

Annexure A

SEBI regulated products for sophisticated investors

Product / Particulars	SIF	Angel Fund	PMS	AIF	SSF	LVF
Minimum ticket size (INR)	10 Lakhs	Presently 25 Lakhs*	50 Lakhs	1 Crore	10 Crore	70 Crore
Investment avenues	These investment strategies could include exposure to equity, debt, real estate investment trusts (REITs) or derivatives like futures and options (F&O)	Start-ups	<u>Under Discretionary PMS</u> – Listed securities listed , money market instruments, units of Mutual Funds <u>Under Non-Discretionary PMS -</u> Managers may invest up to 25% of the AUM of a client in unlisted securities, in addition	Category 1 and 2 – Major thrust towards unlisted securities Category 3 – Schemes with diverse and complex trading strategies, no restriction on proportion of listed / unlisted securities, can take 2X leverage	Stressed assets – SRs issued by ARCs, stressed loans etc.**	In line with the category of AIF, certain more flexibilities vis-à-vis AIFs viz. - relaxed concentration norms - extension of tenure upto 5 years - PPM can be filed without MB - Need not wait for SEBI approval for launching of scheme

Product / Particulars	SIF	Angel Fund	PMS	AIF	SSF	LVF
			to the securities permitted for discretionary portfolio management.			-Pari Passu not applicable
Relaxations to Als	No ticket size to Als	After the amendment, Only Als can participate*	No ticket size to Als. The portfolio manager may offer services for investment up to 100% of the assets under management of the large value accredited investors in unlisted securities.	No ticket size to Als	Ticket size reduced to 5 Crore for Als	Only Als can participate

* Board has approved the proposal on AI mandate, yet to be notified

**Acquisition of Bank & NBFC loans yet to be enabled by RBI

Annexure B

The consultation paper is available at the following link:

https://www.sebi.gov.in/reports-and-statistics/reports/aug-2025/consultation-paper-on-introduction-of-separate-type-of-aif-scheme-for-only-accredited-investors_95951.html

Annexure C

Proposal-wise analysis of comments received on the consultation paper -

Prop No.	Proposal Description	No. of people		Total
		Agreed ¹	Disagreed ²	
1	Do you agree with the long-term vision of gradual transition from “minimum commitment threshold” to “only accreditation status” as a metric of risk sophistication of an investor in an AIF, in a gradual and consultative manner?	12	8	20
2	Do you agree that, in the interim, both the metrics may co-exist by providing the option of a separate type of AIF scheme that on-boards only Accredited Investors (“AI-only schemes”), with a lighter-touch regulatory framework?	17	1	18
3	Do you agree with the following relaxation/flexibility proposed to be extended to AI only funds? - Exemption from requirement of maintaining rights pari-passu among investors of a fund/scheme, subject to a waiver provided by each investor to this effect.	18	0	18
4	Do you agree with the following relaxation/flexibility proposed to be extended to AI only funds? - AI Funds may be permitted to extend term up to 5 years, subject to consent of two-thirds of the investors by value of their investment in the fund/scheme.	18	1	19
5	Do you agree with the following relaxation/flexibility proposed to be extended to AI only funds? - Exemption from NISM certification requirement for key investment team of the manager of AIFs having only AI only schemes.	14	4	18
6	Do you agree with the following relaxation/flexibility proposed to be extended to AI only funds? - Exemption	18	0	18

¹ (Strongly Agree + Agree + Partially Agree)

² (Strongly Disagree + Disagree)

	from restriction on maximum number of investors in a scheme.			
7	Do you agree with the following relaxation/flexibility proposed to be extended to AI only funds? - Extant responsibilities on trustee of the fund shall solely rest with the manager, subject to the terms of agreement between the manager and the trustee and the fund documents.	13	4	17
8	Do you agree with the draft amendments to AIF Regulations placed at Annexure A?	17	0	17

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

Proposal 1:

Do you agree with the long-term vision of gradual transition from “minimum commitment threshold” to “only accreditation status” as a metric of risk sophistication of an investor in an AIF, in a gradual and consultative manner?

