been envisaged that AIF schemes shall have investor base constituting of only Accredited Investors (AIs). Considering the level of sophistication of AIs, AI only schemes and Angel Fund may warrant further regulatory relaxation to enable faster deployment of capital.

3. Proposed regulatory approach - 'Green-Channel: AIF Rollout Upon Document Acknowledgement' (GARUDA) Mechanism:

3.1. Proposal 1: - Reduction in the timeline for launch of Regular schemes –

3.1.1. Considering that the requirement of SEBI's review of disclosures in PPM has been replaced with the procedure given at para 2.8 above, there is a scope to reduce the timeline of 30 days prescribed in AIF Regulations for filing of PPM prior to launch of scheme.

3.1.2. Accordingly, it may be deemed appropriate that AIFs be allowed to launch new schemes after 10 working days of filing of application with SEBI, unless otherwise advised.

3.1.3. In case of first scheme of AIFs, AIFs may proceed with launch of such schemes from the date of grant of SEBI registration (or) after 10 working days of filing of application with SEBI, whichever is later.

This would further enable faster and efficient deployment of capital by AIFs.

3.2. Proposal 2: For AI only schemes and Angel Funds – Dispensing the requirement of filing PPM through Merchant Banker and immediate launch of scheme/ fund –

3.2.1. AIs are perceived to possess adequate financial sophistication and risk appetite to evaluate complex products independently. Considering various factors such as level of sophistication of AIs, etc., investments by such AIs are not subject to the same regulatory oversight w.r.t investor protection as applicable to investments by other investors. Accordingly, certain relaxations were provided in the year 2021 under the respective SEBI Regulations to specific products/ services when availed by AIs.

3.2.2. Subsequently, in 2025, AI only schemes under AIF Regulations limited only to AIs with light touch framework was introduced. Further, as a long term vision, it has been envisaged that AIF schemes shall have investor base comprising of only AIs.

- 3.2.3. Further, framework of AIFs/ schemes called LVFs which comprise of AIs with minimum investment threshold of INR 70 crores was introduced in the year 2021 (such threshold was subsequently reduced to INR 25 crores in the year 2025). Such schemes were allowed to be launched immediately after filing of PPM with SEBI and were exempted from filing of such PPMs through Merchant Bankers. This enabled faster deployment of capital by LVFs. As on December 31, 2025, there were 134 LVF schemes with capital commitment of INR 2.53 lakh crores.
- 3.2.4. In continuation to this regulatory approach, it is felt desirable that funds/ schemes having only AI investor base may be given more certain operational flexibility to enable faster deployment of capital relative to other schemes comprising of non-accredited investors.
- 3.2.5. Accordingly, additional regulatory relaxation may be considered for AI only schemes and Angel Funds [Vide an amendment in SEBI (AIF) Regulations, 2012, Angel Funds can onboard and raise funds only from Accredited Investors], as given below:

