

Draft amendment to AIF Regulations

1. To insert regulation 20(25) under 'General obligations' of AIF Regulations, as under -

“For the purpose of meeting the requirement of approval of investors as stipulated under these regulations, the manager shall obtain approval from investors of the Alternative Investment Fund/scheme in the manner as may be specified by the Board.”

The methodologies for obtaining investor consent and attendant conditions, as given in proposals 1 – 6 above, may be specified by way of issuance of a circular.

2. To streamline the provisions for investor consent under AIF Regulations as under –

S. No	Provision of AIF Regulation	Extant provision	Proposed change
I.	Regulation 9(2)	Any material alteration to the fund strategy shall be made with the consent of atleast two-thirds of unit holders by value of their investment in the Alternative Investment Fund.	Any material alteration to the fund strategy shall be made with the consent approval of atleast two-thirds of unit holders investors by value of their investment in the Alternative Investment Fund or scheme of the Alternative Investment Fund.
II.	Regulation 13(5)	Extension of the tenure of the close ended Alternative Investment Fund may be permitted up to two years subject to approval of two-thirds of the unit holders by value of their investment in the Alternative Investment Fund Provided that a Accredited Investors only fund may be permitted to extend its tenure up to five years subject to the approval of two-thirds of the unit	Extension of the tenure of the close ended Alternative Investment Fund may be permitted up to two years subject to approval of two-thirds seventy five percent of the unit holders investors by value of their investment in the Alternative Investment Fund or scheme of the Alternative Investment Fund. Provided that a Accredited Investors only fund may be permitted to extend its tenure up to five years subject to the approval of two-thirds seventy five

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		holders by value of their investment in the Accredited Investors only fund	percent of the unit holders investors by value of their investment in the Accredited Investors only fund
III.	Regulation 15(1)(e)*	Alternative Investment Fund shall not invest except with the approval of seventy five percent of investors by value of their investment in the Alternative Investment Fund in - (a) associates; or (b) units of Alternative Investment Funds managed or sponsored by its Manager, Sponsor or associates of its Manager or Sponsor	Alternative Investment Fund shall not invest except with the approval of seventy five percent of investors by value of their investment in the Alternative Investment Fund or scheme of the Alternative Investment Fund in - (a) associates; or (b) units of Alternative Investment Funds managed or sponsored by its Manager, Sponsor or associates of its Manager or Sponsor
IV.	Regulation 15(1)(ea)*	Except with the approval of seventy-five percent of the investors by value of their investment in the scheme of Alternative Investment Fund and subject to the conditions specified by the Board, a scheme of an Alternative Investment Fund shall not buy or sell investments, from or to – (a) associates; or (b) schemes of Alternative Investment Funds managed or sponsored by its Manager, Sponsor or associates of its Manager or Sponsor; ...	No change proposed in this regard

S. No	Provision of AIF Regulation	Extant provision	Proposed change
V.	Regulation 16(4)(a)	<p>at least seventy-five percent of the investable funds shall be invested in unlisted securities or partnership interest of social ventures or in units of social ventures or in securities of social enterprises:</p> <p>Provided that an existing social impact fund may invest the remaining investable funds in securities of not for profit organizations registered or listed on a social stock exchange with the prior consent of atleast 75% of the investors by value of their investment;</p>	<p>at least seventy-five percent of the investable funds shall be invested in unlisted securities or partnership interest of social ventures or in units of social ventures or in securities of social enterprises:</p> <p>Provided that an existing social impact fund may invest the remaining investable funds in securities of not for profit organizations registered or listed on a social stock exchange with the prior consent approval of atleast 75% seventy five percent of the investors by value of their investment;</p>
VI.	Regulation 18(c)	Category III Alternative Investment Funds may engage in leverage or borrow subject to consent from the investors in the fund and subject to a maximum limit, as may be specified by the Board:	Category III Alternative Investment Funds may engage in leverage or borrow subject to consent approval from the investors in the fund and subject to a maximum limit, as may be specified by the Board:
VII.	Regulation 19Q(11)	In-specie distribution of assets of the Corporate Debt Market Development Fund may be made to the unit holders, only at the time of winding up subject to the consent of seventy-five percent of the unit holders by value of their investment in such fund.	In-specie distribution of assets of the Corporate Debt Market Development Fund may be made to the unit holders, only at the time of winding up subject to the consent approval of seventy-five percent of the unit holders investors by value of their investment in such fund.
VIII.	Regulation 19AF(2)	Extension of the tenure of a migrated venture capital fund may be permitted up to two years subject to the approval of two-thirds of the unit holders by value of their investment in the migrated venture capital fund.	Extension of the tenure of a migrated venture capital fund may be permitted up to two years subject to the approval of two-thirds seventy five percent of the unit holders investors by value of their investment in the migrated venture capital fund or scheme of the migrated venture capital fund.

