

1. Accreditation framework in various global jurisdictions

1.1. Jurisdictions across the world have developed frameworks for identifying investors who may be capable of independently understanding, evaluating and bearing investment risks and who may therefore be eligible for participation in products, structures or regulatory arrangements intended for sophisticated investors.

1.2. A review of international practices provides useful insights into alternative approaches adopted globally and the considerations underlying such approaches. A review of international practices indicates the following -

- a) First, financial capacity continues to remain an important component of most sophisticated investor frameworks.
- b) Second, some jurisdictions have supplemented or complemented financial criteria with indicators of knowledge, experience or professional expertise.
- c) Third, jurisdictions have adopted varying approaches regarding who may perform investor classification or accreditation, including independent entities, regulated intermediaries and self-certification mechanisms.
- d) The distinction between accredited/sophisticated investors and retail investors is maintained to enable access to certain products only to sophisticated investors or to exempt certain products from disclosures/regulatory authorizations.

1.3. International experience demonstrates that there is no single universally accepted model for identifying sophisticated investors. Different jurisdictions have adopted approaches that reflect their respective market structures, regulatory philosophies, supervisory capabilities and investor profiles. In particular, the purpose served by the accredited or equivalent status differs across jurisdictions, and thresholds in each jurisdiction may have been set with reference to the protections being given up.

2. United States

2.1. The United States Accredited Investor framework is administered primarily under Regulation D read with Rule 501 of the Securities Act of 1933. Accredited investor status allows the investor to participate in private placements and other exempt offerings, i.e., offerings made without the registration and disclosure requirements applicable to public offerings.

2.2. Historically, accreditation has been based primarily on income, net-worth and assets criteria. The present thresholds are provided in the Table below.

Criteria	USD	INR
For individuals		
Income (in last 2 years)	\$200K(individual) \$300K (joint)	₹1.91 crores (individual) ₹2.86 crores (joint)
Net-worth (excluding primary residence) either individually or jointly with spouse	\$1 million	₹ 9.54 crores
For corporations, partnerships, LLCs, trusts, family offices and their clients		
Assets	\$5 million	₹ 47.70 crores

2.3. In addition to financial thresholds, the U.S. framework has evolved to recognise certain categories of investors possessing professional knowledge and expertise.

2.4. For example, holders of certain professional securities licences administered by the Financial Industry Regulatory Authority ("FINRA"), including Series 7, Series 65 and Series 82 licence holders, may qualify as accredited investors irrespective of financial thresholds.

2.5. The rationale underlying such recognition is that certain individuals may possess demonstrable financial market knowledge and understanding despite not satisfying prescribed wealth criteria.

- 2.6. Certain investors are automatically classified as accredited investors by virtue of their institutional status such as Banks, Insurers and registered investment companies.
- 2.7. Verification depends on the offering route. In offerings under Rule 506(b), investors self-certify their status. In offerings under Rule 506(c), where public solicitation is permitted, the issuer must take reasonable steps to verify the status through documents such as tax forms for the two most recent years, bank or brokerage statements, or written confirmation from a CPA, attorney, SEC-registered investment adviser or registered broker-dealer. Third-party confirmations must have been given within the preceding three months. The status is checked at the time of each offering.

3. European Union

- 3.1. The European Union adopts a professional-client classification framework under the Markets in Financial Instruments Directive (MiFID II). The main purpose of professional-client status is to decide the level of protection the intermediary must provide to the client. Professional clients receive fewer disclosures and lighter suitability and appropriateness checks than retail clients.
- 3.2. Professional client status is effectively necessary for certain restricted products: alternative investment funds marketed under the professional-only passport (retail access to such funds depends on each member state), and products that are banned or restricted for retail investors under product intervention measures, such as binary options and leveraged contracts.
- 3.3. Investors may be classified either as retail clients or professional clients. Certain investors are automatically classified as professional clients by virtue of their institutional status such as insurers, pension funds, central banks etc.
- 3.4. Retail investors may also elect to be treated as professional clients upon satisfying specified criteria. Under EU's framework, it involves a combination of factors (at least 2) including:

- a) investment portfolio size of EUR 500K (~INR 5.5 crores);
- b) frequency of transactions (10 or more transactions of more than EUR 50K ~ INR 55 lakhs per quarter over the last 4 quarters); and
- c) 1 year or more professional experience in the financial sector.

3.5. Meeting the criteria is not by itself sufficient. The intermediary must separately assess the client's knowledge, experience and expertise, follow a prescribed opt-up procedure with written warnings and client acknowledgements, and maintain records. The status is checked at the time of each offering. The European approach therefore combines financial capacity with indicators of market experience and professional expertise.

4. Luxembourg

4.1. As an EU member state, Luxembourg applies the MiFID II professional-client framework. Parallel to this, Luxembourg fund laws use the concept of the "well-informed investor" to determine who may invest in its lightly regulated alternative fund vehicles: the specialised investment fund (SIF), the investment company in risk capital (SICAR) and the reserved alternative investment fund (RAIF). The purpose of the status is fund-access eligibility: these vehicles may be offered only to well-informed investors.

4.2. A well-informed investor is:

- (a) an institutional investor;
- (b) a professional investor within the meaning of MiFID II; or
- (c) any other investor who confirms in writing that they adhere to the status of well-informed investor and per-investment commitment of EUR 100K (~INR 1.1 crore) or an assessment by a credit institution, an investment firm or a management company certifying that the investor has the expertise, experience and knowledge to adequately appraise the investment.

4.3. The fund or its manager must verify the status. Verification rests on the investor's written confirmation and, where the minimum investment is not

made, the assessment certificate. The status applies for each fund in which the investor invests.

5. Germany

5.1. As an EU member state, Germany applies the MiFID II professional-client framework.

5.2. Parallel to this, the German Capital Investment Code (KAGB) distinguishes between professional, semi-professional and retail investors. Special AIFs (Spezial-AIF), which enjoy a lighter regulatory regime, may be acquired only by professional and semi-professional investors. The “semi-professional investor” is a category specific to German law and creates a middle tier between retail and professional investors. The purpose of the status is fund-access eligibility.

5.3. The present thresholds for semi-professional investor are provided in the Table below.

Criteria	EUR	INR
Standard route - per-investment commitment and suitability assessment	€ 200K	₹2.2 crores
Large-commitment route	€ 10 million	₹ 110 crores

5.4. The assessment and confirmation are carried out and documented by the fund manager, for each fund in which the investor invests.

6. France

6.1. As an EU member state, France applies the MiFID II professional-client framework.

6.2. Parallel to this, French law provides for “professional funds”, principally the specialised professional fund (fonds professionnel spécialisé, FPS) and the professional private equity fund (fonds professionnel de capital investissement, FPCI), which are declared to the French regulator (AMF). The purpose of the eligibility conditions is fund-access: these funds may be subscribed only by the categories of investors set out below:

Criteria	EUR	INR
Minimum subscription (per-investment commitment)	€ 100K	₹1.1 crores
Experienced private-equity investors (FPCI) (investors who have previously invested in comparable private-equity vehicles)	€ 30K	₹ 33 lakh
Professional clients under MiFID II framework		

6.3. The management company or distributor checks the investor's eligibility at the time of subscription and the eligibility is examined for each fund.

7. United Kingdom

7.1. UK framework gives cognizance to the professional-client classification under the UK's onshored MiFID rules, which deals with the protections owed by authorised firms to their clients.

7.2. Separately, the United Kingdom also utilises categories of high net worth individuals (HNWI) and sophisticated investors under its financial promotion regime. The purpose of these categories is to relax the general restriction on financial promotions.

7.3. A person who is not authorised by the Financial Conduct Authority (FCA) may market unlisted securities and unregulated collective investment schemes to investors in these categories, without the promotion being approved by an authorised firm.