S. No	Comments received	SEBI's views
1.	<p>Majority of commenters (12/20) are in agreement of the proposal supporting the argument that accreditation status is a more holistic measure as compared to minimum commitment threshold for risk sophistication of an investor and will lead to a more robust alternatives ecosystem in India.</p> <p>A few dissenting commenters (8/20) have suggested the following:</p>	<p>It is reiterated that transition from ‘minimum commitment threshold’ to ‘accreditation status’ as the only metric of risk sophistication of an investor, is envisaged to be a gradual transition. Further, such transition shall be implemented in a phased manner, based of success/impact of AI only schemes, traction in accreditation and after due consultation with the relevant stakeholders.</p>

S. No	Comments received	SEBI's views
	<p>a) A robust assessment of investor knowledge and understanding of the investment product's features and associated risks is crucial. This might necessitate additional, more restrictive due diligence measures focusing on the investor's know-how, rather than solely relying on financial thresholds or accreditation status.</p> <p>b) While a gradual transition is envisioned, we propose that the minimum commitment threshold should continue to exist</p> <p>c) Obtaining accreditation status involves a detailed and time-consuming process, including documentation, verification, and periodic renewals. There is still hesitance from Investors to obtain the same due to process and the costs involved in the same.</p> <p>d) SEBI needs to clarify that “once a person is an Accredited Investor (AI) at the time of commitment, they are to be considered as an AI for that AIF till the end of the tenure of the AIF.</p> <p>e) To ensure that only serious and capable Managers participate, and to enhance the economic viability of schemes, it is proposed to increase the minimum corpus of a scheme from the current ₹20 crore (notified in 2012) to ₹100 crore. This adjustment will act</p>	<p>As regards the concerns around accreditation itself, it is submitted that the framework for accreditation was brought in to identify sophisticated investors in the market and provide them lighter regulatory regime based on their financial capability. An independent third-party validation ensures credibility in risk sophistication of an investor, on the basis of which flexibilities in AIF ecosystem are extended / proposed to be extended. It is envisaged that flexibilities extended to AIFs shall be extended as whole, and not in a fragmented manner. Accordingly, it is desirable, in the long term, that all schemes of AIFs have their investor base constituting of accredited investors.</p> <p>The suggestion that once a person is an Accredited Investor (AI) at the time of commitment, they are to be considered as an AI for that AIF till the end of the tenure of the AIF merits consideration and has been accepted. The same shall be clarified by way of circular.</p> <p>Accordingly, the public comments on long term vision of ‘accreditation status’ as the only metric of risk sophistication are noted for consideration.</p>

S. No	Comments received	SEBI's views
	<p>as a natural filter, promoting quality participation, improved governance and reducing operational inefficiencies.</p> <p>f) We also believe that the financial threshold suggested is way too high for India. For instance, the financial parameters suggested are similar to that of the USA a country that has an economy circa 8 to 9 times that of India.</p> <p>g) We believe it is erroneous to equate only financial position with understanding of risk and reward. If such individuals have the knowledge and gumption to take such risk so can others even if their financial position does not measure up to the thresholds suggested</p>	

Proposal 2:

Do you agree that, in the interim, both the metrics may co-exist by providing the option of a separate type of AIF scheme that on-boards only Accredited Investors ("AI-only schemes"), with a lighter-touch regulatory framework?

S. No	Comments received	SEBI's views
1.	Commenters are in agreements with the proposal to introduce a separate type of AIF scheme that on boards only accredited investors.	Commenters agreed with the SEBI's proposal.

Proposal 3:

Do you agree with the following relaxation/flexibility proposed to be extended to AI only funds?

- Exemption from requirement of maintaining rights pari-passu among investors of a fund/scheme, subject to a waiver provided by each investor to this effect.

S. No	Comments received	SEBI's views
1.	Commenters are in agreements with the proposal that AI only schemes may be extended exemption from requirement of maintaining rights pari-passu among investors of a fund/scheme, subject to a waiver provided by each investor to this effect.	Commenters agreed with the SEBI proposal

Proposal 4:

Do you agree with the following relaxation/flexibility proposed to be extended to AI only funds?

