

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

1. Objective

1.1. This memorandum seeks approval of the Board for amendment to the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations") for reduction in the minimum value of investment by individual investors in Social Impact Funds, which invest only in securities issued by the Not for Profit Organizations on Social Stock Exchange platform.

2. Background

1.2. Alternative Investment Funds through Social Impact Funds (SIFs) were enabled to invest in the securities issued by the Not for Profit Organizations (NPOs) on Social Stock Exchange by amending SEBI AIF Regulations, 2012.

1.3. In terms of SEBI AIF Regulations, a Social Impact Fund (SIF) which invests only in securities issued by NPOs on SSE platform, the minimum value of investment by an individual investor in such SIF is rupees two lakh.

1.4. The minimum application size for subscription to Zero Coupon Zero Principal (ZCZP) instruments was initially prescribed as rupees two lakhs in SEBI ICDR Regulations. Subsequently, in order to enhance investor participation, the minimum application size was reduced and presently it is rupees one thousand, with effect from March 19, 2025.

1.5. With a view to strengthen the SSE ecosystem and promote wider retail participation, deliberations held with the Social Stock Exchange Advisory Committee (SSEAC) to align the minimum value of investment under SEBI AIF Regulations with the minimum application size for subscription to ZCZP under SEBI ICDR Regulations.

1.6. Subsequently, SEBI issued a consultation paper on February 09, 2026 seeking views / comments from the public based on the recommendations of the SSEAC. Relevant extract of the consultation paper is placed at **Annexure-I**.

1.7. In response to the aforesaid consultation paper, three entities have offered comments. The entities include Alternative Investment Fund, Consultant to NPOs and Stock Exchange.

1.8. The existing regulatory provisions, SSEAC recommendation, analysis of public comment, SEBI comments and the proposal for the consideration of the Board are discussed in details in the following paragraphs.

3. Review of minimum value of investment in Social Impact Funds

1.9. Existing Regulatory Provisions: Third proviso to clause (c) of Regulation 10 of SEBI AIF Regulations provides that:

“In case of a Social Impact Fund which invests only in securities of Not for Profit Organizations registered or listed on a Social Stock Exchange, the minimum value of investment by an individual investor shall be two lakh rupees.”

1.10. Recommendation of SSEAC: SSEAC recommended that in order to align the requirement of minimum value of investment in terms of SEBI AIF Regulations with the requirement of minimum application size in terms of SEBI ICDR Regulations, the minimum value of investment by an individual investor in SIFs which in turn invests in securities of NPOs listed on SSE, may be reduced from rupees two lakh to rupees one thousand. Such reduction would enable SIFs to attract small investors to invest in the securities of the NPOs through the SIFs.

1.11. Analysis of Public Comments: The break-up of the comments received in respect of the proposal are as under. The detailed comments are placed at **Annexure- II**.

Total comments	Comments in agreement	Partially Agree	Comments in disagreement
3	3	0	0

All the commenters have agreed with the proposal to reduce the minimum value of investment by individual investors in SIFs. Commenters noted that the proposal is progressive and would help mobilize a larger pool of capital for social sector.

1.12. SEBI Comments: The proposal seeks to harmonize the requirement of minimum value of investment by individual investors in SIFs' prescribed in SEBI AIF Regulations with the requirement of minimum application size prescribed in SEBI ICDR Regulations for ZCZP issued on SSE. The same would encourage further participation of retail investors / donors.

1.13. **Proposal:** It is proposed that the requirement of minimum value of investment by individual investors in Social Impact Fund prescribed in SEBI AIF Regulations may be reduced from rupees two lakhs to rupees one thousand, in order to align it with the requirement of minimum application size for subscription to ZCZP prescribed in SEBI ICDR Regulations.

4. Proposal to the Board

- 4.1. The Board is requested to consider and approve the proposal mentioned under para 3.5, which would require amendments to the SEBI AIF Regulations, 2012.
- 4.2. The proposed amendments shall come into force from the date of their publication in the official gazette.
- 4.3. The proposed amendments to SEBI (Alternative Investment Fund) Regulations, 2012 are placed at **Annexure-III**.
- 4.4. The Board is also requested to authorize the Chairman to carry out suitable amendments to the regulations and to take any other consequential or incidental steps for implementation of decisions of the Board.

Enclosures:

1. Annexure I – Relevant extract of Consultation Paper
2. Annexure II – Details of Public Comments (*Excised for reasons of confidentiality*)
3. Annexure III – Draft Amendments to SEBI AIF Regulations, 2012 (*Amendments shall be notified after following the due process*)

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

1. Objective

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

2. Background

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. You may submit your comments/suggestions on proposal placed at **Annexure - I** and the draft circular placed at **Annexure - II** by March 02, 2026, by using the following link: <https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

6. In case of any technical issue in submitting your comments through the web based public comments form, you may send the public comments on the email consultationcfid@sebi.gov.in with subject: ***“Review of minimum value of investment by individual investors in SIF and review of minimum subscription and registration period of NPOs raising funds through SSE”***

Issued on: February 09, 2026

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

1. Background

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

2. Proposal

- 2.1. It is proposed that the minimum value of investment by individual investors in Social Impact Fund in AIF Regulations may be reduced to rupees one thousand in order to align it with the minimum application size for subscription to ZCZP in ICDR Regulations.
- 2.2. The proposed amendment to third proviso to clause (c) of regulation 10 of AIF Regulations is outlined as follows:
“in case of a social impact fund which invests only in securities of Not for Profit

Organizations registered or listed on a social stock exchange, the minimum value of investment by an individual investor shall be rupees one thousand.”

3. Question for public comments

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

Details of Public Comments

(This has been excised for reasons of confidentiality)

Draft Amendments to SEBI AIF Regulations, 2012

(Amendments shall be notified after following the due process)