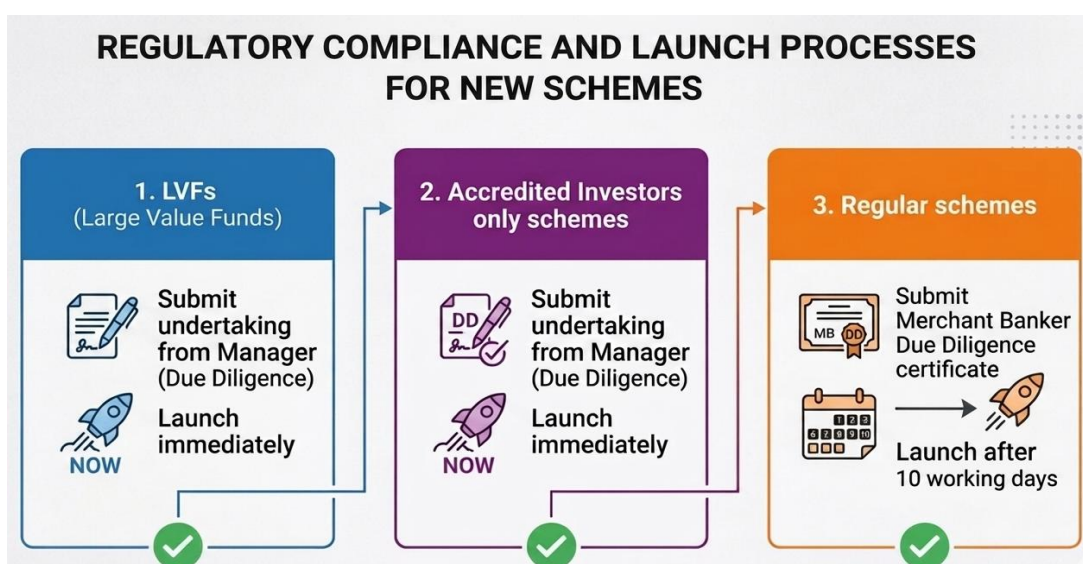
3.2.5.1. For AI only schemes –

- i. To permit immediate launch of first scheme from the date of grant of SEBI registration. (PPM for first scheme is filed with SEBI along with application for AIF Registration)
- ii. To permit immediate launch of new schemes upon filing of PPM with SEBI.
- iii. To permit Manager of AIF to file such PPM directly with SEBI instead of filing it through Merchant Banker. Accordingly, the requirement of filing of Merchant Banker Due Diligence certificate shall be replaced with the Undertaking by Chief Executive Officer of Manager (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of AIF.

3.2.5.2. For Angel Funds –

- i. To permit immediate circulation of PPM to their investors for soliciting funds from the date of grant of SEBI registration.
- ii. To permit Manager of AIF to file such PPM directly with SEBI instead of filing it through Merchant Banker. Accordingly, the requirement of filing of Merchant Banker Due Diligence certificate shall be replaced with the Undertaking by Chief Executive Officer of Manager (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of AIF.

3.3. In essence, SEBI may adopt the following approach for new schemes:



3.4. As stated at para 2.8 above, scrutiny of scheme documents will continue to be carried out by SEBI post-facto on sample basis, based on risk assessment and specific criteria. In case of any irregularity or lapse in the PPM, concerned entities shall be liable for action.

3.5. This proposed regulatory approach is intended to reduce the timelines for launch of scheme by AIFs, while also retaining necessary regulatory oversight.

4. Consultation with Stakeholders and Public Consultation:

- 4.1. An agenda item in this regard was placed for discussion before the Alternative Investment Policy Advisory Committee ('AIPAC'), in its meeting held on April 28, 2026. After deliberations, AIPAC recommended the proposals pertaining to reduction in the timeline for launch of Regular schemes; dispensing with the requirement of filing of PPM through Merchant Banker and immediate launch of scheme/ fund for AI only schemes and Angel Funds.
- 4.2. A consultation paper was issued on May 11, 2026 inviting public comments by June 01, 2026, on (i) reduction in the timeline for launch of Regular schemes; (ii) dispensing with the requirement of filing of PPM through Merchant Banker and immediate launch of scheme/ fund for AI only schemes and Angel Funds. A total of 61 comments have been received on the proposals of aforesaid consultation paper from 18 commenters (including AIFs, Investment Manager, investor and AIF industry associations).
- 4.3. Nearly all the commenters except two have concurred with the proposals. Some of the major suggestions/ comments and our views on the same, are as under –
 - 4.3.1. A segment of commenters suggested that the term 'launch' of scheme/fund may be clarified.

Our views: For the purpose of the instant proposals, 'launch' of scheme/ fund would mean circulation of PPM to the investors for soliciting funds. The same may be clarified by means of a circular.
 - 4.3.2. Certain commenters sought clarification regarding manner of computation of 'working days'.

Our views: For the purpose of the instant proposals, 'working days' would mean all days, excluding Saturdays, Sundays and public holidays, on which concerned SEBI Office is closed for business, as published on SEBI website. The same may be clarified by means of a circular.
 - 4.3.3. A few commenters suggested that outer time limit for registration of AIF may be specified.

Our views: SEBI endeavors to complete applications for grant of registrations as AIF within 30 working days. Processing of registration application comprises of various activities including obtaining comments from other regulators and/ or departments of SEBI. At times, applicant take considerable time to provide complete response to SEBI queries, which further adds to time taken for completion of registration activities. Further, pendency of registration applications is closely monitored for expeditious disposal and escalation matrix is published on the SEBI website in case of delay in processing.