S. No	Provision of AIF Regulation	Extant provision	Proposed change
IX.	Regulation 20(10)	The external members of the Investment Committee whose names are not disclosed in the placement memorandum or in the agreement made with the investor or any other fund document at the time of on-boarding investors shall be appointed to the Investment Committee only with the consent of at least seventy five percent of the investors by the value of their investment in the Alternative Investment Fund or scheme.	The external members of the Investment Committee whose names are not disclosed in the placement memorandum or in the agreement made with the investor or any other fund document at the time of on-boarding investors shall be appointed to the Investment Committee only with the consent approval of at least seventy five percent of the investors by the value of their investment in the Alternative Investment Fund or scheme.
X.	Regulation 23(2)	<p>Category I and Category II Alternative Investment Funds shall undertake valuation of their investments, atleast once in every six months, by an independent valuer appointed by the Alternative Investment Fund:</p> <p>Provided that such period may be enhanced to one year on approval of atleast seventy-five percent of the investors by value of their investment in the Alternative Investment Fund.</p>	<p>Category I and Category II Alternative Investment Funds shall undertake valuation of their investments, atleast once in every six months, by an independent valuer appointed by the Alternative Investment Fund:</p> <p>Provided that such period may be enhanced to one year on approval of atleast seventy-five percent of the investors by value of their investment in the Alternative Investment Fund or scheme of the Alternative Investment Fund.</p>
XI.	Regulation 29(9)	Notwithstanding anything contained in sub-regulation (7), during liquidation period of a scheme, an Alternative Investment Fund may distribute investments of a scheme which are not sold due to lack of liquidity, in-specie to the investors or enter into dissolution period, after obtaining approval of at	No change proposed.

S. No	Provision of AIF Regulation	Extant provision	Proposed change
		<p>least seventy five percent of the investors by value of their investment in the scheme of the Alternative Investment Fund, in the manner and subject to conditions specified by the Board from time to time:</p> <p>Provided that in the absence of consent of unit holders for exercising the options under sub-regulation (9) during liquidation period, such investments of the scheme of the Alternative Investment Fund shall be dealt with in the manner as may be specified by the Board from time to time.</p>	

The investor consent provisions in circulars issued under AIF Regulations shall also be modified suitably in line with the aforesaid proposed amendment.

3. To insert definition of 'related party' under regulation 2(1) of AIF Regulations as under -

“related party” in relation to manager or sponsor of an Alternative Investment Fund, means –

- (i) a relative;*
- (ii) a director, partner or his relative;*
- (iii) a key management personnel or his relative;*
- (iv) a firm, in which a director, partner, manager or his relative is a partner;*
- (v) a private company in which a director, partner or manager or his relative is a member or director;*
- (vi) a public company in which a director, partner or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;*

- (vii) any body corporate or entity whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director, partner or manager;*
- (viii) any person on whose advice, directions or instructions a director, partner or manager is accustomed to act:
Provided that nothing in sub-clauses (vii) and (viii) shall apply to the advice, directions or instructions given in a professional capacity;*
- (ix) any body corporate which is—(A) a holding, subsidiary or an associate company of the sponsor or manager of Alternative Investment Fund; or (B) a subsidiary of a holding company to which the sponsor or manager of Alternative Investment Fund is also a subsidiary; (C) an investing company or the venturer of the sponsor or manager of Alternative Investment Fund;*
- (x) a director, other than an independent director, or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.*
- (xi) such other person as may be specified by the Board.*

For the purpose of this regulation, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them under the Companies Act, 2013, or any statutory modification or re-enactment thereto, as the case may be”

4. The provisions of AIF Regulations which are proposed to amended in relation to related party reference are enumerated in the table at [Annexure B](#). The same is given in comparison to the extant provisions for ease of reference.