- AI Funds may be permitted to extend term up to 5 years, subject to consent of two-thirds of the investors by value of their investment in the fund/scheme.

S. No	Comments received	SEBI's views
1.	<p>Majority of the Commenters (18/19) are in agreement that AI Funds may be permitted to extend term up to 5 years, subject to consent of two-thirds of the investors by value of their investment in the fund/scheme.</p> <p>Only 1 commenter has disagreed with the proposal stating that this clause is largely in favour of fund managers and that Indian investors are not prepared for such long tenure products; hence will reduce attractiveness of AIFs. It could be a</p>	<p>In this regard, it may be noted that tenure and possible extension is required to be disclosed to the investors at the time of on boarding. Thus, investors are aware of the investment horizon prior to investing in the funds. Further, two-third majority of the investors shall also give consent for extension of tenure, if any.</p> <p>Furthermore, all AIFs already have the flexibility to extend tenure by up to two years, subject to investor consent. Considering the investors in AI only</p>

S. No	Comments received	SEBI's views
	situation in which extension veils underperformance for longer. Even though the extension can be done with only two-thirds majority, it can often be detrimental to individual investors.	scheme are considered to be more financially aware, the tenure extension is proposed to be extended to upto 5 years, subject to investor consent. Therefore, the suggestion of the commenter may not be accepted.

Proposal 5:

Do you agree with the following relaxation/flexibility proposed to be extended to AI only funds?

- Exemption from NISM certification requirement for key investment team of the manager of AIFs having only AI only schemes.

S. No	Comments received	SEBI's views
1.	<p>Majority of the commenters (14/18) are in agreements with the proposal to provide Exemption from NISM certification requirement for key investment team of the manager of AIFs having only AI only schemes.</p> <p>A few commenters (4/18) have disagreed with the proposal, stating the following:</p> <p>a) While Accredited Investors are deemed capable of independent due diligence, the NISM certification ensures a baseline level of knowledge and competence for the fund manager's investment team. This is essential for managing</p>	<p>As majority of the commenters are in favour of the proposal, and since the investor base consists of only accredited investors who are perceived to be capable to take sound decision regarding capabilities of the investment manager prior to making investments, it is felt that NISM certification criteria for such AIFs having AI only schemes, may not be required. Accordingly, the suggestions may not be accepted.</p>

S. No	Comments received	SEBI's views
	<p>sophisticated investment vehicles like AIFs, regardless of the investor's sophistication.</p> <p>b) The NISM certification exam is generally not considered a significantly burdensome requirement.</p> <p>c) Instead of outright exemption, we propose a more practical approach for renewing certifications. Similar to recent changes in other regulatory frameworks (e.g., 10B), SEBI could consider allowing renewals based on Continuing Professional Education (CPE) credits or similar ongoing education modules rather than requiring re-taking the full examination every few years.</p>	

Proposal 6:

Do you agree with the following relaxation/flexibility proposed to be extended to AI only funds?

- Exemption from restriction on maximum number of investors in a scheme.

S. No	Comments received	SEBI's views
1.	Commenters are in agreements with the proposal that AI only funds may be given Exemption from restriction on maximum number of investors in a scheme.	Commenters agreed with SEBI's proposal.

Proposal 7:

Do you agree with the following relaxation/flexibility proposed to be extended to AI only funds?

- Extant responsibilities on trustee of the fund shall solely rest with the manager, subject to the terms of agreement between the manager and the trustee and the fund documents.