- 4.3.4. Certain commenters suggested that the requirement of independent review of PPMs by a Merchant Banker or SEBI should continue for AI Only Schemes and Angel Funds.

Our views: As an ease of doing measure, the proposal to dispense with requirement of filing of PPM through Merchant Banker has been made considering the level of sophistication of Accredited Investors in AI only schemes and Angel Funds. The above measures have been proposed to improve efficiency in deployment of capital by AIFs and hence, the suggestion may not be accepted.

- 4.3.5. Certain commenters suggested that the requirement of annual PPM certification by a Merchant Banker for changes in terms of PPM be discontinued in AI only schemes and Angel Funds.

Our views: In the instant Board memorandum, it has been proposed to dispense with requirement of filing of PPM through Merchant Banker in AI only schemes and Angel Funds. Considering the suggestion received, AI only schemes and Angel Funds may file any changes in the terms of PPM directly with SEBI instead of filing through a merchant banker, accompanied with the requisite undertakings in the manner specified by SEBI. The same may be clarified by means of a circular.

- 4.3.6. A commenter stated that the proposed proviso to Regulation 12(3), stipulates that the requirements under Regulations 12(2) and 12(3), including the payment of fees as specified in the Second Schedule to

the AIF Regulations, shall not apply to Accredited Investors-only funds. In this regard, commenter sought clarification on the applicability of fees for filing of such Accredited Investors-only funds.

Our views:

- In terms of Regulation 12 of AIF Regulations, LVF schemes are exempt from filing their PPMs with SEBI through Merchant Banker and incorporating comments of SEBI, if any, in their PPM i.e. LVFs can launch their scheme under intimation to SEBI.
- At present, requisite fees as specified in Part A of Second Schedule of SEBI (AIF) Regulations, 2012 is paid for LVF schemes while filing of PPM with SEBI.
- In order to clarify the situation, as suggested by the commenter, it is stated that Scheme fees for AIFs as specified in Part A of Second Schedule of SEBI (AIF) Regulations, 2012 shall continue to be paid for Regular schemes, LVFs and AI only schemes while filing new scheme application with SEBI.
- Considering the foregoing, it is proposed to make appropriate amendments in AIF Regulations.

A copy of the consultation paper and a detailed summary of the public comments received, along with SEBI's views on the same, are placed at **Annexure A** and **Annexure B** respectively.

5. Proposals to the Board:

5.1. Considering the recommendations of AIPAC, the public comments received on the consultation paper, and internal deliberations, it is proposed that the AIF Regulations may be suitably amended –

5.1.1. Regular schemes of AIFs:

To reduce the timeline for launch of Regular schemes from 30 days to 10 working days by placing reliance on due-diligence carried out by Merchant Bankers and based on declarations from AIF Managers/Sponsors in place of SEBI's review of PPM disclosures.

5.1.2. To permit launch of first scheme from the date of grant of SEBI registration (or) after 10 working days of filing of application with SEBI, whichever is later. (PPM for first scheme is filed with SEBI along with application for AIF Registration)

5.1.3. For AI only schemes –

- i. To permit immediate launch of first scheme from the date of grant of SEBI registration.
- ii. To permit immediate launch of new schemes upon filing of PPM with SEBI.
- iii. To permit Manager of AIF to file such PPM directly with SEBI instead of filing it through Merchant Banker. Accordingly, the requirement of filing of Merchant Banker Due Diligence certificate shall be replaced with the Undertaking by Chief Executive Officer of Manager (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of AIF.

5.1.4. For Angel Funds –

- i. To permit immediate circulation of PPM to their investors for soliciting funds from the date of grant of SEBI registration.
- ii. To permit Manager of AIF to file such PPM directly with SEBI instead of filing it through Merchant Banker. Accordingly, the requirement of filing of Merchant Banker Due Diligence certificate shall be replaced with the Undertaking by Chief Executive Officer of Manager (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of AIF.

5.1.5. For Regular schemes, LVFs and AI only schemes –

Scheme fees for AIFs as specified in Part A of Second Schedule of SEBI (AIF) Regulations, 2012 shall be paid for Regular schemes, LVFs and AI only schemes while filing new scheme application with SEBI.