Extant provisions prescribing investor consent requirement under AIF Regulations

S. No.	Regulatory requirement	Threshold of investor consent
I.	Regulation 9(2) of AIF Regulations - Any material alteration to the fund strategy	Consent of at least two-thirds of unit holders by value of their investment in the AIF.
II.	Regulation 13(5) of AIF Regulations - Extension of tenure of close ended scheme of AIF (by maximum 5 years for AI only funds and 2 years for other AIF schemes).	Approval of two-thirds of the unit holders by value of their investment in the AIF.
III.	Regulation 15(1)(e) of AIF Regulations – Investment by AIF in associates or in units of AIFs managed/sponsored by its Manager/sponsor/their associates.	Approval of seventy five percent of investors by value of their investment in the AIF
IV.	Regulation 15(1)(ea) of AIF Regulations – Buying/selling of investments by scheme of AIF, from or to – (a) associates; or (b) schemes of AIFs managed/sponsored by its Manager/sponsor/their associates; or (c) an investor who has committed to invest at least fifty percent of the corpus of the scheme of AIF	Approval of seventy five percent of the investors by value of their investment in the scheme of AIF
V.	Regulation 16(4)(a) of AIF Regulations – Investment of the remaining investable funds by existing social impact fund in securities of not for profit organizations registered or listed on a social stock exchange	Prior consent of at least 75% of the investors by value of their investment
VI.	Regulation 18(c) of AIF Regulations – Engaging in leverage or borrowing by Category III AIFs	Consent from the investors in the fund
VII.	Regulation 19Q(11) of AIF Regulations – In-specie distribution of assets of the Corporate Debt Market Development Fund at the time of winding up	Consent of seventy-five percent of the unit holders by value of their investment in such fund.

S. No.	Regulatory requirement	Threshold of investor consent
VIII.	Regulation 19AF(2) of AIF Regulations – Extension of the tenure of a migrated venture capital fund permitted up to two years	Approval of two-thirds of the unit holders by value of their investment in the migrated venture capital fund.
IX.	Regulation 20(10) of AIF Regulations – Appointment of external members of approving Investment Committee whose names were not disclosed in the PPM/fund documents at the time of on-boarding investors	Consent of at least seventy five percent of the investors by the value of their investment in the AIF or scheme
X.	Regulation 23(2) of AIF Regulations – Decreasing frequency of independent valuation of investments of Category, I and Category II AIFs from once in six months to once in a year.	Approval of at least seventy-five percent of the investors by value of their investment in the AIF.
XI.	Regulation 29(9) of AIF Regulations – Option for an AIF to distribute investments of a scheme which are not sold due to lack of liquidity, in-specie to the investors or enter into dissolution period, during liquidation period of a scheme	Approval of at least seventy-five percent of the investors by value of their investment in the scheme of the AIF
XII.	Clause 2.5.5 of Master Circular- Exemption from providing exit to dissenting investors in case of material changes significantly influencing the decision of the investor to continue to be invested in the AIF	Approval of not less than 75% of unit holders by value of their investment in the AIF.
XIII.	Clause 8.2 of Master Circular- AIF investing in units of other AIFs, if not disclosed upfront in PPM	Consent of at least two-thirds of unit holders by value of their investment in the AIF.
XIV.	Clause 23.2.1 of Master Circular- Carrying out in specie distribution of investments of a scheme of an AIF in terms of Regulation 29(8) of AIF Regulations (other than the aforesaid mandatory in specie distribution)	Approval of at least seventy-five percent of the investors by value of their investment in the scheme of the AIF

Regulations/circular provisions pertaining to 'Associate' under AIF Regulations and proposed changes

