

DRAFT CIRCULAR FOR PUBLIC COMMENTS

Relaxation in requirement of intimation of changes in the terms of Private Placement Memorandum of Alternative Investment Funds through Merchant Banker

Background

1. In terms of para 2.5.3 of SEBI Master Circular No. SEBI/HO/AFD/PoD1/P/CIR/2023/130 dated July 31, 2023 for AIFs, intimation with respect to any change in the terms of Private Placement Memorandum (PPM) is required to be submitted to SEBI through a merchant banker, along with a due diligence certificate from the merchant banker in a format specified by SEBI. Such changes in the terms of PPM and in the documents of the fund/scheme are required to be intimated to investors and SEBI on a consolidated basis, within 1 month of the end of each financial year.
2. To facilitate ease of doing business and rationalise cost of compliance for AIFs, it is proposed that changes in certain terms of PPM may not be required to be submitted through a merchant banker and may be filed directly with SEBI.

Public Comments

Public comments are invited on the draft Circular on “Relaxation in requirement of intimation of changes in the terms of Private Placement Memorandum of Alternative Investment Funds through Merchant Banker”, placed at **Annexure 1**. The comments/suggestions should be submitted latest by April 26, 2024, through the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

In case of any technical issue in submitting your comment through web based public comments form, you may contact afdconsultation@sebi.gov.in with subject: "Relaxation in requirement of intimation of changes in the terms of Private Placement Memorandum of Alternative Investment Funds through Merchant Banker".



DRAFT CIRCULAR

SEBI/HO/AFD/PoD/CIR/2024/

April __, 2024

To,
All Alternative Investment Funds
All Merchant Bankers

Sir / Madam,

Sub: Relaxation in requirement of intimation of changes in the terms of Private Placement Memorandum of Alternative Investment Funds through Merchant Banker

1. In terms of para 2.5.3 of the SEBI Master Circular No. SEBI/HO/AFD/PoD1/P/CIR/2023/130 dated July 31, 2023 for Alternative Investment Funds (AIFs), intimation with respect to any change in the terms of Private Placement Memorandum (PPM) is required to be submitted to SEBI through a merchant banker, along with a due diligence certificate from the merchant banker in a format specified by SEBI.
2. In this regard, based on the feedback received from the market participants, the aforesaid requirement was reviewed to identify changes in the terms of PPM which may not be required to be submitted through a merchant banker and may be filed directly with SEBI, thereby, facilitating ease of doing business and rationalise cost of compliance for AIFs.
3. Accordingly, it has been decided that changes in the terms of PPM, as mentioned in **Annexure A**, may not be required to be submitted through a merchant banker and may be filed directly with SEBI.
4. Further, Large Value Fund for Accredited Investors (LVFs) shall be exempted from the requirement of intimating any changes in the terms of PPM through a merchant banker. LVFs may directly file any changes in the terms of PPM with SEBI, along with a duly signed and stamped undertaking by CEO of the Manager of the AIF (*or person holding equivalent role or position depending on the legal structure of Manager*) and Compliance Officer of Manager of the AIF in a format as specified at **Annexure B**.
5. The provisions of this circular shall come into force with immediate effect.

6. This circular is issued with the approval of the competent authority.
7. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
8. The circular is available on SEBI website at www.sebi.gov.in under the categories "Legal framework - Circulars" and "Info for - Alternative Investment Funds".

Annexure A - Terms of PPM for which changes are not required to be filed through Merchant Banker and may be filed directly with SEBI

Table 1

S.No.	Sections of PPM where any change carried out is not required to be filed through Merchant Banker
1.	Write-up on Market Opportunity/ Indian Economy/ Industry Outlook <i>(Section II of the PPM)</i>
2.	Track record of investment manager <i>(Section VI of the PPM)</i>
3.	Risk factors <i>(Section X of the PPM)</i>
4.	Legal regulatory and tax Consideration <i>(Section XI of the PPM)</i>

Table 2

S.No.	Specific changes in PPM which are not required to be filed through Merchant Banker
1.	Change in contact details (<i>address, phone number etc.</i>) of AIF, sponsor, manager, trustee or custodian (<i>except such changes for which regulatory approval is required or if the new contact details of sponsor or manager of AIF is of a foreign jurisdiction</i>)
2.	Change of auditor, RTA, legal advisor or tax advisor
3.	Change in size of the Fund/Scheme
4.	Change in information related to Affiliates
5.	Change in commitment period
6.	Changes in Key Investment Team of the manager subject to at least one key personnel fulfilling the requirement mentioned under Regulation 4(g) of SEBI (AIF) Regulations, 2012 ('AIF Regulations')
7.	Changes in Key Management Personnel of AIF or the Manager (<i>except if changes are due to change in control of manager or sponsor</i>)
8.	Change in advisory board/advisory committee/investment committee or any other committee (<i>except if such committees are set up to approve the decisions of the AIF</i>)
9.	Reduction in any of the expense or fee or cost charged to fund/investors (including management fee)
10.	Inclusion of new disclosure or change in existing disclosure pursuant to a regulatory mandate, such as mandate to include investor charter in PPM, updation of investor complaints data for last three financial years, etc.
11.	Other factual and routine updates, such as change in designation or qualification of members/directors, operating partners, portfolio company advisor etc.

Annexure B

To,
Securities and Exchange Board of India

Dear Sir / Madam,

Sub.: Intimating changes in the terms of placement memorandum of (name of scheme), scheme of (name of AIF) for FY 20 -

With reference to intimating changes in the terms of placement memorandum of (name of scheme), scheme of (name of AIF) for FY 20_____, we hereby confirm that:

1. We have independently exercised due-diligence regarding changes carried out in the placement memorandum during the FY 20_-, including the veracity and adequacy of disclosure in the respective sections of the placement memorandum wherein the changes have been carried out.
2. All changes carried out in the placement memorandum are based on latest available information and are in compliance with Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 and circulars issued thereunder.
3. We confirm that, with respect to the changes made in the placement memorandum, wherever applicable, the fund has complied with provisions of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 and circulars issued thereunder.
4. The disclosures in the respective sections of the placement memorandum wherein the changes have been carried out are true, fair and adequate and such disclosures are in accordance with the requirements of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, circulars, guidelines issued thereunder and other applicable legal requirements.

Place:

Date:

Signature: (to be signed by CEO of the Manager of the AIF (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of the AIF)