5.2. Further, certain operational modalities may be specified by way of issuance of circular.

- 5.1. The draft amendment to the AIF Regulations and the draft notification for the proposed amendment are placed at **Annexure C** and **Annexure D** respectively.
6. The Board is requested to consider and approve the proposals set out in this Memorandum and to authorise the Chairperson to make consequential and incidental changes and take necessary steps required to give effect to the decisions of the Board.

Encl:

1. Annexure A (01 pages) - Consultation paper issued on May 11, 2026.
2. Annexure B (13 pages) – Summary of public comments received along with SEBI's views.
3. Annexure C (01 pages) – Draft amendment to SEBI (Alternative Investment Funds) Regulations, 2012.
4. Annexure D (01 pages) – Draft notification for the proposed amendment.

Annexure A

The consultation paper is available at the following link:

<https://www.sebi.gov.in/reports-and-statistics/reports/may-2026/consultation-on-green-channel-aif-rollout-upon-document-acknowledgement-garuda-mechanism-for-processing-of-placement-memorandum-of-alternative-investment-funds-aifs-filed-with-sebi-101340.html>

Annexure B

Summary of the public comments on “Consultation paper on ‘Green-Channel: AIF Rollout Upon Document Acknowledgement’ (GARUDA) Mechanism for Processing of Placement Memorandum of Alternative Investment Funds (AIFs) filed with SEBI”

Proposals		No. of people/entities agreeing to the proposal					
S. No.	Proposal Description	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree	Total Count
1	For Regular schemes : To facilitate launch of new schemes by AIFs after 10 working days of filing the application with SEBI through a Merchant Banker, unless otherwise advised and to facilitate launch of first schemes from the date of grant of SEBI registration (or) after 10 working days of filing of application with SEBI, whichever is later.	8	6	2	0	0	16
2	For AI only schemes and Angel Funds: To facilitate Manager of AIF to file PPM directly with SEBI in place of filing it through Merchant Banker and requirement of filing of Merchant Banker Due Diligence certificate may be replaced with the Undertaking by Chief Executive Officer of Manager (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of AIF	8	6	1	1	1	17
3	For AI only schemes: To facilitate immediate launch of first scheme from the date of grant of SEBI registration and to facilitate immediate launch of new schemes upon filing of PPM with SEBI along with the aforementioned Undertaking by Chief Executive Officer of Manager (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of AIF.	8	4	1	2	0	15
4	For Angel Funds: To facilitate immediate circulation of PPM to their investors for soliciting funds from the date of grant of SEBI registration.	8	4	0	1	0	13

For each proposal in the consultation paper, a summary of proposal wise comments and SEBI's views are given as under –

Proposal 1: [refers to proposals mentioned at paras 5.1.1 & 5.1.2 of Board memorandum]

For Regular schemes: To facilitate launch of new schemes by AIFs after 10 working days of filing the application with SEBI through a Merchant Banker, unless otherwise advised and to facilitate launch of first schemes from the date of grant of SEBI registration (or) after 10 working days of filing of application with SEBI, whichever is later:

S. No.	Comments received	SEBI's views
1.	All the commenters have agreed with the proposal.	No comments as all the commenters have agreed with the proposal.
2.	Additionally, a suggestion has been received that the term 'launch' of scheme/ fund may be clarified	The suggestion may be accepted. For the purpose of the instant proposals, 'launch' of scheme/ fund may mean circulation of PPM to the investors for soliciting funds.
3.	While agreeing with the proposal, following suggestion has been received: Clarification regarding manner of computation of 'working days' may be provided.	The suggestion may be accepted. For the purpose of the instant proposals, 'working days' may mean all days, excluding Saturdays, Sundays and public holidays, on which concerned SEBI Office is closed for business, as published on SEBI website.
4.	While agreeing with the proposal, following suggestion has been received: A segment of commenters suggested that outer time limit for	SEBI endeavors to complete applications for grant of registrations as AIF within 30 working days. Processing of registration application comprises of various activities including obtaining