S. No.	Extant provision in AIF Regulations/Circulars	Proposed changes
1.	<p><u>Regulation 15(1)(e) of AIF Regulations –</u> Alternative Investment Fund shall not invest except with the approval of seventy- five percent of investors by value of their investment in the Alternative Investment Fund in</p> <p>(a) associates; or (b) units of Alternative Investment Funds managed or sponsored by its Manager, Sponsor or associates of its Manager or Sponsor.</p>	<p>Alternative Investment Fund shall not invest except with the approval of seventy- five percent of investors by value of their investment in the Alternative Investment Fund in</p> <p>(a) related parties of manager or sponsor of AIF; or (b) units of Alternative Investment Funds managed or sponsored by its Manager, Sponsor or related parties of its Manager or Sponsor.</p>
2.	<p><u>Regulation 15(1)(ea) of AIF Regulations –</u> Except with the approval of seventy-five percent of the investors by value of their investment in the scheme of Alternative Investment Fund and subject to the conditions specified by the Board, a scheme of an Alternative Investment Fund shall not buy or sell investments, from or to –</p> <p>(a) associates; or (b) schemes of Alternative Investment Funds managed or sponsored by its Manager, Sponsor or associates of its Manager or Sponsor; ...</p>	<p>Except with the approval of seventy-five percent of the investors by value of their investment in the scheme of Alternative Investment Fund and subject to the conditions specified by the Board, a scheme of an Alternative Investment Fund shall not buy or sell investments, from or to –</p> <p>(a) related parties of manager or sponsor of AIF; or (b) schemes of Alternative Investment Funds managed or sponsored by its Manager, Sponsor or related parties of its Manager or Sponsor; ...</p>
3.	<p><u>Regulation 19F(1) of AIF Regulations –</u> Angel funds shall invest only in startups, which are not promoted or sponsored by or related to a corporate group whose group turnover exceeds three hundred crore rupees:</p>	<p>No change proposed.</p>

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	<p>Explanation I: For the purpose of this clause, "corporate group" shall include a group of body corporates with the same promoter(s)/promoter group, a parent company and its subsidiaries, a group of body corporates in which the same person/ group of persons exercise control, and a group of body corporates consisting of associates/ subsidiaries/ holding companies.</p>	
4.	<p><u>Regulation 19F(4) of AIF Regulations –</u> Angel funds shall not invest in associates.</p>	<p>Angel funds shall not invest in related parties of the manager or sponsor of the Angel Fund.</p>
5.	<p><u>Regulation 19M of AIF Regulations –</u> Special situation funds shall invest only in special situation assets and may act as a resolution applicant under the Insolvency and Bankruptcy Code, 2016: Provided that the special situation fund shall not invest in,</p> <ul style="list-style-type: none"> i. its associates; or ii. the units of any other Alternative Investment Fund other than the units of a special situation fund; or iii. units of special situation funds managed or sponsored by its manager, sponsor or associates of its manager or sponsor. 	<p>Special situation funds shall invest only in special situation assets and may act as a resolution applicant under the Insolvency and Bankruptcy Code, 2016: Provided that the special situation fund shall not invest in,</p> <ul style="list-style-type: none"> i. related parties of the manager or sponsor of the special situation fund; or ii. the units of any other Alternative Investment Fund other than the units of a special situation fund; or iii. units of special situation funds managed or sponsored by its manager, sponsor or related parties of its manager or sponsor.
6.	<p><u>Regulation 20(11A) of AIF Regulations –</u> A Custodian which is an associate of the Sponsor or Manager of an Alternative Investment Fund may act as a custodian for that Alternative Investment Fund only when all the following conditions are met:</p> <ul style="list-style-type: none"> a. the Sponsor or Manager has a net worth of at least twenty thousand crore rupees at all points of time; b. fifty per cent or more of the directors of the Custodian do not represent the interest of the Sponsor or Manager or their associates; 	<p>No change proposed.</p>

