

**CIRCULAR**

SEBI/HO/AFD/AFD-POD-1/P/CIR/2024/111

August 19, 2024

To,

**All Alternative Investment Funds (AIFs)**

**All Venture Capital Funds registered under the erstwhile SEBI (Venture Capital Funds) Regulations, 1996 (VCFs)**

Sir/Madam,

**Sub: Modalities for migration of Venture Capital Funds registered under erstwhile SEBI (Venture Capital Funds) Regulations, 1996 to SEBI (Alternative Investment Funds) Regulations, 2012**

1. Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”) have been amended and notified on July 20, 2024, to provide flexibility to Venture Capital Funds (‘VCFs’) registered under the erstwhile SEBI (Venture Capital Funds) Regulations, 1996 (“VCF Regulations”), for migrating to AIF Regulations and to, *inter-alia*, avail the facility of dealing with unliquidated investments of their schemes upon expiry of tenure. Copy of the aforesaid notification is available at [link](#).
2. In terms of Regulation 19V(1) of AIF Regulations, “Migrated Venture Capital Fund” means a fund that was previously registered as a Venture Capital Fund under the VCF Regulations and subsequently registered under AIF Regulations as a sub-category of Venture Capital Fund under Category I - Alternative Investment Fund, in accordance with the provisions of Chapter III - D of AIF Regulations.
3. In terms of Regulation 19X(1) of AIF Regulations, an application for seeking registration as a Migrated Venture Capital Fund shall be made to SEBI in the manner specified by SEBI. In this regard, while applying to SEBI for migration to AIF Regulations as “Migrated VCFs”, VCFs shall submit the following:
  - 3.1. Original certificate of registration issued under VCF Regulations.
  - 3.2. Requisite information as per the format specified in [Annexure I](#).

4. While opting for migration to AIF Regulations, VCFs having only schemes whose liquidation period (in terms of Regulation 24(2) of VCF Regulations) has not expired, shall be subject to the following conditions -
  - 4.1. The facility of migration to AIF Regulations shall be available till July 19, 2025.
  - 4.2. The tenure of scheme(s) of the Migrated VCF, upon migration, shall be determined in the following manner:
    - 4.2.1. In case a definite tenure was disclosed in the Private Placement Memorandum (PPM) of the scheme(s) under the VCF Regulations, such scheme(s) shall continue with the same tenure upon migration.
    - 4.2.2. In case a definite tenure was not disclosed in the PPM of the scheme(s), the residual tenure of the scheme(s) of the Migrated VCF shall be determined prior to the application for migration, with the approval of 75 percent of investors by value of their investment in the scheme(s).
5. While opting for migration to AIF Regulations, VCFs having at least one scheme which has not been wound up post expiry of its liquidation period (in terms of Regulation 24(2) of VCF Regulations), shall be subject to the following conditions –
  - 5.1. Such VCFs may apply for registration as Migrated VCF on or before July 19, 2025, only if the VCF or any of its scheme(s) do not have any pending investor complaint with regard to non-receipt of funds / securities as on the date of the application.
  - 5.2. In terms of Regulation 19AF(4) of AIF Regulations, a one-time additional liquidation period of one year from the date of notification of amendment to AIF Regulation i.e., period till July 19, 2025, shall be available to scheme of the migrated VCF, whose liquidation period (in terms of Regulation 24(2) of VCF Regulations) has expired and is not wound up.
  - 5.3. If the VCF also has scheme(s) other than the scheme(s) stated in para 5.2. above, i.e., scheme(s) whose liquidation period (in terms of Regulation 24(2) of VCF Regulations) has not expired, the tenure of such scheme(s) of the Migrated VCF shall be determined as per provision at para 4.2 above upon migration.
6. Upon migration to AIF Regulations, the investors on-boarded, investments held and units issued by the VCF or scheme(s) of the VCF registered under VCF Regulations, shall be deemed to be that of the Migrated VCF or its scheme(s), under the AIF Regulations.
7. The applicability of provisions of SEBI Master Circular for AIFs (Circular No. SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024) and other circulars

issued subsequently under AIF Regulations, to Migrated VCFs are given at [Annexure II.](#)

8. Further, with respect to VCFs registered under VCF Regulations that do not opt for migration to AIF Regulations, the following is specified –
  - 8.1. Scheme(s) of VCFs, whose liquidation period (in terms of Regulation 24(2) of VCF Regulations) has not expired, shall be subject to enhanced regulatory reporting as may be prescribed by SEBI in line with the regulatory reporting applicable to AIFs under AIF Regulations.
  - 8.2. VCFs having at least one scheme whose liquidation period (in terms of Regulation 24(2) of VCF Regulations) has expired shall be subject to appropriate regulatory action for continuing beyond the expiry of their original liquidation period.
9. The flexibility to opt for migration to AIF Regulations shall not be available to VCFs wherein –
  - 9.1. All the schemes of the VCF have been wound up; and/or,
  - 9.2. No investment has been made by schemes of the VCF which have not been wound up.