S. No.	Comments received	SEBI's views
	<p>registration of AIF may be specified. A few commenters suggested to specify 30 days' timeline for grant of Registration containing Regular Schemes and around 15 days' timeline for grant of registration containing AI only schemes/ Angel Funds.</p>	<p>comments from other regulators and/ or departments of SEBI. At times, applicant take considerable time to provide complete response to SEBI queries, which further adds to time taken for completion of registration activities. Further, pendency of registration applications is closely monitored for expeditious disposal and escalation matrix is published on the SEBI website in case of delay in processing.</p> <p>Hence, the suggestion may not be accepted.</p>
5.	<p>Certain commenter suggested that it should be Clarified whether Schemes of Special Situation Funds fall within the definition of "Regular schemes" as used in this consultation paper.</p>	<p>The suggestion may be accepted. As per SEBI (AIF) Regulations, 2012 and circulars issued thereunder, in case of Special Situation Funds, minimum investment value for an investor is ten crore rupees. however, in case of an accredited investor, the minimum investment value is five crore rupees. SSFs do not get covered under both LVFs and AI Only schemes. In view of the above, SSFs would be covered under Regular Schemes (which are schemes other than LVFs and AI only schemes) in the instant proposal.</p>

S. No.	Comments received	SEBI's views
6.	A segment of commenters has suggested SEBI to clarify that merchant bankers must conduct their review and certification strictly in accordance with written SEBI regulations, circulars, FAQs and formal guidance. This is intended both to avoid "de facto" policy-making by individual intermediaries through additional bespoke conditions and to prevent overly liberal interpretations adopted merely to signal speed or flexibility.	Checklists in Merchant Banker Due Diligence Certificate suitably deals with issue of expected due diligence to be carried out by Merchant Bankers. Further, a booklet containing common deficiencies in PPM has already been prepared by Association of Investment Bankers of India (AIBI) for the benefit of Merchant Banker fraternity and also shared with IVCA. It is expected that disclosures in PPM should not be in contravention to SEBI (AIF) Regulations, 2012 and circulars issued thereunder. Hence, the suggestion may not be accepted.
7.	A segment of commenters request that SEBI continue issuing scheme-specific "take-on-record" letters (first and subsequent schemes), which are practically required by tax authorities, custodians, bankers and other operational counterparties, as the AIF registration certificate only references the AIF name and not the scheme.	In terms of proviso to Regulation 12 of AIF Regulations, LVFs are exempt from filing their placement memorandum with SEBI through Merchant Banker and incorporate comments of SEBI, if any, in their placement memorandum i.e. LVFs can launch their scheme under intimation to SEBI. In LVFs, no 'take-on-record' letters are issued by SEBI. Pursuant to discussion with various LVFs and industry body, it is understood that no such issue are faced by them.

S. No.	Comments received	SEBI's views
		<p>In line with the same, no 'taken on record' letters shall be issued by SEBI.</p> <p>Hence, the suggestion may not be accepted.</p>
8.	<p>A few commenters suggested that the categorical risk-based criteria that will be used for the post-facto sample scrutiny may be published by SEBI.</p>	<p>SEBI carries out onsite and offsite inspection of AIFs based on alerts as per its internal operational manual. Each department functions similarly based on such internal operational manuals.</p> <p>Suggested disclosure of risk-based criteria pertains to the internal functioning of SEBI and relates to the systems and procedures followed at SEBI. Further, the said information is strategic in nature disclosure of which may result in revealing the mind of the regulator and may hamper the decision making by SEBI in its supervisory and regulatory role.</p> <p>Hence, the suggestion may not be accepted.</p>
9.	<p>Certain commenter sought clarity on time to launch first scheme post grant of AIF registration</p>	<p>PPM for first scheme is filed with SEBI along with application for AIF Registration. It had already been clarified in SEBI Circular dated April 30, 2026 that in case of first scheme of AIFs, AIFs can proceed with launch of such schemes from the</p>