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	<p>c. the Custodian and the Sponsor or Manager of the Alternative Investment Fund are not subsidiaries of each other;</p> <p>d. the custodian and the Sponsor or Manager of the Alternative Investment Fund do not have common directors; and</p> <p>e. the Custodian and the Manager of the Alternative Investment Fund sign an undertaking that they shall act independently of each other in their dealings of the schemes of the Alternative Investment Fund.</p>	
7.	<p><u>Regulation 22(b) of AIF Regulations –</u> All Alternative Investment Funds shall ensure transparency and disclosure of information to investors on the following – any fees ascribed to the Manager or Sponsor; and any fees charged to the Alternative Investment Fund or any investee company by an associate of the Manager or Sponsor shall be disclosed periodically to the investors;</p>	<p>All Alternative Investment Funds shall ensure transparency and disclosure of information to investors on the following – any fees ascribed to the Manager or Sponsor; and any fees charged to the Alternative Investment Fund or any investee company by a related party of the Manager or Sponsor shall be disclosed periodically to the investors;</p>
8.	<p><u>Information to be collected as part of Form A of AIF Regulations for registration as AIF –</u> Whether the applicant or its associates or its sponsor(s) or its manager(s) is/ are registered with the Board, Reserve Bank of India or any other regulatory authority in any capacity along with the details of its registration.</p>	No change proposed.
Regulatory provisions in circulars issued under AIF Regulations -		
9.	<p>Regulation 11(2) of the AIF Regulations requires that an AIF shall include history of disciplinary actions in its PPM. In this regard, it is clarified that all AIFs shall include in their PPM, disciplinary history of:</p> <p>(i) AIF, sponsor, manager and their directors/partners/promoters and associates;</p> <p>(ii) If applicant is a trust, trustees or trustee company and its directors.</p>	No change proposed.

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10.	The Merchant Banker appointed for filing of PPM shall not be an associate of the AIF, its sponsor, manager or trustee.	No change proposed.
11.	<p>AIFs, which propose to invest in units of other AIFs, shall provide, <i>inter-alia</i>, the following information in their PPMs:</p> <p>(b) Proposed allocation of investment in units of other AIFs;</p> <p>(c) Out of total fees and expenses charged to investors of the AIF, portion of fees and expenses which may be attributed to investment in units of other AIFs;</p> <p>(d) Process to be followed by the Manager to ensure compliance with investment conditions as specified in Regulation 15 and Regulation 16 or 17 or 18 (as applicable) of AIF Regulations;</p> <p>(e) Whether any investments are proposed to be made in units of other AIFs managed/ sponsored by the same Manager/ Sponsor or associates of the Manager/ Sponsor and details thereof, including allocation, fees, expenses, etc.</p>	<p>AIFs, which propose to invest in units of other AIFs, shall provide, <i>inter-alia</i>, the following information in their PPMs:</p> <p>(a) Proposed allocation of investment in units of other AIFs;</p> <p>(b) Out of total fees and expenses charged to investors of the AIF, portion of fees and expenses which may be attributed to investment in units of other AIFs;</p> <p>(c) Process to be followed by the Manager to ensure compliance with investment conditions as specified in Regulation 15 and Regulation 16 or 17 or 18 (as applicable) of AIF Regulations;</p> <p>(d) Whether any investments are proposed to be made in units of other AIFs managed/ sponsored by the same Manager/ Sponsor or related parties of the Manager/ Sponsor and details thereof, including allocation, fees, expenses, etc.</p>
12.	Investment by an Angel Fund in an investee company shall be locked-in for a period of one year. The aforesaid lock-in requirement shall be for a period of six months if the exit from the investment by Angel Fund is by way of sale to a third party, that is, excluding buy-back by the investee company or purchase by its promoters or their associates . Any such sale shall be subject to terms of Articles of Association of the investee company.	No change proposed.
13.	The AIF, manager, trustee and sponsor shall act in the interest of unitholders of the AIF/scheme and not take any action which is prejudicial to the interest of the unitholders and not place the interest of the sponsor/manager/trustee	The AIF, manager, trustee and sponsor shall act in the interest of unitholders of the AIF/scheme and not take any action which is prejudicial to the interest of the unitholders and not place the interest of the sponsor/manager/trustee of the AIF or any of