7.4. The present thresholds under HNWI route are provided in the Table below.

Criteria	GBP	INR
Income	£100K	₹1.28 crores (individual)
Net-worth (excluding primary residence and life insurance)	£250K	₹ 3.19 crores

7.5. Certain investors may self-certify that they satisfy prescribed sophistication criteria based upon investment experience, business angel activity or

professional involvement in investment activities such as having PE/ SME finance professional experience in last 2 years, Director of a company with turnover more than GBP 1 million etc.

- 7.6. Eligibility is established by a signed statement from the investor in a prescribed form, accompanied by prescribed risk warnings and acknowledgements. No third-party certification is required. The statement remains valid for 12 months, after which a fresh statement is needed.

8. Australia

- 8.1. Australia utilises two related concepts under the Corporations Act, 2001: the sophisticated investor and the wholesale client.

- 8.2. Sophisticated investor status exempts offers of securities made to such investors from prospectus and disclosure document requirements. Wholesale client status allows access to financial products and services on a wholesale basis, without retail protections such as product disclosure statements. The status is necessary to access wholesale-only funds and offerings, which form a large part of the private funds market. The present thresholds are provided in the Table below.

Criteria	AUD	INR
Sophisticated investor		
Income (in each of last 2 FYs)	AUD 250K	₹1.67 crores
Net-worth	AUD 2.5 million	₹ 16.7 crores
Wholesale client (in addition to above criteria)		
Investment in the financial product being offered	AUD 500K	₹3.34 crores

- 8.3. One of the distinguishing features of the Australian framework is the use of independent certification by qualified accountants valid for 2 years from the date of issue.
- 8.4. Investors satisfying prescribed financial thresholds may obtain certificates from accountants confirming compliance with the relevant eligibility criteria.

8.5. The Australian framework therefore represents an example of an independent verification model that does not necessarily rely upon a dedicated accreditation institution.

9. Singapore and Hong Kong

9.1. Singapore and Hong Kong primarily utilise financial-capacity-based frameworks for identifying accredited or professional investors.

9.2. **Singapore:** Accredited investor status under the Securities and Futures Act exempts offers made to such investors from prospectus requirements and permits access to restricted schemes, i.e., funds offered only to accredited investors. The status is necessary for restricted schemes and most private placements, which are open only to accredited and institutional investors.

9.3. **Hong Kong:** Professional investor status exempts offers and offer documents addressed to such investors from authorisation requirements, thereby enabling private placements. It also allows intermediaries to relax certain Code of Conduct requirements. In the case of individual professional investors, the intermediary must first assess the investor's knowledge and experience. The status is necessary for funds and offers that are not authorised for sale to the retail public, including most private funds.

9.4. The present thresholds are provided in the Table below.

Criteria	Home Currency	INR
Singapore		
Net personal assets (primary residence capped at 1 million)	SGD 2 million	₹14.8 crores
Net financial assets	SGD 1 million	₹7.4 crores
Income in last 12 months	SGD 300K	₹2.2 crores
Net assets (corporate)	SGD 10 million	₹74 crores
Hong Kong		
Portfolio (Individual or joint with spouse or child/ Corporate)	HKD 8 million	₹9.72 crores
Total assets (Corporate)	HKD 40 million	₹48.63 crores

9.5. Verification is generally undertaken by regulated financial intermediaries based upon prescribed criteria and supporting documentation. The status is checked at the time of each offering.

The consultation paper is available at the following link:

https://www.sebi.gov.in/reports-and-statistics/reports/aug-2026/consultation-paper-on-review-of-accredited-investor-framework_103550.html

Annexure C

Summary of the public comments on ‘Consultation paper on Review of the Accredited Investor Framework’

A total of 58 respondents submitted 486 responses on the ten proposals set out in the consultation paper. The proposal-wise level of agreement is tabulated below –

Proposals		No. of people/entities agreeing to the proposal					
S. No.	Proposal Description	Strongly Agree	Agree	Partially Agree	Disagree	Strongly Disagree	Total Count
1.	Manager led accreditation	23	15	8	6	1	53
2.	Validity of Manager led accreditation	12	19	15	5	1	52
3.	Safeguards for Manager led accreditation	17	15	12	6	1	51
4.	Continuation of the Accreditation Agency route	22	19	4	5	1	51
5.	Alignment of validity norms for the Accreditation Agency route	16	22	4	4	2	48
6.	Securities market assets as an additional eligibility criterion and thresholds	11	11	18	4	6	50

7.	Deemed Accredited Investor status for Persons Resident Outside India	16	18	8	4	1	47
8.	'Look-through' for Limited Liability Partnerships	11	17	13	4	1	46
9.	Accreditation of a wholly owned subsidiary on the parent's net worth	14	17	5	5	1	42
10.	Draft regulatory amendments placed at Annexure D	5	14	21	4	2	46
Total		147	167	108	47	17	486

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

Proposal 1. Manager led accreditation

A Manager may be permitted to determine and record the accreditation status of an investor into an investment product, and may also recognise an investor as accredited during the tenure of an ongoing scheme, subject to the investor meeting the stipulated eligibility criteria. The proposal does not permit an investor to self-certify or self-declare its own accredited status.

It is proposed to permit the Manager of an AIF, SIF or PMS (Manager) to determine and record the accreditation status of an investor at the time of onboarding and during the tenure of the scheme/service, subject to fulfilment of the prescribed eligibility criteria. Self-certification by the investor would not be permitted.

S. No.	Comments received	SEBI's views
1.	Broad support was expressed for integrating accreditation with onboarding. It was noted that the Manager already obtains and verifies net worth, income and source of funds information under its KYC/ AML and subscription obligations, so that the determination leverages work already undertaken and does not create a fresh verification burden; and that the limited number of Accreditation Agencies is itself a bottleneck causing delay. A number of respondents supported the proposal, noting that Managers already undertake verification of an investor's financial position, source of funds and other KYC/AML requirements at the time of onboarding. Accordingly, requiring investors to separately approach an Accreditation Agency may result in duplication of verification, additional cost and delay. It was also submitted that the limited number of Accreditation Agencies may constrain capacity and that permitting Managers to undertake accreditation would improve accessibility.	The comments are in support of the proposal and recognise the rationale recorded in the consultation paper.

S. No.	Comments received	SEBI's views
2.	It was submitted that accreditation is founded on independent, third party, neutral review, and that the Manager is an interested party whose incentive runs in one direction only, in that it benefits from more investors qualifying and never from fewer. The incentive was said to be sharpest where accreditation removes the ticket size floor (INR 1 crore for AIFs, INR 10 lakh for SIFs and INR 50 lakh for PMS). Two alternatives were suggested — (a) Manager determination as a preliminary step only, to be confirmed by an Accreditation Agency within a specified period, with prescribed consequences and a proportionate penalty where confirmation is not forthcoming; and (b) the Manager to collect and upload documents to an Accreditation Agency on a KRA type platform, with the Agency verifying and issuing the certificate.	The concern regarding potential conflict of interest was recognised while formulating the proposal and was also considered in the Consultation Paper. Hence, the safeguards at Proposal 3 are intended to address the potential conflict of interest concerns. These would include a laid down accreditation policy separating the accreditation function from business development, maintenance of records, audit and a clear accountability framework. Further, the Manager already has an established relationship with the investor and undertakes investor level verification as part of onboarding and its continuing regulatory obligations. Requiring the investor to approach an Accreditation Agency in every case, or requiring every Manager led determination to be independently confirmed by an Accreditation Agency, would substantially dilute the intended objective of the proposal, namely, to reduce duplication, cost and timelines in the accreditation process. The Accreditation Agency route is proposed to continue as an independent and portable alternative. An investor who prefers an accreditation determination independent of the Manager, or who wishes to use the accreditation across unrelated Managers, may continue to obtain accreditation

S. No.	Comments received	SEBI's views
		through an Accreditation Agency. Thus, Manager-led accreditation would provide an additional route and would not replace the existing Accreditation Agency mechanism.
3.	It was suggested that SEBI may prescribe minimum standards/ SOPs for Manager led accreditation, including a common eligibility assessment methodology, documentation and verification requirements, record retention standards and conflict of interest controls, so that the process is consistent across Managers.	The documents to be furnished for each eligibility criterion are already specified in the proposal, and the circular to be issued will prescribe the granularities of the accreditation policy, such as the verification and documentation requirements, so as to ensure consistency while avoiding unnecessary procedural prescription in the regulations.
4.	It was submitted that confining the right to the Manager does not resolve duplication for an investor who is onboarded across unrelated Managers through a common intermediary, and that SEBI-registered distributors, Qualified Stock Brokers who are also Depository Participants, KYC Registration Agencies and Registrars and Transfer Agents should equally be permitted to determine accreditation, subject to the same safeguards. It was noted that in France, on the comparative study set out in the consultation	The draft amendment to Regulation 2(1)(ab) refers to recognition by 'a specified SEBI registered/ regulated entity', and therefore permits the class of accrediting entities to be specified, and expanded, by the Board from time to time. At this stage, the Manager is proposed to be recognised as the accrediting entity since it has a direct relationship with the investor, undertakes onboarding and is responsible for compliance in relation to the relevant scheme/service. The suggestion merits consideration and may be considered on a subsequent comprehensive review of the framework, based on operational experience.