S. No.	Comments received	SEBI's views
		date of grant of SEBI registration (or) after 30 days of filing of application with SEBI, whichever is later.
10.	<p>Certain commenter suggested that The requirement of cooling period of 10 days may be removed and launch of the subsequent schemes be allowed soon after filing the scheme document with SEBI.</p> <p>Further, a clarify was sought as to what would happen to the schemes which are submitted under the existing mechanism for taking on record by SEBI and the GARUDA mechanism is notified by SEBI.</p>	<p>Proposed 10 working days' timeline has been kept considering the during this period SEBI will primarily verify that the documents specified in SEBI circular dated April 30, 2026 have been duly submitted by the applicant or not.</p> <p>Hence, the suggestion may not be accepted.</p> <p>Till the time GARUDA mechanism comes into effect by means of Gazette notification/ circular subject to its approval by SEBI Board, existing schemes shall be dealt as per the extant Regulations/ circulars.</p>
11.	<p>While agreeing with the proposal, certain commenter suggested that reduction is beneficial however a risk based approach may be adopted 10 days for standard schemes longer timeline for complex first time funds and sought clarification for proposal to have an abridged PPM for schemes.</p> <p>Further, clarity was sought on whether the timeline excludes time taken for rectification of deficiencies to avoid premature scheme launch.</p>	<p>In case certain deficiencies are in seen in documents submitted by the applicant as specified in SEBI circular dated April 30, 2026, SEBI shall advise the applicant to suitably address such deficiencies. In case no advice is received from SEBI within 10 working days of filing of scheme applications, proposal is to allow AIFs to proceed with the launch. At the time of filing, SEBI may not carry out independent review of disclosures made in PPM</p>

S. No.	Comments received	SEBI's views
		<p>and reliance shall be placed on due-diligence carried out by Merchant Banker & Manager of AIF.</p> <p>Further, SEBI Specified standardised template for disclosures in PPM is already in operation. Hence, the suggestion may not be accepted.</p>
12.	<p>Certain commenters suggested that the proposed provision be introduced alongside the existing mechanism, thereby allowing concerned entities the option to choose their preferred mode of filing applications.</p>	<p>Operationalising multiple options may complicate the procedure. Hence, it may not be resorted to.</p>
13.	<p>The proposed provision states that “comments, if any, provided by the Board at any stage shall be complied with by the Merchant Banker or Manager of the Alternative Investment Fund.” As such, clarification was sought by segment of commenters on whether this requirement extends beyond the stipulated period of 10 working days from the date of filing the application with SEBI.</p>	<p>Broad proposal is to enable AIF to launch its new scheme after 10 working days of filing of PPM with SEBI, unless otherwise advised. Pursuant to launch, AIF would be able to circulate its PPM to the investors for soliciting funds. During the post-facto scrutiny of scheme documents, SEBI may initiate action for material deficiencies or inaccuracies. SEBI shall take appropriate action in this regard. It is expected that Manager of AIF and Merchant Banker shall ensure that disclosures in PPM are not in contravention to SEBI (AIF)</p>

S. No.	Comments received	SEBI's views
		Regulations, 2012 and circulars issued thereunder.

Proposal 2: [refers to proposals mentioned at paras 5.1.3 (iii) & 5.1.4(ii) of Board memorandum]

For AI only schemes and Angel Funds: To facilitate Manager of AIF to file PPM directly with SEBI in place of filing it through Merchant Banker and requirement of filing of Merchant Banker Due Diligence certificate may be replaced with the Undertaking by Chief Executive Officer of Manager (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of AIF.

S. No.	Comments received	SEBI's views
14.	Nearly all (15 out of 17) comments were in agreement with the proposal.	No comments as such commenters have agreed with the proposal.
15.	Certain commenters suggested that First schemes deserve a higher bar than subsequent schemes. A new Manager with no track record launching its first scheme is categorically different from an established Manager launching its fifth. For AI-only first schemes the proposal allows immediate launch from registration date — meaning a Manager could be registered and soliciting on day one with only a self-undertaking. Worth suggesting a differentiated regime: keep the 10-working-day window (or some	First scheme applications are received along with the registration applications. It is seen that since introduction of requirement of filing of PPM through Merchant Bankers in the year 2021, experience of close to 5 years has been gained by Merchant Bankers in carrying out due diligence of disclosures made in PPM. As such, for regular schemes, no independent review of disclosures made in PPM may be carried out by SEBI at the time of filing of PPM with SEBI, by placing reliance on due diligence carried out by Merchant Banker.