Such VCFs shall submit an application to SEBI for surrender of their registration on or before March 31, 2025, failing which appropriate action shall be initiated to cancel the certification of registration.
10. The manager, trustee and key management personnel of the VCF/Migrated VCF and manager shall be responsible for compliance with the provisions of this circular.
11. The trustee/ sponsor, as the case may be, shall ensure that the 'Compliance Test Report' prepared by the manager in terms of Chapter 15 of SEBI Master Circular for AIFs, includes compliance with the provisions of this circular.
12. This circular shall come to force with immediate effect.
13. This circular is issued with the approval of the competent authority.
14. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 36, Regulation 39(2) of AIF Regulations and Regulations under Chapter III D of AIF Regulations, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

15. The circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal framework - Circulars" and "Info for - Alternative Investment Funds".

Yours faithfully,

**Sanjay Singh Bhati**  
**Deputy General Manager**  
Tel no.: +91-22-26449222  
[ssbhati@sebi.gov.in](mailto:ssbhati@sebi.gov.in)

**Information to be filed with SEBI by VCFs registered under VCF Regulations for the purpose of migration to AIF Regulations as 'Migrated VCFs'**

**Table 1 – Details with respect to VCF and its trustee/manager/sponsor, as applicable**

S. No.	Particulars	Information as submitted by the applicant
<b><i>General Information</i></b>		
1.	Name of the applicant	
2.	PAN of applicant	
3.	Registration No. of the VCF  (Enclose the original certificate of registration as a VCF)	
4.	Address of the Registered Office	<u>Address:</u> <u>Tel No.:</u> <u>Mobile No. :</u> <u>Email ID:</u>
5.	Address of the applicant for Correspondence	<u>Address:</u> <u>Tel No.:</u> <u>Mobile No. :</u> <u>Email ID:</u>
6.	Address of Principal Place of Business	<u>Address:</u> <u>Tel No.:</u> <u>Mobile No. :</u> <u>Email ID:</u>
7.	Contact person	<u>Name:</u> <u>Direct Line Number:</u> <u>Mobile No.:</u> <u>Email ID:</u>
8.	Legal structure of applicant -Whether the applicant is a company or trust or a body	

S. No.	Particulars	Information as submitted by the applicant
	corporate	
9.	Date and Place of incorporation/establishment  (Enclose certificate of incorporation, memorandum and articles of association or trust deed in terms of which the VCF was incorporated or established)	
10.	Name, Identity proof and address proof of the Board of Directors of the venture capital fund in case the applicant has been set up as a company	
11.	Whether the applicant or its associates is/ are registered with the Board, Reserve Bank of India or any other regulatory authority in any capacity along with the details of its registration.	
<b><i>Details of trustee/trustee company</i></b>		
12.	Whether the trustee is an individual or a trustee company	
13.	Name of the Trustee	
14.	PAN of Trustee	
15.	Address of the registered office	
16.	Contact person of Trustee	<u>Name:</u> <u>Direct Line Number:</u> <u>Mobile No.:</u> <u>Email ID:</u>
17.	Name, Identity and Address proof of Directors of the Trustee Company	
18.	Whether the Trustee Company is registered with Board, or any other regulatory authority in any capacity along with the details of its	

S. No.	Particulars	Information as submitted by the applicant
	registration	
<b>Details of sponsor(s)</b>		
19.	Name of Sponsor	
20.	PAN of Sponsor	
21.	Address of the Registered Office	<u>Address:</u> <u>Tel No.:</u> <u>Mobile No. :</u> <u>Email ID:</u>
22.	Address for Correspondence	<u>Address:</u> <u>Tel No.:</u> <u>Mobile No. :</u> <u>Email ID:</u>
23.	Address of Principal Place of Business	<u>Address:</u> <u>Tel No.:</u> <u>Mobile No. :</u> <u>Email ID:</u>
24.	Legal Structure and date of incorporation/establishment of Sponsor	
25.	Contact person of Sponsor	<u>Name:</u> <u>Mobile Number:</u> <u>Email ID:</u>
26.	Name, Identity proof and address proof of directors of the Sponsor or partners of the Sponsor	
27.	Details of Shareholders / partners of the Sponsor	
28.	Whether the Sponsor is registered with Board, or any other regulatory authority in any	