S. No.	Comments received	SEBI's views
	paper, the management company or the distributor checks eligibility.	
5.	Other suggestions — (a) permit the determination to be anchored in consent based Account Aggregator data, credit bureau data for liabilities and API based income verification, on the footing that a SEBI-registered Manager is a Financial Information User under the RBI Directions; (b) deem an investor accredited where a commitment of INR 5 crore or more is made to a single scheme; (c) clarify whether the Manager must issue a certificate or whether a record in its books suffices; and	(a) There are questions as to the feasibility and operationalisation of a system of Account Aggregator and credit bureau data for the purpose of granting accreditation. However, the proposed framework enables a practising Chartered Accountant to certify net worth, and entities may deploy such data in arriving at the net worth so certified. (b) Accreditation based merely on the investor's commitment to a particular scheme is not considered appropriate, as it would effectively reintroduce commitment (and not investment) as a proxy for investor sophistication, which is contrary to the long term vision of transitioning to accreditation status as the metric. (c) The Manager led process is intended to involve determination and recording of accreditation status and does not envisage a separate accreditation certificate.

Proposal 2. Validity of Manager led accreditation

(a) For onboarding in investment products launched by different Managers, the accreditation is proposed to be undertaken each time an investor is onboarded by a Manager.

(b) For onboarding in investment products launched by the same Manager, the accreditation status may be given a validity period of 3 years from the date of eligibility assessment. The Manager is proposed to be recognised at group entity level, so that

the validity of accreditation extends to Managers of the same group entity across investment vehicles viz. AIF, SIF and PMS.

S. No.	Comments received	SEBI's views
1.	Respondents broadly supported the proposed three-year validity and recognition at the Manager/group level. It was noted that this is an improvement on the extant position, under which an investor chooses between a 2 year and a 3 year certificate at separate cost, and that group level recognition across AIF, SIF and PMS vehicles is a material simplification.	The comments are in support of the proposal.
2.	With regard to Part (a), it was submitted that requiring a fresh determination at every unrelated Manager would result in duplication and undermine the objective of simplifying accreditation. It was suggested that accreditation should attach to the investor and be portable across Managers, with only periodic re-verification or verification upon a material change. The concern was pressed most strongly for angel investors, who by market practice spread commitments across many unrelated funds, so that limb (a) is for them the norm rather than the exception. The remedy proposed was a central, consent based record of accreditation status — variously described as a	A portable, Manager agnostic accreditation is already available under the Accreditation Agency route, which is retained under Proposal 4 and whose validity is proposed to be aligned at three years under Proposal 5. An investor who wishes to invest across unrelated Managers may avail Accreditation Agency route and obtain a certificate usable across intermediaries and products. Manager-led accreditation is intended to be linked to the Manager's own determination and accountability. A determination made by one unrelated Manager may not necessarily be relied upon by another Manager without undertaking appropriate verification, particularly since the latter

S. No.	Comments received	SEBI's views
	CKYC linked portability portal, a KRA based repository or an Accredited Investor Registry recording the accrediting entity, date of assessment, basis, validity and status — on which a subsequent Manager could rely subject to a no-material-change declaration and risk based checks. It was noted that the record need only confirm status and validity and need not expose the investor's underlying financial information to every Manager.	would be responsible for its own compliance and investor onboarding. The suggestion for a centralised record of accreditation status may be considered on a subsequent comprehensive review of the framework, in consultation with the market infrastructure institutions.
3.	It was submitted that the validity period should be 5 years and not 3, reference being made to the consultation paper on simplification of client onboarding, which proposes a five year periodic review cycle for KYC records, and it being argued that regulatory harmonisation of timelines is itself an ease of doing business measure.	KYC periodic review is directed at identity and risk categorisation, which are relatively stable attributes. However, accreditation rests on income, net worth or securities market assets, which change over time, and periodic verification is what keeps accredited status reflective of the investor's prevailing financial circumstances. A 3 year validity therefore provides a reasonable balance between certainty for investors and periodic verification of continued eligibility. Further, the proposed 3 year period represents a simplification from the existing framework while retaining an appropriate periodicity for reassessment. Therefore, the suggestion may not be accepted.

S. No.	Comments received	SEBI's views
4.	It was also submitted that AIF schemes typically run eight years extendable by two, so that a 3 year validity requires re-verification at least twice in a single scheme's life; and that accreditation should be perpetual, or at least not revalidated during a subsisting engagement, the requirement to establish status being confined to the onboarding stage and the status continuing until cessation of the scheme or redemption by the investor.	It may be noted that the extant framework already provides that an investor who is accredited at the time of onboarding into a scheme remains tagged as accredited for the remaining life of that scheme, so that no revalidation is required in respect of that investment.
5.	It was submitted that where one Manager records an investor as accredited and another, on the same documents, does not, the framework provides no consequence and no means of identifying a Manager whose standards are consistently out of line; and that an investor who fails an assessment with one Manager may simply approach another.	Manager led accreditation is based on a determination undertaken by the concerned Manager, which is responsible for ensuring compliance with the applicable eligibility requirements. A Manager would not be required to onboard or accredit an investor merely because another Manager has done so. Differences in determinations may arise where the Managers have different information available to them or apply their respective verification processes. An investor seeking a portable accreditation status may continue to use the Accreditation Agency route.
6.	Clarification was sought on the scope of 'Group' — whether group entity validity	The expression 'Group' will be defined while specifying the modalities, and it

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	extends to co-investment vehicles structured as separate legal entities, and to LVF linked benefits across schemes of the same group.	is proposed that it be aligned with the definition of 'corporate group' under the AIF Regulations, which is reproduced below – Explanation I to Regulation 19F (1): "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." Adoption of an existing regulatory definition would avoid a fresh test being introduced for this purpose alone, and would provide certainty as to the entities across which the validity of a Manager led accreditation extends.

Proposal 3. Safeguards for Manager led accreditation

Manager led accreditation is proposed to be accompanied by safeguards comprising an accountability framework, maintenance of records and verification evidence, audit requirements, and a laid down accreditation policy at the level of each Manager specifying conflict of interest norms, escalation and grievance redressal processes and record retention infrastructure covering data privacy and cybersecurity.

S. No.	Comments received	SEBI's views
1.	There was broad agreement that the safeguards are the necessary counterweight to Manager led accreditation, and that they should be standardised across accrediting entities.	The comments are in support of the proposal.
2.	It was submitted that the safeguards should be prescribed in the circular rather than left to each Manager's policy — the verification steps to be set out in checklist form, the record retention period to be stated as a definite number of years given the data protection implications, the timelines for reassessment and reporting to be fixed, and the consequences of an erroneous determination to be specified, distinguishing negligence from a failure to follow the prescribed process. It was pointed out that a requirement that accreditation be 'separated from business development activity' will achieve little unless the circular specifies what that separation looks like in a firm where the same personnel perform both functions.	The broad contours of the safeguards are proposed to be specified by SEBI. However, it is proposed that the granular details may be developed by the Standard Setting Forum for AIFs.
3.	The requirement of an annual independent audit was said to be disproportionate and duplicative. This was the most widely shared reservation. It was submitted that AIFs are already subject to a statutory audit	The regulatory objective is an independent check on the integrity of the accreditation process, and that objective can be met without mandating a separate audit engagement.