S. No	Comments received	SEBI's views
1.	<p>Majority of the commenters (13/17) are in agreements with the proposal as accredited investors are perceived to be capable of conducting independent and adequate due diligence while investing in AIFs.</p> <p>A few commenters (4/17) have disagreed with the proposal, stating the following:</p> <p>a) Essential Checks and Balances: The trustee plays a vital role in the AIF structure, particularly in a trust-based model. They hold the property for the benefit of beneficiaries and are responsible for managing and administering the trust property in accordance with the trust deed. This creates an essential layer of checks and balances and oversight over the operations of the fund and the manager.</p> <p>b) Mitigating Principal-Agent Conflicts: Consolidating all responsibilities solely with the manager could exacerbate potential principal-agent conflicts. With the anticipated exponential growth of</p>	<p>As already established above, the idea behind the flexibilities being extended to AI only funds is that, these investors have necessary capability to negotiate terms to protect their interests in the fund and thus, regulatory measures/safeguards from investor protection point of view may be relaxed for such funds. The commenters have also reiterated that the role of trustee is primarily from investor protection. By a logical extension, the aforesaid flexibility is proposed. This is also expected to reduce compliance related reporting by managers to trustee, and reduces interference of trustee in operations of the fund. Note that responsibility of trustee as cast under Indian Trusts Act, 1882, will continue to rest with the trustee.</p> <p>Further, while commenters have pointed out independent oversight, the extant AIF Regulatory framework does not specify any norms with respect to independence of the trustee, from the sponsor or manager. Thus, it is viewed that the aforesaid comments do not merit consideration.</p>

S. No	Comments received	SEBI's views
	<p>the AIF industry, maintaining independent oversight mechanisms, such as the trustee's role, is crucial for investor protection and preserving market integrity, especially in scenarios involving potential malafide interests from the fund manager.</p> <p>c) Trustee can act for collective benefit for all investors, If investors are individually required to obtain legal recourse.</p>	

Proposal 8:

Do you agree with the draft amendments to AIF Regulations placed at Annexure A?

S. No	Comments received	SEBI's views
1.	Commenters are in agreements with the draft amendments to AIF Regulation. No change has been proposed by the commenters.	Commenters agreed with the SEBI's proposal.

Issues highlighted by Ease of Doing Working Group in extant LVF framework:

- a. LVF threshold of INR 70 crore is too high and many investors, including some institutional investors, have limitations on the quantum of investment (due to internal risk requirements mandating diversification across multiple AIF products). This makes LVFs a product open mostly for large global institutions, crowding out domestic investors, who are equally sophisticated but have a lower investment threshold per AIF.
- b. There is inconsistency in the minimum investment threshold for LVFs under AIF Regulations and the SEBI (Portfolio Managers) Regulations, 2020 ("PMS Regulations") as mentioned below:
 - i. The minimum investment for LVFs under AIF Regulations is INR 70 crores.
 - ii. While under PMS Regulations minimum investment for LVFs is INR 10 crores, with the ability to invest 100% of their portfolio in unlisted securities.
- c. Insurance companies are a significant source of domestic institutional capital to AIFs. As per the limits prescribed by Insurance Regulatory and Development Authority, insurance companies-both Life and General-face strict exposure limits to AIFs/Venture Funds (e.g., LIC: 3% of fund; GIC: 5% of assets; with single-fund caps). Lowering the threshold would substantially increase the number of insurance companies eligible to invest in LVFs.

Annexure E

The consultation paper is available at the following link:

https://www.sebi.gov.in/reports-and-statistics/reports/aug-2025/consultation-paper-on-providing-flexibilities-to-large-value-funds-for-accredited-investors-lvfs-under-sebi-aif-regulations_95957.html

Annexure F

Proposal-wise analysis of comments received on the consultation paper -

Pro p No.	Proposal Description	No. of people		Total
		Agreed ³	Disagreed ⁴	
1	Whether minimum investment amount in LVFs should be reduced from INR 70 crores to INR 25 crores?	22	2	24
2	Whether NISM certification criteria as mentioned in Regulation 4(g)(i) of AIF Regulations may be relaxed for AIFs which have only LVFs schemes?	17	3	20
3	Whether LVFs may be exempted from the requirement to follow template PPM as specified by SEBI and from requirement for annual audit of terms of PPM?	20	2	22
4	Whether members of investment committee of LVFs may be exempted from the requirement as specified in Regulation 20(8) of the AIF Regulations and condition of obtaining waiver from investors may also be waived for LVFs?	18	1	19
5	Whether cap on no. of investors should be removed for LVFs?	18	1	19
6	Whether existing AIF schemes be given option to converting themselves as LVF schemes and avail the benefits available to the LVFs, provided each investors of existing schemes meets the minimum threshold amount specified for LVFs and are accredited investors, and subject to consent obtained from all the investors in this regard?	19	0	19
7	Do you agree with the draft amendments to AIF Regulations placed at Annexure A?	21	0	21

³ (Strongly Agree + Agree + Partially Agree)

⁴ (Strongly Disagree + Disagree)

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

Proposal 1:

Whether minimum investment amount in LVFs should be reduced from INR 70 crores to INR 25 crores?