S. No.	Comments received	SEBI's views
	standstill) for first schemes across all categories, even AI-only and Angel.	For AI only schemes & Angel Funds, proposal for immediate launch of schemes/ funds has been made considering the level of sophistication of Accredited Investors. Hence, the suggestion may not be accepted.
16.	Certain commenters suggested that scope of undertaking by CEO and Compliance Officer be standardised in the absence of Merchant Banker certification.	The suggestion may be accepted. Format for undertaking for LVFs has already been specified vide Annexure 7 of SEBI Master Circular dated June 03, 2026. The said format may be extended to AI only schemes and Angel Funds as well.
17.	Certain commenters suggested that the requirement of annual PPM certification by a Merchant Banker for changes in terms of PPM be discontinued in AI only schemes and Angel Funds	In the instant Board memorandum, it has been proposed to dispense with requirement of filing of PPM through Merchant Banker in AI only schemes and Angel Funds. Thus, AI only schemes and Angel Funds may file changes in the terms of PPM directly with SEBI instead of through a merchant banker, accompanied with the undertakings in the manner specified by SEBI. Hence, the suggestion may be accepted.
18.	Certain commenters suggested that guidelines on recourse if deficiencies are found in post facto scrutiny be provided.	SEBI shall take appropriate action in this regard.

S. No.	Comments received	SEBI's views
19.	Two commenters suggested that the requirement of independent review of PPMs by a Merchant Banker or SEBI should continue for AI Only Schemes and Angel Funds.	As an ease of doing measure, the proposal to dispense with requirement of filing of PPM through Merchant Banker has been made considering the level of sophistication of Accredited Investors in AI only schemes and Angel Funds. The above measures have been proposed to improve efficiency in deployment of capital by AIFs. Hence, the suggestion may not be accepted.
20.	SEBI may replace the mandatory MB report with a standardised disclosure template, while retaining MB-assisted diligence as an optional route. Compliance should be risk-based and proportionate to fund size and complexity, including for PPM amendments and post-launch updates	SEBI Specified standardised template for disclosures in PPM is already in operation. For regular schemes, as per the revised procedure, Merchant Banker shall continue to carry out due diligence of disclosures made in PPM. No independent review of disclosures made in PPM shall be carried out by SEBI at the time of filing of scheme applications, placing reliance on due diligence carried out by Merchant Bankers. Hence, the suggestion may not be accepted.
21.	The checklist published by SEBI and provided to merchant bankers should be given to the AIF associations like IVCA and PEVCCFOA so that all AIFs can access it.	Checklists in Merchant Banker Due Diligence Certificate suitably deals with issue of expected due diligence to be carried out by Merchant Bankers. Further, a booklet

S. No.	Comments received	SEBI's views
		containing common deficiencies in PPM has already been prepared by AIBI for the benefit of Merchant Banker fraternity and also shared with IVCA. It is expected that disclosures in PPM should not be in contravention to SEBI (AIF) Regulations, 2012 and circulars issued thereunder.
22.	Certain segment of commenters suggested a 30-day time limit for all new AI-only and Angel registrations, and, where applications are processed on a standardised checklist basis, a shorter 15-day timeline. The CEO/Compliance Officer undertaking could be integrated into such a checklist so that, once the prescribed information and documents are furnished in the required form, registration occurs in a predictable and time-bound manner.	SEBI endeavors to complete applications for grant of registrations as AIF within 30 working days. Processing of registration application comprises of various activities including obtaining comments from other regulators and/ or departments of SEBI. At times, applicant take considerable time to provide complete response to SEBI queries, which further adds to time taken for completion of registration activities. Further, pendency of registration applications is closely monitored for expeditious disposal and escalation matrix is published on the SEBI website in case of delay in processing. Hence, the suggestion may not be accepted.
23.	While agreeing with the proposal, it was suggested to clarify that	Format for undertaking for LVFs has already been specified vide

S. No.	Comments received	SEBI's views
	signatories shall be persons designated under the SEBI fit and proper criteria, so that personal accountability for the contents of the PPM is unambiguous.	Annexure 7 of SEBI Master Circular dated June 03, 2026. The said format may be extended to AI only schemes and Angel Funds as well. Hence, the suggestion may be accepted.

Proposal 3: [refers to proposals mentioned at paras 5.1.3 (i) & (ii) of Board memorandum]

For AI only schemes: To facilitate immediate launch of first scheme from the date of grant of SEBI registration and to facilitate immediate launch of new schemes upon filing of PPM with SEBI along with the aforementioned Undertaking by Chief Executive Officer of Manager (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of AIF.