S. No.	Comments received	SEBI's views
	and to the annual PPM audit, that the accreditation records will in any event be available for inspection under the record keeping safeguard, and that a separate annual external audit creates a parallel compliance track and a fixed cost that falls hardest on smaller Managers. The alternatives suggested were to subsume the review within the existing annual PPM audit; to permit it to be performed by a practising member of the ICAI or ICSI or a practising lawyer rather than the statutory auditor, whose engagement is defined around the financial statements; or to rely on internal audit and compliance review, with external audit reserved for cases where specific risk indicators arise.	The details of the audit requirement will be specified in the circular to be issued.
4.	It was submitted that the safeguards are calibrated for large AIF/ PMS houses whereas most Angel Fund managers are two or three person teams, for whom a standalone compliance function and an annual audit are institutional scale requirements; and that the safeguards should be capable of being discharged through a shared, industry run accreditation support utility, including a shared compliance role keeping the person determining accreditation distinct from the person soliciting the commitment. It was further	The safeguards would be applied on principle basis. The objective is not to impose a disproportionately burdensome framework on smaller Managers. As regards the discharge of the safeguards through a shared utility, it may be clarified that responsibility for the determination continues to rest with the Manager, irrespective of any arrangement it may enter into for support services. Further, with respect to the issue on escalation, an investor who is

S. No.	Comments received	SEBI's views
	submitted that a grievance process run by the same Manager whose determination is in dispute is not a meaningful remedy, and that an investor should be able to escalate to an Accreditation Agency or to SEBI.	dissatisfied with a Manager's determination retains an independent remedy under the framework itself, namely the Accreditation Agency route, which is available irrespective of any Manager's view, in addition to the ordinary grievance redressal mechanisms.
5.	It was observed that accreditation requires the investor to place income tax returns, eCAS and bank statements before the verifying party, and that investors are reluctant to share such information with a Manager with whom they have a commercial relationship. It was suggested that a single certificate from a practising Chartered Accountant confirming that the applicable threshold is met be accepted in place of the underlying documents, extended also to the income criterion; and that depositories be enabled to generate a threshold confirmation certificate or eligibility flag confirming only whether the prescribed threshold is met, without disclosing the composition or value of holdings.	The suggestion regarding a Chartered Accountant's certificate for the income criterion may be accepted. The feasibility of a threshold confirmation or eligibility flag generated by depositories on investor consent may be considered separately on a subsequent comprehensive review of the framework, in consultation with the relevant stakeholders.
6.	It was submitted that no separate safeguards are necessary, as Managers are already subject to a code of conduct, data protection and privacy laws and cyber security norms.	Accreditation is a distinct determination that unlocks regulatory flexibilities, and the existing obligations of a Manager are not directed at it. Specific safeguards are

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		therefore necessary and the suggestion may not be accepted.

Proposal 4. Continuation of the Accreditation Agency route

The Manager led accreditation framework is intended to operate as an additional and optional route for determination of accredited status, and not in substitution of the existing Accreditation Agency based framework. The Accreditation Agency route shall continue to remain available to investors, who may elect to obtain a certificate of accreditation from a recognised Accreditation Agency, independent of any particular Manager.

S. No.	Comments received	SEBI's views
1.	There was strong support for retaining the dual route. The neutrality and portability of an Agency issued certificate was valued, as was its usefulness for investors who deal with several unrelated Managers and the option it preserves for an investor who does not wish to place financial documents before a Manager. It was said that retention preserves investor choice and that the Manager led route should never become the sole or default path.	The comments are in support of the proposal. The proposal is retained.
2.	It was submitted that the Agency route should be discontinued or phased out, on the footing that retaining a parallel route perpetuates dual processes, differing standards of implementation and operational	The two routes serve different purposes. The Accreditation Agency route provides an independent, Manager agnostic determination that is portable across intermediaries and products, and it is that portability which the Manager led route, by its nature, cannot supply. Discontinuing it

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	inefficiency; that the proposed safeguards are themselves sufficient to ensure integrity; and that once the Manager led framework is operational it should become the primary mechanism.	would remove the only route available to an investor who does not wish to route financial information through a Manager, and would leave the framework wholly dependent on determinations made by interested parties. The suggestion may not be accepted.
3.	Conversely, it was submitted that only the Accreditation Agency should be permitted to accredit, as Accreditation Agencies are independent third parties governed as subsidiaries of market infrastructure institutions; that a scattered process would call into question the viability of centralised agencies given the small number of eligible investors; and that a single accrediting authority is necessary for uniformity.	The concern regarding independence has been considered under Proposal 1. The Accreditation Agency route continues to be available and the proposal does not displace it. It adds an optional route so as to address the duplication, cost and capacity constraints recorded in the consultation paper.
4.	It was submitted that a Manager should not be required to re-determine status where the investor holds a valid Agency certificate, and that the status once accepted should be grandfathered for the tenure of the product.	Accreditation agency route is going to continue which means that a certificate of accreditation issued by a recognised Accreditation Agency and valid as on the date of onboarding will be relied upon by the Manager, and no fresh determination is required in such a case. Further, as regards existing schemes, an investor who is an accredited investor at the time of onboarding into a scheme continues to be reckoned as an accredited

S. No.	Comments received	SEBI's views
		investor for the remaining life of that scheme.
5.	It was submitted that existing Angel Funds and their investors, who committed under the framework prevailing at the time, should be grandfathered or given a transition period of six to twelve months before the revised requirements apply.	The framework proposed is prospective in operation. The revised eligibility criteria and the Manager led route would apply to determinations of accreditation made on or after the date on which the amendments take effect, and an investor accredited under the extant framework would continue to be treated as accredited for the unexpired validity of that accreditation. As regards existing schemes, an investor who is an accredited investor at the time of onboarding into a scheme continues to be reckoned as an accredited investor for the remaining life of that scheme. With regard to request of angel funds, SEBI vide Circular dated September 07, 2026 has extended the glidepath for existing angel funds by six more months i.e. till March 31, 2027.
6.	It was suggested that the accrediting function be opened to other regulated entities and market infrastructure institutions — depositories, Registrars and Transfer Agents and KYC Registration Agencies — with automated or simplified certification at nominal cost for investors whose eligibility is evident from eCAS or	The role of additional entities in undertaking accreditation has been considered under Proposal 1. As regards the fees charged by Accreditation Agencies, such fees are commercial in nature. The introduction of the Manager led route and of the securities market assets criterion, is expected to

S. No.	Comments received	SEBI's views
	depository records; and that a reduced Agency fee be examined for Angel Fund investments, so that the choice between routes is not theoretical for investors who find the Agency route unaffordable.	provide investors with additional avenues for rationalisation of costs.

Proposal 5. Alignment of validity norms for the Accreditation Agency route

The validity norms of accreditation granted through the Accreditation Agency route are proposed to be aligned with the validity norms prescribed for Manager led accreditation for the Manager's own schemes.

S. No.	Comments received	SEBI's views
1.	Respondents broadly supported alignment of the validity period, noting that a common validity period would avoid differential treatment between the two accreditation routes and reduce the possibility of regulatory arbitrage.	The comments are in support of the proposal.
2.	It was submitted that alignment should operate in the opposite direction — the Accreditation Agency route being the established mechanism, its validity treatment should remain unchanged and the Manager led route should be aligned to it.	The extant validity is itself among the concerns raised by industry as a source of recurring compliance cost, and the review is directed at addressing it. Aligning both routes at three years achieves parity while delivering the relief sought. The suggestion may not be accepted.
3.	A longer validity was sought for the Agency route, given that an Agency certificate is portable across Managers — five years, or six years as against three for the Manager	A differential validity would reintroduce the very arbitrage between the two routes that this proposal seeks to remove.