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	of the AIF or any of their associates above the interest of the unitholders of the scheme/AIF.	their associates or related parties above the interest of the unitholders of the scheme/AIF.
14.	For the purpose of Regulation 15(1)(e) of AIF Regulations, prior to every investment in an associate or in units of an AIF managed or sponsored by Manager, Sponsor or associates of Manager or Sponsor, approval of the investors as specified shall be obtained.	For the purpose of Regulation 15(1)(e) of AIF Regulations, prior to every investment in a related party of the manager or sponsor of the AIF or in units of an AIF managed or sponsored by Manager, Sponsor or related parties of Manager or Sponsor, approval of the investors as specified shall be obtained.
15.	The independent valuer shall not be an associate of manager or sponsor or trustee of the AIF.	No change proposed.
16.	In case manager or sponsor of an AIF subscribes to junior / subordinate class(es) of units of the AIF/scheme of the AIF, it shall be ensured that the amount invested by the AIF/scheme of the AIF is not utilized by an investee company, directly or indirectly, to repay any of its obligations or liabilities towards the manager or sponsor of the AIF or their associates .	In case manager or sponsor of an AIF subscribes to junior / subordinate class(es) of units of the AIF/scheme of the AIF, it shall be ensured that the amount invested by the AIF/scheme of the AIF is not utilized by an investee company, directly or indirectly, to repay any of its obligations or liabilities towards the manager or sponsor of the AIF or their related parties .
17.	For every scheme of an AIF: (i) whose manager or sponsor is an entity regulated by RBI; or, (ii) that has investor(s) regulated by RBI who: I. individually or along with investors of the same group contribute(s) 25 percent or more to the corpus of the scheme; or, II. is an associate of the manager/sponsor of the AIF; or, III. by itself, or through its representative(s)/nominee(s), has majority or veto power in voting over decisions of the investment committee set up by the manager to approve investment decisions of the scheme;	No change proposed.

S. No.	Extant provision in AIF Regulations/Circulars	Proposed changes
	<p>necessary due diligence as per the implementation standards formulated by SFA, shall be carried out.</p>	
<p>18.</p>	<p><u>Stewardship code - Principle 2</u> <i>Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.</i></p> <p>Guidance As a part of the aforesaid comprehensive policy, institutional investors should formulate a detailed policy for identifying and managing conflicts of interest. The policy shall be intended to ensure that the interest of the client/beneficiary is placed before the interest of the entity. The policy should also address how matters are handled when the interests of clients or beneficiaries diverge from each other.</p> <p>The conflict of interest policy formulated shall, among other aspects, address the following:</p> <ul style="list-style-type: none"> (e) Identifying possible situations where conflict of interest may arise. E.g. in case of investee companies being associates of the entity. 	<p>No change proposed.</p>

S. No.	Regulations	Provisions/norms relating to transactions with connected entities/RPT	Definition of terms referred in these provisions
<p>(1)</p>	<p>Companies Act, 2013</p>	<p>Requirements with respect to related party transactions - Consent of Board of Directors required for certain specific related party transactions, such as sale/purchase/supply of goods/materials, selling/buying property of any kind etc.</p>	<p>“related party”, with reference to a company, means—</p> <ul style="list-style-type: none"> (i) a director or his relative; (ii) a key managerial personnel or his relative; (iii) a firm, in which a director, manager or his relative is a partner; (iv) a private company in which a director or manager or his relative is a member or director; (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital; (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager; (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act: <ul style="list-style-type: none"> Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity; (viii) any body corporate which is— (A) a holding, subsidiary or an associate company of such company; (B) a subsidiary of a holding company to which it is also a subsidiary; or (C) an investing company or the venturer of the company. <p>Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate;</p>

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			<p>(ix) such other person as may be prescribed*; *(a director, other than an independent director, or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party)</p> <p>“relative”, with reference to any person, means anyone who is related to another, if— (i) they are members of a Hindu Undivided Family; (ii) they are husband and wife; or (iii) one person is related to the other in such manner as may be prescribed*.</p> <p>*(A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-</p> <ul style="list-style-type: none"> (a) Father, including step-father (b) Mother, including step- mother (c) Son, including step-son (d) Son’s wife (e) Daughter (f) Daughter’s husband (g) Brother, including step-brother (h) Sister, including step – sister) <p>“associate company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.</p> <p>Explanation. — For the purpose of this clause, — (a) the expression “significant influence” means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement; (b) the expression “joint venture”</p>