S. No.	Comments received	SEBI's views
24.	Nearly all (13 out of 15) comment were in agreement with the proposal.	No comments as such commenters have agreed with the proposal.
25.	While agreeing with the proposal, a few commenters suggested that SEBI clarify the consequences and procedure where SEBI issues post-facto comments on a PPM after the scheme has commenced soliciting funds, including whether such comments require an addendum to the PPM and any obligations of the Manager toward existing investors.	The Manager and Merchant Banker are responsible for ensuring that the information contained in the PPM is true and accurate in all material respects and in compliance with SEBI (Alternative Investment Funds) Regulations, 2012 and other applicable laws and that there are no material facts, the omission of which would make any statement in this memorandum, whether of fact or opinion, misleading. In case of any irregularity or lapse in the PPM,

		concerned entities shall be liable for action. SEBI shall take appropriate action in this regard.
26.	A commenter suggested that AI Only Schemes should not be permitted to launch immediately without independent review of the PPM.	<p>The said comment was received from a merchant banker.</p> <p>As an ease of doing measure, the proposal to dispense with requirement of filing of PPM through Merchant Banker has been made considering the level of sophistication of Accredited Investors in AI only schemes and Angel Funds. The above measures have been proposed to improve efficiency in deployment of capital by AIFs and hence, the suggestion may not be accepted.</p>
27.	A commenter stated that the proposed proviso to Regulation 12(3), stipulates that the requirements under Regulations 12(2) and 12(3), including the payment of fees as specified in the Second Schedule to the AIF Regulations, shall not apply to Accredited Investors-only funds. In this regard, commenter sought clarification on the applicability of fees for filing of such Accredited Investors-only funds.	<p>The suggestion may be accepted.</p> <ul style="list-style-type: none"> • LVF schemes are exempt from filing their PPMs with SEBI through Merchant Banker and incorporating comments of SEBI, if any, in their PPM i.e. LVFs can launch their scheme under intimation to SEBI. • At present, LVF schemes do make scheme fee payment as specified in Part A of Second Schedule of SEBI (AIF) Regulations, 2012 while filing PPM with SEBI. • In order to clarify the situation, as suggested by the commenter, it has been proposed to

		<p>clarify that Scheme fees for AIFs as specified in Part A of Second Schedule of SEBI (AIF) Regulations, 2012 shall continue be paid for Regular schemes, LVFs and AI only schemes while filing new scheme application with SEBI.</p> <ul style="list-style-type: none"> • Considering the foregoing, it has been proposed to make appropriate amendments in AIF Regulations.
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Proposal 4: [refers to proposals mentioned at paras 5.1.4 (i) of Board memorandum]

For Angel Funds: To facilitate immediate circulation of PPM to their investors for soliciting funds from the date of grant of SEBI registration.

S. No.	Comments received	SEBI's views
28.	Nearly all (12 out of 13) comment were in agreement with the proposal.	No comments as such commenters have agreed with the proposal.
29.	A few commenters suggested that SEBI may also provide for interim hold directions in case of concerns and require post launch confirmation of final PPM. Immediate launch may increase risk of circulation of unverified disclosures. It is recommended to introduce a short acknowledgement-based buffer along with system validation checks.	As an ease of doing measure, the proposal to dispense with requirement of filing of PPM through Merchant Banker has been made considering the level of sophistication of Accredited Investors in AI only schemes and Angel Funds. The above measures have been proposed to improve efficiency in deployment of capital by AIFs. Hence, the suggestion may not be accepted.

S. No.	Comments received	SEBI's views
30.	<p>While agreeing with the proposal, certain commenters suggested that SEBI may also examine, as a related matter, whether other Angel Fund specific operational requirements, including investor-wise consent timelines for individual investments and reporting requirements, can be calibrated to the AI-only investor profile. We further recommend that the standard format of the CEO and Compliance Officer undertaking for Angel Funds (referred to in Proposal 2 above) be tailored to the Angel Fund context, including investment criteria specified under Regulation 19F of the AIF Regulations.</p>	<p>The suggested may be taken up separately.</p>

Annexure C

Amendment to SEBI (Alternative Investment Funds) Regulations, 2012, shall be notified after following the due process.

Annexure D

Amendment to SEBI (Alternative Investment Funds) Regulations, 2012, shall be notified after following the due process.