S. No	Comments received	SEBI's views
1	<p>Majority of commenters are in agreement of the proposal as it will enable wider participation from the Accredited Investors including domestic institutional investors.</p> <p>A few dissenting commenters have suggested the following:</p> <ol style="list-style-type: none"> the removal of Accredited Investor certification requirement will help popularize the Large Value Funds. threshold should be Rs 10 crores to align with the PMS Regulations and to compensate the reduction eligibility criteria for accredited investors may be increased. consider the calculation of minimum investment limits in LVFs to be made on group basis i.e. investors plus their relatives if investors are individuals and associates and relatives if investors are non-individuals as applicable. 	<ol style="list-style-type: none"> With regards to suggestions of removal of accreditation certification requirement, it may be noted that, accreditation certificate is issued by accreditation agencies after verification of income and or net worth of an entity. An independent third-party validation ensures credibility in risk sophistication of an investor, on the basis of which flexibilities are extended to ISPs. Long term vision of SEBI is to provide gradual transition from 'minimum commitment threshold' to 'accreditation status' as a metric of risk sophistication of an investor. Thus, suggestion of removal of accreditation certification requirement may not be accepted. As regards to aligning the threshold level of accredited investors in AIF with that of PMS, it may be noted that, PMS and AIF are different investment products and are meant to cater different set of investors. AIFs, being privately pooled investment vehicles, connect sophisticated investors having

S. No	Comments received	SEBI's views
		<p>higher risk appetite than retail investors, with enterprises in need of risk capital. In comparison to PMS and other pooling vehicles like Mutual Funds, AIFs give more flexibility to investors and fund managers, and are intended to take relatively higher risk. Considering the relaxations/ flexibilities provided to LVFs, lowering the minimum threshold to INR 25 crore for LVF scheme is expected to broaden the investor base without compromising on the level of investor sophistication. In view of the above, suggestion to align the threshold for accredited investors in AIF and PMS to INR 10 crore, may not be accepted.</p> <p>c. In respect of suggestion for considering the calculation of minimum investment limits in LVFs on group basis, it may be noted that, traction in LVF space has improved ever since its introduction in August 2021. EoDB Working Group also has suggested to calculate the minimum investment limits at group level as alternate measure if the minimum threshold limits i.e. INR 70 crore is not reduced. Further, shareholding among group companies may change over time and & any calculation of such limits on group basis</p>

S. No	Comments received	SEBI's views
		will pose monitoring challenges. Therefore, suggestion may not be accepted.

Proposal 2:

Whether NISM certification criteria as mentioned in Regulation 4(g)(i) of AIF Regulations may be relaxed for AIFs which have only LVFs schemes?

S. No	Comments received	SEBI's views
1	<p>Majority of commenters are in agreements with the proposal as accredited investors are perceived to be capable of conducting independent and adequate due diligence while investing in AIFs including the assessment of credentials and track record of the Manager and its key investment team. Further this may help sector experts to act as Fund Managers for specific schemes.</p> <p>Three commenters have disagreed with the proposal and have inter-alia suggested that:</p> <ol style="list-style-type: none"> retaining NISM certification criterion could contribute meaningfully to building a more robust credible and well governed asset management ecosystem. exemption shall be provided to each LVFs schemes instead of permitting AIFs which have only LVFs schemes. 	<ol style="list-style-type: none"> Since majority of commenter (17/20) have agreed with the proposal for removing NISM certification criteria for AIFs having LVFs schemes, suggestion of commenter for keeping the NISM certification requirement may not be accepted. Suggestion may be accepted the relaxation may be extended at each scheme level instead of at AIF level

Proposal 3:

Whether LVFs may be exempted from the requirement to follow template PPM as specified by SEBI and from requirement for annual audit of terms of PPM?