S. No.	Regulations	Provisions/norms relating to transactions with connected entities/RPT	Definition of terms referred in these provisions
			means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.
(2)	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	<p>All material RPTs shall require prior approval of the shareholders, excluding related parties from voting.</p> <p>Audit committees are required to pre-approve all RPTs and review existing ones periodically.</p> <p>Listed companies must submit a half-yearly RPT disclosure in a prescribed format to the stock exchanges and publish the same on the company's website.</p>	<p>“related party” means a related party as defined under Companies Act, 2013 or under the applicable accounting standards:</p> <p>Provided that:</p> <p>(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or</p> <p>(b) any person or any entity, holding equity shares:</p> <p style="padding-left: 40px;">(i) of twenty per cent or more; or</p> <p style="padding-left: 40px;">(ii) of ten per cent or more, with effect from April 1, 2023;</p> <p>in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding FY; shall be deemed to be a related party:</p> <p>“associate” shall mean any entity which is an associate under the Companies Act, 2013 or under the applicable accounting standards</p>
(3)	SEBI (Portfolio Managers) Regulations, 2020	<p>Portfolio manager may make investments in securities of its related parties or its associates only after obtaining the prior consent of the client.</p> <p>The portfolio manager shall not be allowed to invest clients' funds in unrated securities of their related parties or their associates.</p>	<p>“related party” in relation to a portfolio manager, broadly borrows its definition from that under SEBI (LODR) Regulations, 2012.</p> <p>The definition is suitably modified to include <u>parties connected to partner of the portfolio manager (parallel to director in a company)</u>, since a portfolio manager can also be set up as a LLP.</p> <p>For the purpose of prohibition on investment in unrated securities, ‘associate’ shall mean –</p>

S. No.	Regulations	Provisions/norms relating to transactions with connected entities/RPT	Definition of terms referred in these provisions
		<p>The Disclosure Document, shall inter alia include –</p> <ul style="list-style-type: none"> • complete disclosures of transactions with related parties as per the accounting standards specified by the ICAI • details of conflicts of interest related to services offered by group companies or associates of the portfolio manager • details of investment of client’s funds by the portfolio manager in the securities of its related parties or associates. 	<p>a. a body corporate in which a director or partner of the portfolio manager holds, either individually or collectively, more than twenty percent of its paid-up equity share capital or partnership interest, as the case may be; or</p> <p>b. a body corporate which holds, either individually or collectively, more than twenty percent of the paid-up equity share capital or partnership interest, as the case may be of the portfolio manager.</p>
(4)	SEBI (Infrastructure Investment Trusts) Regulations, 2014	Approval from unitholders shall be obtained for any subsequent transaction with any related party, if (i) total value of RPT for buying/selling of assets/investments in a FY > 5% of InvIT assets or (ii) value of funds borrowed from related parties in a FY > 5% of total consolidated borrowings of InvIT.	<p>“related parties” shall be defined under the Companies Act, 2013 or under the applicable accounting standards and shall also include <u>parties to the InvIT and their promoters, directors and partners.</u></p> <p>“parties to the InvIT” shall include the sponsor groups, investment manager, project manager(s) and the trustee.</p> <p>“associate” of any person means associate company as defined under the Companies Act, 2013 or under the applicable accounting standards and shall also include</p> <ul style="list-style-type: none"> (i) any person controlled, directly or indirectly, by the said person; (ii) any person who controls, directly or indirectly, the said person;

S. No.	Regulations	Provisions/norms relating to transactions with connected entities/RPT	Definition of terms referred in these provisions
		All RPTs of an InvIT shall be disclosed to the designated stock exchanges and unit holders periodically.	(iii) where the said person is a company or a body corporate, any person(s) who is designated as promoter(s) of the company or body corporate and any other company or body corporate with the same promoter(s); (iv) where the said person is an individual, any relative of the individual;
(5)	SEBI (Real Estate Investment Trusts) Regulations, 2014	Same as in InvIT Regulations as given above, albeit with the threshold of 10% instead of 5%	“related party” shall be defined under the Companies Act, 2013 or under the applicable accounting standards and shall also include parties to the REIT and their promoters, directors and partners; “parties to the REIT” shall include the sponsor group(s), inducted sponsor(s), manager, and trustee;
(6)	SEBI (Mutual Funds) Regulations, 1996	-----	“associate” includes a person, — (i) who directly or indirectly, by himself, or in combination with relatives, exercises control over the asset management company or the trustee or the sponsor, as the case may be, or (ii) in respect of whom the asset management company or the trustee or the sponsor, directly or indirectly, by itself, or in combination with other persons exercises a control, or whose director except an independent director , officer or employee is a director, officer or employee of the asset management company.