S. No.	Particulars	Information as submitted by the applicant
	capacity along with the details of its registration	
<b>Details of Manager</b>		
29.	Name of Manager	
30.	PAN of Manager	
31.	Address of the Manager	
32.	Address of the Registered Office	<u>Address:</u> <u>Tel No.:</u> <u>Mobile No. :</u> <u>Email ID:</u>
33.	Address for Correspondence	<u>Address:</u> <u>Tel No.:</u> <u>Mobile No. :</u> <u>Email ID:</u>
34.	Address of Principal Place of Business	<u>Address:</u> <u>Tel No.:</u> <u>Mobile No. :</u> <u>Email ID:</u>
35.	Legal Structure and date of incorporation/establishment of Manager	
36.	Contact person of Manager	<u>Name:</u> <u>Direct Line No.:</u> <u>Mobile Number:</u> <u>Email ID:</u>
37.	Name, Identity proof and address proof of the Directors of the Manager	
38.	Details of Shareholders / partners of the	

S. No.	Particulars	Information as submitted by the applicant
	Manager	
39.	Whether the manager is registered with Board, or any other regulatory authority in any capacity along with the details of its registration	

**Table 2 – Details pertaining to scheme of the VCF**

(Information shall be submitted separately for each scheme of the VCF)

S. No.	Particulars	Information as submitted by the applicant
1.	Copy of the placement memorandum	
2.	Date of initial closing of the scheme of the VCF (dd/mm/yyyy)	
3.	Date of final closing of the scheme of the VCF (dd/mm/yyyy)	
4.	Original tenure of the scheme of the VCF (in years)	
5.	Extension of tenure availed, if any (in years)	
6.	End date of tenure of the scheme of the VCF (including extension of tenure availed, if any) (dd/mm/yyyy)	
7.	End date of liquidation period of the scheme of the VCF (dd/mm/yyyy)	
8.	Residual tenure of the scheme of Migrated VCF (in years)	
9.	Amount of Commitment Raised by the scheme (In INR Crore)	
10.	Amount of Fund Raised by the scheme (In INR Crore)	
11.	Cumulative investments made by the scheme (at Cost, in INR Crore)	
12.	Details of unliquidated investments held by scheme as on date of the application	
	Number of investments held	

S. No.	Particulars	Information as submitted by the applicant
	Cumulative (total) amount invested (at cost, in INR Crore)	
	Total value of investments as per latest valuation (in INR Crore)	
13.	Whether the scheme has investment of not less than five lakh rupees from each investor (enclose a declaration to that effect)	
14.	Whether the scheme had a firm commitment from the investors for contribution of an amount not below rupees five crores before the start of operations under VCF Regulations (enclose a declaration to that effect)	

**Table 3 – Details of Regulatory Action**

S. No.	Particulars	Information as submitted by the applicant
1.	Whether there are any pending investor complaints with respect to non-receipt of funds/securities, against the VCF/any of the scheme of VCF whose liquidation period has expired, at the time of filing this information.  (Enclose a declaration to that effect)	
2.	Whether the applicant or Sponsor or its directors/ partners or Manager or its Directors/ Partners or Trustees/ Trustee Company or its directors are/ were involved in any litigation connected with the securities market and any order has/ had been passed against them for violation of securities laws.  (If yes, provide details. If no, enclose a declaration to that effect)	
3.	Whether the applicant/ Sponsor/ Trustee/ Manager or its directors or Partners or employees are / have been involved in any litigation connected with the securities market which may have an adverse bearing on the business of the applicant or any order	

S. No.	Particulars	Information as submitted by the applicant
	<p>has/ had been passed against them for violation of securities laws.</p> <p>(If yes, provide details. If no, enclose a declaration to that effect).</p>	
4.	<p>Whether applicant/ Sponsor/ Trustee/ Manager or its directors or Partners has/ have been refused a certificate by the Board or its/ their certificate has been suspended at any time prior to this application.</p> <p>(If yes, provide details. If no, enclose a declaration to that effect).</p>	
5.	<p>Whether the applicant, Sponsor and Manager are fit and proper persons based on the criteria specified in the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 (Enclose a declaration to that effect).</p>	

#### DECLARATION STATEMENT

We hereby agree and declare that the information supplied in the application including the attachment sheets, is complete and true.