S. No.	Comments received	SEBI's views
	led route — or that a longer period be available to investors who have consistently met the criteria over multiple years and materially exceed the thresholds, with light touch revalidation.	Further, the case for periodic verification applies equally to both routes, since the underlying eligibility criteria and the documents evidencing them are the same in each case. A longer/differential validity based on the extent to which an investor exceeds the eligibility threshold would introduce additional complexity and may require collection and verification of additional information. Since the same underlying financial criteria apply, a common 3 year validity is considered appropriate.
4.	Clarification was sought on whether an investor who already holds a shorter validity Agency certificate would have it extended to three years from the original date of issue, or must reapply.	Pursuant to issuance of the relevant circular, any investor who wishes to avail of the revised validity may seek a fresh accreditation on the revised simplified documentation. Accordingly, no grandfathering is proposed in this regard.
5.	It was suggested that an eCAS summary statement not older than six months be recognised as a validity norm; that depositories be enabled to share CAS with Accreditation Agencies electronically on investor consent, or through API connectivity, so that the Agency can itself ascertain the veracity of the eCAS, in which case a Chartered Accountant's certificate would be unnecessary; and that broker statements should not be	The proposal already contemplates the eCAS summary statement as evidence of securities market assets. The suggestion for direct electronic or API connectivity between depositories and Accreditation Agencies is an operational measure and may be considered separately on a subsequent comprehensive review of the framework, with the depositories and the Agencies. As regards broker statements, stock brokers are SEBI-registered intermediaries subject to regulatory oversight and their statements are drawn

S. No.	Comments received	SEBI's views
	accepted as brokers are not independent third parties, a statement from the stock exchange where the applicant holds a trading account being used instead.	from the same underlying records; the concern is better addressed through the standards prescribed for such statements than by excluding them.
6.	It was submitted that the question does not arise if the Agency route is discontinued.	The issue of continuation of the Accreditation Agency route has been considered under Proposal 4. The route is proposed to continue as an independent and portable accreditation mechanism.

Proposal 6. Securities market assets as an additional eligibility criterion

It is proposed to introduce an additional criterion for accreditation on the basis of securities market assets alone, the same being verifiable through the eCAS generated by depositories and/ or a broker statement, thereby eliminating the need to rely on manual intervention.

Investors possessing securities market assets of at least INR 5 crore may qualify for accreditation at the individual level, and for body corporates and trusts other than family trusts, the securities market assets threshold may be kept at INR 20 crore.

S. No.	Comments received	SEBI's views
1.	Respondents broadly supported the introduction of this additional route, noting that securities market holdings are relatively transparent and verifiable and may serve as an objective indicator of an investor's familiarity with financial markets and ability to bear investment risk. It was also submitted that this route could reduce the need	The comments are in support of the proposal.

S. No.	Comments received	SEBI's views
	for extensive manual certification and facilitate a simpler, technology-enabled accreditation process	
2.	The thresholds were suggested to be too high. The suggestions received, in descending order, were INR 3.75 crore for individuals so as to align with the financial assets component of the extant net worth test; INR 3.5 crore for individuals and INR 10 crore for body corporates; INR 3 crore and INR 15 crore; INR 2.5 to 3 crore for individuals; INR 2.5 crore; INR 2 crore and INR 10 crore; and INR 1 crore for individuals, INR 2 crore for a family and INR 10 crore for body corporates. A threshold of INR 10 crore for companies alone was also suggested, as was INR 10 crore for an exclusive securities assets route. The rationale advanced was that a typical angel investor deploys INR 2 to 5 lakh per company and about INR 25 lakh a year, that most Indian household wealth is held in real estate and gold rather than securities, and that relative to per capita income a	The threshold was not set by reference to the extant financial assets sub-limit but from the analysis of holdings brackets against participation in exchange traded options, which shows the proportion of risk taking investors rising roughly four-fold between the base bracket and the INR 5 crore mark. It also deliberately carries a margin to compensate for the absence of any adjustment for liabilities, securities holdings being a gross measure. Aligning it at INR 3.75 crore would remove that margin, since the INR 3.75 crore sub-limit sits within a INR 7.5 crore net worth test computed net of liabilities, whereas this criterion has no such netting. It is also material that this is an additional and optional route. An investor who does not meet it remains eligible on income or on net worth, and for a body corporate the securities market assets threshold of INR 20 crore is lower than the extant net worth requirement of INR 50 crore. At the proposed thresholds, approximately 3.7 lakh investors would be eligible as against a current AIF investor base of about 96,000, which is a substantial widening of the eligible universe. Further lowering of thresholds may lead to the risk of over-inclusion or retailisation of the product.

S. No.	Comments received	SEBI's views
	INR 5 crore test is far more severe than the US or UK tests set out in the comparative study in the consultation paper. It was separately submitted that for body corporates the requirement of INR 20 crore held specifically in securities is a narrow test, since operating companies hold wealth in business assets. A contrary view was that INR 5 crore is too low and the threshold should be INR 10 crore, and several respondents supported the thresholds as proposed, on the footing that they exclude physical assets altogether and should not be raised.	The thresholds are therefore proposed to be retained.
3.	Respondents suggested that financial thresholds should be supplemented or replaced by a knowledge and experience test, such as professional qualifications, relevant employment/ investment experience, investment history, or an NISM examination combined with a lower financial threshold or a cap on the amount invested.	The extant framework was designed around objective financial criteria, for the reasons set out in the consultation paper: financial capacity enables an investor to engage expert advice and to absorb loss, and financial criteria are less susceptible to interpretational differences across market participants. A knowledge or experience based route would require a verifiable and uniform standard of what constitutes sufficient knowledge, an entity designated to assess it, and a means of reviewing it periodically. It would also materially alter the composition of the accredited investor universe.

S. No.	Comments received	SEBI's views
4.	It was submitted that liabilities, leverage and encumbrances are not captured, eCAS disclosing no borrowings, and that the investors closest to the threshold on gross holdings are, on the reasoning of the consultation paper itself, the investors most likely to be leveraged. The remedies proposed were an investor declaration as to borrowings raised against the securities relied upon; exclusion or haircut of pledged, hypothecated or margin funded holdings, using the pledge and lien information available in eCAS and in depository, broker or custodian records; reckoning only unencumbered securities; and verification of net, encumbrance adjusted assets by a broker who is also a depository participant and therefore has visibility of margin funding.	The absence of any adjustment for liabilities is a known feature of the criterion and has been addressed in the manner in which the threshold has been set. As recorded in the consultation paper, the threshold deliberately carries a margin above the financial assets component of the extant net worth test, precisely to compensate for the fact that securities holdings are a gross measure. Requiring the holdings to be adjusted for borrowings or encumbrances would defeat the purpose of the criterion. The entire rationale for recognising securities market assets is that eligibility can be established from a statement generated by the depository or the broker, without manual intervention. An investor's liabilities are not capable of being established in the same manner; ascertaining them would require a certificate or a self declaration, which is the very exercise that the criterion is designed to avoid, and would leave the accrediting entity dependent on information it cannot independently confirm. Accordingly, it is not proposed to provide for the exclusion of encumbered holdings or for an adjustment in respect of liabilities.
5.	Definitional and valuation issues were raised in respect of the list of qualifying assets — (a) futures open interest is a contingent obligation and not an	(a)- The observation that futures open interest represents an exposure rather than a conventional asset is noted. However, for the purpose of the proposed securities market assets criterion, the relevant consideration is

