

ALTERNATIVE INVESTMENT FUND



SEBI ISSUES CLARIFICATIONS TO CYBERSECURITY AND CYBER RESILIENCE FRAMEWORK (CSCRF) FOR SEBI REGULATED ENTITIES

Securities and Exchange Board of India (“**SEBI**”), *vide* its circular dated August 20, 2024, had issued the Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (“**SEBI Circular on CSCRF**”) which provides standards and guidelines for strengthening cyber resilience to strengthen the cybersecurity measures in Indian securities market, and to ensure adequate cyber resiliency against cybersecurity incidents/ attacks.

SEBI, *vide* its circular dated April 30, 2025, has issued clarifications to the SEBI Circular on CSCRF (“**Clarifications to SEBI Circular on CSCRF**”) aiming to revise thresholds and categorisation of the SEBI Regulated Entities (“**SEBI REs**”). The category of SEBI REs shall be decided at the beginning of the financial year based on the data of the previous financial year. Once the category of SEBI RE is decided, the SEBI RE shall remain in the same category throughout the financial year irrespective of any changes in the parameters during the financial year. The criteria and thresholds set for Alternative Investment Funds (“**AIFs**”) and Venture Capital Funds (“**VCFs**”) have been revised as elaborated below:

- (a) The categorisation shall be determined at the manager level instead of the AIF level. In case the manager of the AIF is also the manager of VCFs, the corpus of VCF schemes managed by the manager shall also be included for determining the threshold limits. The criteria and thresholds for AIFs and VCFs categorisation have been set at the below limits according to the sum of corpus of all AIFs, VCFs, and their schemes managed by a manager:
 - (i) Mid-size SEBI REs: INR 10,000 crores and above
 - (ii) Small-size SEBI REs: More than INR 3,000 crores and less than INR 10,000 crores
 - (iii) Self-certification SEBI REs: INR 3,000 crores and below

Further, managers of AIFs/ VCFs classified as self-certification SEBI REs and with a client base of less than 100 shall be exempted from the mandatory Market-SOC requirement.

- (b) In case a SEBI RE is registered under more than one category, then the provision of highest category under which such a SEBI RE falls shall be applicable to it.
- (c) SEBI, *vide* its circular on ‘Framework for Adoption of Cloud Services by REs’ dated March 6, 2023, had mandated implementation of a dedicated Hardware Security Model (HSM) for all market infrastructure

institutions and qualified SEBI REs. However, all mid-size SEBI REs, small-size SEBI REs, and self-certification SEBI REs shall be allowed to implement any alternative of HSM based on their risk assessment. Such risk assessment shall be approved by the board/ partners/ proprietor of the SEBI RE.

(d) All AIFs/ VCFs shall take necessary action for implementation of the circular by June 30, 2025.

To read the SEBI Circular on CSCRf [click here](#) & to read the Clarifications to SEBI Circular on CSCRf [click here](#)

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