

ALTERNATIVE INVESTMENT FUND



SEBI UPDATES FAQs FOR GRANT OF REGISTRATION AS AIF AND FOR TAKING ON RECORD PPM OF THE SCHEME

In January 2025, SEBI has updated FAQs for grant of registration as an alternative investment fund (“AIF”) and for taking on record private placement memorandum (“PPM”) of the scheme (“**Updated FAQs**”).

As per the Updated FAQs, the applicants are required to pay the application fees through online mode available on SEBI Intermediary Portal. Further, while paying the application fees, the exact amount should be tendered including paisa (*no round off*), failing which the amount may be rejected by the system.

The key updates/ revisions brought in by the Updated FAQs have been summarised below:

- (a) Key documents/ information required to be provided by the applicant at the time of filing application for registration
 - (i) Certificate of incorporation of trustee of the AIF (*in case AIF is a trust*).
 - (ii) Fit and proper person declaration as per the SEBI (Intermediaries) Regulations, 2008 to be provided separately for the AIF, trustee, sponsor, manager and their directors/ partners as the case may be. Previously, declaration had to be given by the applicant, sponsor and manager.
 - (iii) The due diligence certificate from a SEBI registered merchant banker to be in terms of Annexure 3 of the SEBI Master Circular for AIFs dated May 7, 2024 (“AIF Master Circular”).
 - (iv) In case of schemes of large value funds, the undertaking from the Chief Executive Officer of the manager (*or person holding equivalent role depending on the legal structure of manager*) and compliance officer of the manager to be in terms of Annexure 9 of the AIF Master Circular.

- (v) For seeking registration as an AIF and for taking the PPM on record, the trustee/ board of directors/ designated partners of the applicant depending upon the legal structure of the AIF shall provide an undertaking as per Annexure B of the Updated FAQs.
 - (vi) While providing details of shareholders/ partners of sponsor and manager, in case the shareholder or partner of the manager/ sponsor is a non-individual, further details of entities holding 15% or more in such shareholder/partner had to be provided. This threshold has been reduced to 10% by the Updated FAQs.
 - (vii) Disclosure as to whether sponsor, manager or their shareholders/ partners with shareholding/ voting rights/ partnership interest of 20% or more are registered with the Reserve Bank of India (“**RBI**”), Insurance Regulatory and Development Authority of India, Pension Fund Regulatory and Development Authority (PFRDA) or any other financial regulator had to be made. This threshold has also been reduced to 10%.
 - (viii) While providing information with respect to controlling entities/ persons, key management person, key investment team, etc., name of persons holding 10% or more shareholding/ partnership interest and voting rights/ controlling interest will have to be disclosed. Previously, the threshold for disclosure was 20%.
 - (ix) As per the Updated FAQs, information with respect to associate and group companies of the applicant, sponsor and manager is no longer required.
 - (x) At least 1 key personnel of the key investment team shall have relevant NISM certification (*NISM-Series-XIX-C: Alternative Investment Fund Managers Certification*) and at least 1 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 Chartered Financial Analyst (“**CFA**”) charter from the CFA institute or any other qualifications may be specified by SEBI.
 - (xi) An excel file containing all the details of the persons/entities specified in the Updated FAQs along with their Permanent Account Number (“**PAN**”) and date of birth/ date of incorporation shall be provided. Previously, only PAN information had to be submitted in the excel file.
- (b) Additional information mentioned in the checklist for registration of the AIF along with format for undertaking to be submitted by the trustee/ board of directors/ designated partners depending upon the legal structure of the applicant, for registration of the AIF:
- (i) The applicant shall disclose whether the applicant or its associates or its sponsor(s) or manager(s) or any person controlling 10% or more directly/ indirectly in sponsor or manager is/ are registered with SEBI, RBI or any other regulatory authority in any capacity.
 - (ii) Details of other AIFs/ Venture Capital Funds (“**VCFs**”) floated/ managed by the sponsor/ manager or any person controlling 10% or more directly/ indirectly in sponsor. Previously, only details of other AIFs/VCFs floated/managed by the sponsor/manager respectively, had to be disclosed.
 - (iii) Declarations provided by the applicant, trustee, sponsor and manager with respect to involvement in any litigation connected with the securities market or any order passed against them for violation of securities law, suspension prior to the application and refusal of registration by SEBI also require disclosure from any person controlling 10% or more directly/indirectly in sponsor or manager regarding the above declarations.
 - (iv) The applicant shall also disclose the controlling structure of the sponsor and manager along with ultimate beneficial owner at the time of making the application.
- (c) Additional information mentioned in the checklist for processing of scheme applications of AIFs along with format for undertaking to be submitted by the trustee/ board of directors/ designated partners depending upon the legal structure of the applicant, for taking the PPM on record:

- (i) PAN of the scheme, if available.
- (ii) In case the manager is owned or controlled by persons resident in India then whether any member of the investment committee is/ proposed to be non-resident/citizens of country other than India and details of the same and whether such member is employee, director or partner of the manager of the AIF.
- (iii) Whether the AIF has shared the data pertaining to its previous schemes, in terms of Chapter 16 (*Performance Benchmarking of AIFs*) of the AIF Master Circular, as and when asked by the performance benchmarking agencies. If yes, names of the agency(ies) and latest dates of communication made to these agencies may be provided.

To read the Updated FAQs [click here](#)

For any queries, please contact yatin@vaishlaw.com

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