S. No.	Comments received	SEBI's views
	asset, is not reported by depositories as part of securities holdings, and the basis of computation (notional contract value, margin deployed, point in time or averaged) and the source of data are unspecified; (b) overseas securities market investments fall outside the eCAS reporting framework and the acceptable evidence must be specified; (c) unlisted securities not held in demat form should also qualify, with value certified by a practising Chartered Accountant, and 'overseas securities market investments' should be clarified to include listed and unlisted securities and fund investments; (d) the valuation basis for unlisted securities in demat form is unspecified and last round valuations risk being inflated, with a suggestion that only the amount actually invested be reckoned rather than the appreciated value; (e) investments under the National Pension System are discussed in the consultation paper but omitted from the final	the extent of an investor's participation and exposure in the securities market and not merely whether the instrument is recognised as an asset for accounting purposes. A futures position represents a market exposure undertaken by the investor and therefore provides a relevant indicator of the investor's participation in and familiarity with the securities market. The notional value of the futures position represents the underlying market exposure assumed by the investor. Unlike a passive holding of a security, a futures position creates an obligation whose value is directly linked to movements in the underlying security/index. The size of the notional exposure therefore provides a meaningful measure of the scale of the investor's participation in the securities market. Further, the broker statement provides an objective and verifiable record of the open positions and the corresponding exposure. Accordingly, the notional value of futures positions reflected in the broker statement may be considered for determining the securities market assets threshold. The fact that such exposure is not reflected in eCAS does not warrant its exclusion, since the broker statement is an appropriate source for capturing positions which are maintained through the broker but do not form part of the investor's securities holdings reflected in the

S. No.	Comments received	SEBI's views
	list of qualifying assets, an apparent drafting inconsistency; and (f) undeployed cash held by a portfolio manager pending deployment should qualify.	demat account. Thus, futures exposure reflected in the broker statement may be considered along with the other prescribed securities market assets for determining eligibility under the proposed criterion. With respect to (b), (c) and (d), the framework specifies certification by a practising Chartered Accountant as an alternative means of establishing the threshold, which addresses assets that are not evidenced through the eCAS, including overseas securities market investments and securities not held in dematerialised form. Further standards in respect of the acceptable evidence and the valuation basis may be developed by the Standard Setting Forum for AIFs. The omission of NPS from the securities market asset list may be considered for inclusion, as appropriate. Further, undeployed cash lying with a PMS would not qualify as a securities market asset since the proposed criterion is intended to capture actual holdings in specified securities/market instruments.
6.	Two opposing views were expressed on documentation — that where eligibility is established on securities market assets the eCAS statement should suffice and no Chartered Accountant's certificate should be required, that being the	The proposal already provides the two as alternatives — an eCAS summary statement or broker statement not older than six months, or a certificate from a practising Chartered Accountant. A certificate from CA is therefore not mandatory where the statement itself establishes the threshold.

S. No.	Comments received	SEBI's views
	document with the highest risk of misrepresentation and the least capable of independent verification; and, conversely, that eCAS or broker statements should be supported by a Chartered Accountant's certificate validating value and eligibility.	
7.	It was submitted that accreditation obtained solely on securities market assets should be a gateway to AIF and similar alternative products only, and not to every product and exemption available under the framework, since products differ in complexity, liquidity risk and investor protection requirements.	Accredited status is intended to carry a common meaning across the regulatory framework irrespective of the intermediary or product involved. Product specific accreditation would fragment that meaning, create differential standards for the same investor and open scope for regulatory arbitrage. The suggestion may not be accepted.
8.	It was submitted that real estate, gold, fixed deposits and other non-securities wealth should count, since most Indian investors hold wealth in those forms.	Such assets are already captured by the extant net worth criterion, which remains available. The securities market assets route is an additional route premised specifically on the digital verifiability of the underlying holdings, which assets outside the securities market infrastructure do not permit.
9.	Some respondents suggested that an investor's own declaration regarding securities holdings, experience and risk appetite should be sufficient, particularly where the investor	Self declaration/ self certification is not considered appropriate. The regulatory flexibilities extended to accredited investors, including the removal of the minimum ticket size, rest on the verification of financial capacity by a party other than the investor. The

S. No.	Comments received	SEBI's views
	has substantial market experience.	proposed framework is intended to be based on objective and verifiable financial criteria rather than relying solely on investor declarations.

Proposal 7. Deemed Accredited Investor status for Persons Resident Outside India

It is proposed that deemed Accredited Investor status may be extended to all Persons Resident Outside India, including all Foreign Portfolio Investors, as defined under the Foreign Exchange Management Act, 1999.

S. No.	Comments received	SEBI's views
1.	There was support for the proposal. It was observed that persons resident outside India making cross border investments may reasonably be regarded as undertaking a considered risk, that requiring documentary verification of foreign income and net worth is impractical — Accreditation Agencies presently struggling to verify foreign salary and financial documents — and that the measure would encourage foreign currency inflows into Indian startups and alternative products, with KYC and AML checks continuing to apply.	The comments are in support of the proposal.
2.	Some respondents objected that residency, by itself, should not be treated as a proxy for sophistication. It was submitted that the categories presently accorded deemed status share three attributes identified in the	The rationale for the proposal, as recorded in the consultation paper, is the need to encourage foreign currency inflows and to facilitate ease of access for foreign capital into Indian investment products, consistent with the objective of deepening

S. No.	Comments received	SEBI's views
	consultation paper, namely, sovereign, multilateral or independently regulated character; institutional governance and public accountability; and the absence of the information asymmetry that arises with individual investors. A foreign individual, it was argued, may not possess any of these characteristics. It was further pointed out that the FEMA definition of a person resident outside India covers, inter alia, an individual who has taken up employment or a vocation outside India, without reference to income, net worth or market experience. It was submitted that the proposal could result in an asymmetry whereby a resident individual would be required to satisfy the prescribed financial threshold, including the proposed INR 5 crore securities market assets criterion, whereas a non-resident individual would face no corresponding test. Concerns were also raised regarding possible circumvention, whereby an investor who does not satisfy the domestic eligibility criteria could route an investment through a non-resident relative. Alternatives suggested included restricting deemed status to	the pool of risk capital available to Indian markets. It is also relevant that the requirement of documentary verification of foreign income and net worth has proved impractical in operation, and is itself among the representations recorded in the consultation paper. An equivalence test referenced to home jurisdiction classifications would require the framework to recognise, and to keep pace with, a large number of foreign regimes, and would make the eligibility of an investor reply on the classification adopted in the jurisdiction of residence rather than on a standard administered by the Board. Such a test is not administrable. The concern that a resident investor who does not meet the eligibility criteria could route a commitment through a non-resident relative's account is noted. An AIF and its Manager are reporting entities under the Prevention of Money-Laundering Act, 2002, and are required, under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the SEBI Master Circular on Anti-Money Laundering Standards and Combating the Financing of Terrorism, to carry out client due diligence, to identify the beneficial owner of every investor and to satisfy themselves as to the source of

S. No.	Comments received	SEBI's views
	institutional and regulated categories of PROIs, or requiring an individual PROI to either satisfy the applicable Indian threshold or provide evidence of being recognised as an accredited, professional or sophisticated investor in the home jurisdiction.	funds. In addition, any investment by a Person Resident Outside India into an Indian investment product is routed through the framework of the Foreign Exchange Management Act, 1999 and the reporting attendant on it. An investment made in the name of a non-resident, in which the beneficial interest in fact vests in a resident, would therefore have to be identified and dealt with by the Manager under those obligations.
3.	Clarification was sought on the scope of the deemed category. Since 'person' under FEMA includes individuals, companies, firms, associations of persons and other body corporates, it was asked whether the deemed status extends to all categories of PROI including foreign companies, partnership firms and funds; and on the mechanism for determining accreditation status where a person resident outside India subsequently becomes a person resident in India.	It may be noted that the extant framework already provides that an investor who is accredited at the time of onboarding into a scheme remains tagged as accredited for the remaining life of that scheme, so that no revalidation is required in respect of that investment.
4.	It was submitted that AIFs registered with the International Financial Services Centres Authority, including eligible GIFT City based funds and feeder or pooling vehicles, should be recognised as deemed Accredited Investors, subject to prescribed	The extent to which AIFs in an International Financial Services Centre are included by the PROI definition as per FEMA, shall be covered under proposed deemed category .