S. No	Comments received	SEBI's views
1	<p>Majority of commenters have supported the proposal and mentioned that the relaxation from obtaining specific waivers from the Accredited Investors shall enable operational ease given that the investors already provide an undertaking to the Fund regarding opting for benefits under AI framework and as they are perceived to be capable of conducting independent and adequate due diligence while investing.</p> <p>Only 2 commenter has disagreed with the proposal, one has not provided rationale for disagreement and other has stated that template of PPM shall remain a basic broad framework and should exist.</p>	<p>Commenters largely agreed with the SEBI's view for exempting LVFs from the requirement to follow template PPM, from requirement for annual audit of terms of PPM and obtaining specific waiver from investors in this regard,</p> <p>In respect of suggestion for continuing with the PPM format for LVFs, it may be noted that in LVFs that are anyway restricted to only accredited investors, these investors understand the risks of investing in AIFs especially LVFs and may not need as extensive disclosures as provided in the standard AIF PPM format.</p>

Proposal 4:

Whether members of investment committee of LVFs may be exempted from the requirement as specified in Regulation 20(8) of the AIF Regulations and condition of obtaining waiver from investors may also be waived for LVFs?

S. No	Comments received	SEBI's views
1	<p>Commenters are in agreement with the proposal as accredited investors are have professional investment teams capable of</p>	<p>Commenters supported SEBI's view that LVFs may be exempted from the requirement as specified in Regulation 20(8) of the AIF Regulations and condition</p>

S. No	Comments received	SEBI's views
	<p>due diligence and risk assessment on their behalf.</p> <p>Only 1 commenter has disagreed with the proposal, however no rationale has been provided for disagreement.</p>	<p>of obtaining waiver from investors may also be waived for LVFs.</p>

Proposal 5:

Whether cap on number of investors should be removed for LVFs?

S. No	Comments received	SEBI's views
1	<p>Majority of commenters have supported the proposal and mentioned that the amount to be invested in the LVF by accredited investor is large including the proposed revised amount of INR 25 crore, raising commitments from more than 1000 investors may not be practically achievable in the forceable future and thus putting a regulatory cap on the number of investors is not required anyways.</p> <p>One commenter has suggested the restriction need not be done away with entirely. Instead a higher threshold such as a 5000 investor limit may be considered as a more balanced approach.</p>	<p>It is viewed that any cap on the number of investors in a scheme can be bypassed by the Fund by launching further schemes to accommodate increased investors' interests. Also, there is no rationale spelt out for suggesting the cap as 5,000 investors. Accordingly, the comment in this regard may not be accepted.</p>

Proposal 6:

Whether existing AIF schemes be given option to converting themselves as LVF schemes and avail the benefits available to the LVFs, provided each investors of existing schemes meets the

minimum threshold amount specified for LVFs and are accredited investors, and subject to consent obtained from all the investors in this regard?

S. No	Comments received	SEBI's views
1	Considering the merits in the relaxations or exemptions proposed in the consultation paper, commenters have agreed with the proposal that the existing schemes which meets the eligibility criteria they should be allowed to convert themselves as LVF schemes with the consent of all the investors.	Commenters have supported the proposal for providing transition option to existing AIF scheme to LVF scheme subject to meeting eligibility conditions for large value funds and modalities as specified by the SEBI in this regard.

Proposal 7:

Do you agree with the draft amendments to AIF Regulations placed at Annexure A?

S. No	Comments received	SEBI's views
1	<p>Commenters have agreed with the draft amendments to the AIF Regulations. A commenter has suggested that the proposal which are not agreeable needs to be retracted or not implemented and such changes in the draft regulations proposed may be removed. However, the proposals that are acceptable have to find itself in the modifications.</p> <p>A commenter has suggested to consider introducing a dedicated chapter for Large Value Funds within the SEBI Alternative Investment Fund Regulations 2012 by having specific light touch regulations applicable exclusively to LVFs</p>	Suggestions have been noted.

Annexure G

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

Annexure H

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