

ALTERNATIVE INVESTMENT FUND



SEBI RELAXES TIMELINES FOR HOLDING AIFs' INVESTMENTS IN DEMATERIALISED FORM

Securities and Exchange Board of India (“SEBI”), *vide* its circular dated February 14, 2025 has relaxed the timelines for Alternative Investment Funds (“AIFs”) holding their investments in dematerialised form.

In terms of regulation 15(1)(i) of SEBI (AIF) Regulations, 2012 AIFs are mandated to hold their investments in dematerialised form, subject to such conditions as may be specified by SEBI from time to time.

In this regard, SEBI has provided that any investment made by an AIF on or after July 01, 2025 (*erstwhile* October 01, 2024) shall be held in dematerialised form only, irrespective of whether the investment is made directly in the investee company or is acquired from another entity.

The investments made by an AIF prior to July 01, 2025 are exempted from the requirement of being held in dematerialised form, except where: i) investee company of the AIF has been mandated under applicable law to facilitate dematerialisation of its securities; ii) AIF, on its own, or along with other SEBI registered intermediaries/entities which are mandated to hold their investments in dematerialised form, exercises control over the investee company. Such investments as mentioned in point i) and ii) which are made prior to July 01, 2025 shall be held in dematerialised form by the AIF on or before October 31, 2025 (*erstwhile* January 31, 2025).

Further, the aforesaid requirement of holding investments in dematerialised form shall not be applicable to: i) scheme of an AIF whose tenure (not including permissible extension of tenure) ends on or before October 31, 2025; ii) scheme of an AIF which is in extended tenure as on February 14, 2025 (*erstwhile* January 12, 2024).

To read the circular [click here](#)

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