S. No.	Comments received	SEBI's views
	regulatory, ownership and beneficial interest safeguards, so as to avoid duplicative accreditation for regulated pooled vehicles.	
5.	It was submitted that Sponsors and Investment Managers should be accorded deemed status, since a Sponsor and Manager are required to maintain a continuing interest in the fund and the framework would in effect require them also to satisfy the accreditation criteria, which is onerous for Sponsors and Managers structured as body corporates or LLPs and would confine fund sponsorship to large entities. A related clarification was sought on whether sponsor, manager and employee commitments to an AIF are deemed to satisfy the Accredited Investor requirement.	The continuing interest contributed by a Sponsor or Manager, and contributions by employees and directors of the AIF or of the Manager, are made in discharge of a regulatory obligation or under a specific carve-out, and are not made in reliance on the flexibilities that accreditation unlocks. Such contributions are already excluded from the reckoning of investors for the purposes of the Large Value Fund and allied definitions, and the minimum commitment requirement does not apply to them. A Sponsor or Manager is therefore not required to be accredited in order to make the contribution that the Regulations require of it, and no separate deemed status is necessary.
6.	Other suggestions — (a) the Manager should have the discretion to decline to treat a PROI as accredited where it considers the investor unsuited, or an exclusion list should be prescribed, since an uninformed foreign investor may be adversely affected by the benefits of accreditation without appreciating them; (b) where the determination for an individual, non-institutional PROI	With respect to (a) and (b), a Manager is not obliged to onboard any particular investor. With respect to (c), a certification route would reinstate the documentation burden that the proposal is intended to remove; the suggestion may not be accepted. With respect to (d), the requirement relating to dematerialisation of units is outside the scope of the present proposals.

S. No.	Comments received	SEBI's views
	is left to the Manager, the Manager's accreditation policy should specifically address the framework applied; (c) a certification based route would afford greater regulatory control than a deeming provision; and (d) the requirement to hold units in dematerialised form should be relaxed for non-residents.	

Proposal 8. 'Look-through' for Limited Liability Partnerships

It was placed for public consultation whether a 'look-through' may be brought in for Limited Liability Partnerships, whereby if each partner is individually an accredited investor, the LLP is granted accredited status, and if so, what safeguards may be incorporated for such inclusion.

S. No.	Comments received	SEBI's views
1.	There was support for the look-through for LLPs, subject to safeguards. It was submitted that the treatment presently available to partnership firms may be extended to LLPs. The safeguards proposed included clear establishment of each partner's accredited status; an undertaking from partners that they are aware of the consequences of being treated as accredited on a look-through basis and will honour the LLP's commitments; a declaration of ultimate beneficial ownership; annual certification of continued accreditation; intimation	The proposal was placed for public consultation without a concluded view, specifically to elicit views on whether a look-through may be permitted and, if so, the safeguards that would need to accompany it. On a consideration of the comments, the look-through is proposed to be permitted. Some of the safeguards suggested by the commenters may accordingly be adopted and would be specified while specifying the modalities, viz. (a) accreditation on the look-through basis being available only where each partner independently meets the eligibility criteria as on the date of the determination; (b) where a partner is itself a

S. No.	Comments received	SEBI's views
	to the Manager or Accreditation Agency of any change in partners within a specified period, failing which the status lapses pending re-verification without affecting completed investments; and a requirement that any incoming partner be an accredited investor. One respondent proposed a defined cure period, with the LLP required to meet the thresholds applicable to non-accredited investors, or face mandatory redemption, if the status is not restored.	body corporate, including another LLP, a firm or a trust, that partner independently meeting the eligibility criteria applicable to it, so that the look-through does not extend beyond one level; As regards the suggestion for a defined cure period with mandatory redemption failing restoration of the status, the same is not considered necessary. Under the extant framework, an investor who is accredited at the time of onboarding into a scheme remains tagged as accredited for the remaining life of that scheme, and investments already made would therefore not be disturbed. A change in the constitution of partners would be relevant for the purpose of a fresh determination of accreditation, on which the LLP would be assessed afresh, either on a look-through basis or at the entity level.
2.	It was submitted that the LLP should be permitted to qualify at the entity level. This was the dominant theme. It was pointed out that an LLP is a body corporate under section 2(d) of the Limited Liability Partnership Act, 2008, with a separate legal identity, limited liability and perpetual succession, and that its accreditation should therefore be assessed at the entity	The submission is well founded and is accepted. An LLP is a body corporate and is, under the extant framework, already assessable against the criteria applicable to a body corporate; upon introduction of the securities market exposure criterion, the threshold applicable to body corporates would equally be available to it. Accreditation at the entity level is unaffected by any change in the partners of the LLP.

S. No.	Comments received	SEBI's views
	level against the criteria applicable to body corporates, which would also avoid the need to reassess whenever partners change. Several respondents proposed that the entity level and look-through routes operate independently. It was also observed that requiring every partner to qualify is impractical for LLPs with a large partner base.	The two routes are proposed to operate independently, as suggested. An LLP each of whose partners is individually accredited may be accredited on the look-through basis, and an LLP that satisfies the criteria applicable to a body corporate may be accredited in its own right. An LLP with a large partner base, or one whose partners are not all accredited, may therefore avail of the entity level route.
3.	A majority test was proposed in place of an 'all partners' test — that the look-through be satisfied where a majority of partners are accredited; where partners holding more than 50% (or 51%) of the contribution or profit sharing interest are accredited, subject to a minimum of two qualifying partners; or where such partners also represent a majority of the economic interest, with reassessment if the accredited share falls below the threshold.	A majority test would permit partners who are not individually accredited to obtain, through the LLP, access to products and flexibilities for which they would not individually qualify, and would convert the LLP into a means of aggregating investors who are not sophisticated. An LLP whose partners are not all accredited may seek accreditation at the entity level.
4.	It was submitted that the look-through should not become a mechanism for pooling a large number of investors who would not independently qualify, and that an outer limit on the number of partners — potentially fewer than 50 — together with ownership,	The rationale underlying the comment is not clear. A look-through, as placed for consultation, would require every partner of the LLP to be individually accredited, and the number of partners would therefore be immaterial. A cap on the number of partners would not add to the safeguard already

S. No.	Comments received	SEBI's views
	contribution and beneficial ownership safeguards, should be prescribed.	inherent in the requirement that each partner independently qualify.
5.	It was suggested that the look-through be restricted to Designated Partners, who are legally responsible for the LLP's compliance and are limited in number; and that failing a workable mechanism on that basis, the LLP be assessed as a separate legal entity in its own right.	Designated Partners are responsible for specified statutory and regulatory compliances of the LLP. However, such responsibility does not, by itself, establish their economic interest in or loss-bearing capacity in respect of the investments made by the LLP. Attribution of Accredited Investor status by reference to Designated Partners would therefore not appropriately reflect the financial capacity of the entity that makes the investment and bears the associated investment risk. The entity level approach is, however, available to the LLP independently. Accordingly, an LLP which does not qualify through a permissible look-through mechanism may seek Accredited Investor status by satisfying the criteria applicable to it as a body corporate.

Proposal 9. Accreditation of a wholly owned subsidiary on the strength of the parent's net worth

It was placed for public consultation whether a wholly owned subsidiary of a company may be recognised as accredited if the parent company holds the prescribed net worth, and if so, what safeguards may be incorporated for such inclusion.

S. No.	Comments received	SEBI's views
1.	There was support for the proposal, subject to documentary and continuing ownership safeguards. The	The proposal was placed for public consultation without a concluded view, specifically to elicit views on whether such recognition may be permitted and, if so, the safeguards that would

S. No.	Comments received	SEBI's views
	safeguards proposed included a certified copy of a shareholders' and board resolution recording that the company is aware of the consequences of being treated as an accredited investor; confirmation by the company's auditor of the parent's prescribed net worth; evidence of the wholly owned status and of the ownership and control chain; confirmation of the subsidiary's authority to make the investment; periodic confirmation that the subsidiary remains wholly owned and that the parent continues to qualify; and immediate lapse of the status on any dilution or change in control.	need to accompany it. The comments received are analysed as under: The safeguards suggested are largely evidentiary. They establish that the parent qualifies and that the subsidiary is wholly owned, but do not address the concern identified in the consultation paper, which is not whether the parent is financially sound, but whether the financial capacity of the parent is available to the subsidiary to meet drawdowns or otherwise honour the investment commitments undertaken by the subsidiary. A company and its wholly owned subsidiary are distinct legal persons and the parent's liability towards the subsidiary is ordinarily limited to its investment in it; a resolution and an auditor's certificate do not by itself, create an obligation on the parent to fund the subsidiary's investment commitments. Further, the same net worth could support the accreditation of any number of wholly owned subsidiaries, each of which would obtain access, on the strength of a single balance sheet, to products for which it does not itself qualify, while the risk of the investment including the obligation to meet drawdowns and other commitments would remain that of the subsidiary and its own stakeholders. It is also relevant that a significant proportion of the respondents who supported the proposal did not identify any safeguard at all, and that a number of those who supported it in principle nevertheless accepted that the parent's net worth

S. No.	Comments received	SEBI's views
		does not establish loss absorption capacity at the level of the subsidiary, and proposed a parent guarantee to bridge that gap. Further, the same net worth could support the accreditation of any number of wholly owned subsidiaries, each of which would obtain access, on the strength of a single balance sheet, to products for which it does not itself qualify; and the risk of the investment would fall on the subsidiary who are not parties to the accreditation.
2.	It was submitted that a parent undertaking or guarantee should be required. Respondents who supported the proposal in principle nevertheless accepted that the parent's liability towards the subsidiary is ordinarily limited to its investment, so that the parent's net worth does not establish loss absorption capacity at the level of the entity actually making the investment and bearing the risk. The remedy proposed was a legally enforceable undertaking, letter of support or board approved capital support from the parent, backing the subsidiary's investment	A parent undertaking or guarantee is a contractual arrangement between two private parties. Recognising it as the basis of accreditation would make an entity's eligibility turn on the existence, terms and continued enforceability of a private contract, which the accrediting entity would have to construe and to monitor for the life of the investment. Its enforceability would depend on its terms, on the solvency of the parent at the time it is called upon, and on the willingness of the subsidiary or its stakeholders to enforce it, none of which is capable of being established at the time of accreditation. The eligibility criteria under the framework are tests of the financial position of the applicant itself, evidenced by objective and verifiable documents. Substituting a promise of future support for such a test would introduce, into an otherwise objective framework, an eligibility route resting on credit support of uncertain quality.

S. No.	Comments received	SEBI's views
	obligations up to the relevant threshold; one respondent additionally suggested a minimum capital infusion into the subsidiary itself, and automatic lapse of the accreditation if the subsidiary ceases to be wholly owned.	Where a parent is willing to stand behind the investment obligations of its subsidiary to the extent of the applicable threshold, the simpler and more certain course is for it to capitalise the subsidiary to that extent, so that the subsidiary satisfies the eligibility criteria in its own right and its loss absorption capacity is demonstrable from its own balance sheet.
3.	There was opposition on the ground of separate legal personality. It was submitted that a company and its wholly owned subsidiary are distinct legal persons; that the parent's net worth does not translate into loss absorption capacity at the subsidiary; that it is the subsidiary's own stakeholders, including its creditors, who bear the risk of the investment; that a parent could form multiple wholly owned subsidiaries against the same net worth; and that several regulators require ring-fencing of assets and liabilities as between a company and its subsidiaries.	The concern is well founded and may be accepted.
4.	It was suggested that a parent and its wholly owned subsidiaries be treated as one economic group for the limited	The suggestion does not address the underlying concern identified in the consultation paper. Treating a parent and its wholly owned subsidiaries as a single economic group for the

S. No.	Comments received	SEBI's views
	purpose of accreditation, so that substantially identical assessments are not repeated, with a fresh check triggered only on dilution, change in control or a material change in the parent's eligibility.	purposes of accreditation is a restatement of the proposal rather than an answer to it. The entities would remain distinct legal persons, the investment would continue to be made by the subsidiary, and the loss arising from it would continue to be borne by the subsidiary and its own stakeholders, notwithstanding that the group as a whole is financially sound. The suggestion may not be accepted.

Proposal 10.Draft regulatory amendments

The draft of the regulatory amendments proposed to be carried out was placed at Annexure D to the consultation paper.

S. No.	Comments received	SEBI's views
1.	It was pointed out that the draft does not give effect to Proposals 8 and 9 — Annexure D carries the amendments required for the securities market assets criterion and for Persons Resident Outside India, but contains no clause covering the look-through for LLPs or the recognition of a wholly owned subsidiary. The specific drafting suggested was that Regulation 2(1)(ab)(iv) be recast to read 'in case of a partnership firm set up under the Indian Partnership Act, 1932 or a Limited Liability Partnership set up under the Limited Liability Partnership Act, 2008, each partner independently meets the eligibility criteria for accreditation', and that	Proposals 8 and 9 were placed for public consultation without a concluded view, and the draft amendments were accordingly confined to the proposals on which a view had been formed.

S. No.	Comments received	SEBI's views
	separate sub-clauses be inserted for LLPs and for wholly owned subsidiaries.	
2.	Drafting points were raised on the securities market assets clauses — that futures open interest positions and overseas securities market investments are not captured or evidenced through eCAS and must be evidenced by other documentation; that futures open interest ought not to be reckoned at all, since it represents an outstanding derivative position rather than a holding; that the independent agencies whose statements may be relied upon for overseas investments must be identified in the circular; and that undeployed cash held by a portfolio manager pending deployment should be added to the list of qualifying assets.	The comments relating to futures open interest, overseas securities and the evidentiary requirements for the securities market assets criterion are dealt with under Proposal 6. The definition of securities market assets, the instruments to be included and the documentary evidence required for establishing such assets will be specified through the regulatory framework/circular, with the granular operational standards being formulated by the Standard Setting Forum for AIFs. As regards undeployed cash held by a portfolio manager, such cash does not constitute a securities market asset merely because it is held in connection with a securities market investment or is intended to be deployed in securities. Accordingly, the suggestion may not be accepted.
3.	Objection were raised to the enabling limb of the proposed definition permitting recognition by 'a specified SEBI registered/ regulated entity'. It was submitted that this enabling provision should not be introduced; that the modalities at Clauses B.1.1, B.1.2 and B.1.4 should not be issued	The underlying objections to Manager led accreditation are dealt with under Proposals 1 and 4. The enabling formulation is necessary to give effect to the proposal and to permit the class of accrediting entities to be specified by the Board, and specification of operational modalities by circular is consistent with

S. No.	Comments received	SEBI's views
	by circular; that the revised validity norms should apply only to accreditation granted through the Accreditation Agency route; and that Clause B.3.3.2 should be dropped.	the manner in which the accreditation framework has been administered since 2021.

Relevant clauses from Section 2 of the Foreign Exchange Management Act, 1999

Section 2(u) — "person"

"person" includes—

- i. an individual,
- ii. a Hindu undivided family,
- iii. a company,
- iv. a firm,
- v. an association of persons or a body of individuals whether incorporated or not,
- vi. every artificial juridical person, not falling within any of the preceding sub-clauses, and
- vii. any agency, office, or branch owned or controlled by such person;

Section 2(v) — "person resident in India"

"person resident in India" means—

- i. person residing in India for more than one hundred and eighty-two days during the course of the preceding financial year but does not include—
 - A. a person who has gone out of India or who stays outside India, in either case—
 - a) for or on taking up employment outside India, or
 - b) for carrying on outside India a business or vocation outside India, or
 - c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period;
 - B. a person who has come to or stays in India, in either case, otherwise than—
 - a) for or on taking up employment in India, or

- b) for carrying on in India a business or vocation in India, or
 - c) for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period;
- ii. any person or body corporate registered or incorporated in India,
- iii. an office, branch or agency in India owned or controlled by a person resident outside India,
- iv. an office, branch or agency outside India owned or controlled by a person resident in India;

Section 2(w) — "person resident outside India"

"person resident outside India" means a person who is not resident in India;

Annexure E

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

Annexure F

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