AND we further agree that we shall notify Securities and Exchange Board of India immediately any change in the information provided in the application.

We further agree that we shall comply with, and be bound by the Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, and Government of India guidelines/instructions as may be announced by the Securities and Exchange Board of India from time to time.

We further agree that as a condition of registration, we shall abide by such operational instructions/directives as may be issued by Securities and Exchange Board of India from time to time.

**For and on behalf of (name of the applicant)**

**Authorized signatory**

**(signature)**

**Date:**

**Place:**

**A. Applicability of chapters and provisions of Master circular for AIFs (Circular No. SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024) to Migrated VCFs**

Title of Master Circular Chapters	Extent of applicability of the Chapter to Migrated VCFs
Chapter 1 Online Filing System for AIFs	<p>The application for migration to AIF Regulations shall be filed through SEBI Intermediary (SI) portal.</p> <p>No application or registration fee is applicable for migration to AIF Regulations.</p>
Chapter 2 Filing of Private Placement Memorandum ('PPM') and related compliance requirements	<p><u>Not applicable</u> -</p> <ul style="list-style-type: none"><li>- Template for PPM and disclosures in PPM (However, the disclosure in PPM to be in line with Regulation 19AC of AIF Regulations)</li><li>- Modalities for filing of PPM through a Merchant Banker</li><li>- Timeline for declaration of First Close of schemes of AIFs</li><li>- Audit of terms of PPM</li><li>- Changes in PPM</li></ul>
Chapter 3 Registration related clarifications	<p><u>Not applicable</u> -</p> <ul style="list-style-type: none"><li>- In-principle approval</li><li>- Change in category of AIF</li></ul>
Chapter 4 Investment in AIFs	<p><u>Applicable</u> -</p> <ul style="list-style-type: none"><li>- Para 4.1 and 4.2 of Master Circular for AIFs pertaining to conditions for onboarding investors in AIF (FATF / IOSCO MMou compliance)</li><li>- Para 4.3 of Master Circular for AIFs</li></ul> <p><u>Not applicable</u> -</p> <ul style="list-style-type: none"><li>- Para 4.4 of Master Circular for AIFs</li><li>- Para 4.5 of Master Circular for AIFs pertaining to contribution from Joint investors</li><li>- Para 4.6 of Master Circular for AIFs pertaining to units to manager for profit sharing</li></ul>

Title of Master Circular Chapters	Extent of applicability of the Chapter to Migrated VCFs
	<ul style="list-style-type: none"> <li>- Para 4.7 of Master Circular for AIFs pertaining to open ended schemes of Category III AIFs</li> </ul>
Chapter 5 Operational and prudential norms for Category III AIFs	Not applicable
Chapter 6 Norms for Special Situation Funds (SSF)	Not applicable
Chapter 7 Guidelines for overseas investments by AIFs and related reporting	Applicable
Chapter 8 Investment in units of AIFs	Not applicable
Chapter 9 Participation of AIFs in Credit Default Swaps	Not applicable
Chapter 10 Transaction in Corporate Bonds through Request for Quote (RFQ) platform by AIFs	Applicable
Chapter 11 Other prudential and operational norms and related clarifications	<p><u>Applicable</u> -</p> <ul style="list-style-type: none"> <li>- Schemes of AIFs that have adopted priority in distribution among investors (Para 11.2 of Master Circular for AIFs)</li> <li>- Clarification related to investments as given at para 11.1.1 and 11.1.2 of the Master Circular for AIFs</li> </ul> <p><u>Not applicable</u> -</p> <ul style="list-style-type: none"> <li>- Calculation of tenure of close-ended schemes of AIFs (Para 11.3 of Master Circular for AIFs)</li> <li>- Clarification related to investments as given at para 11.1.3, 11.1.4 and 11.1.5 of the Master Circular for AIFs</li> </ul>

Title of Master Circular Chapters	Extent of applicability of the Chapter to Migrated VCFs
Chapter 12 Framework for Accredited Investors	Not applicable
Chapter 13 Obligations of manager, sponsor and trustee of AIFs	<p><u>Applicable</u> -</p> <ul style="list-style-type: none"> <li>- Para 13.1.2 and 13.1.3 of Master Circular for AIFs pertaining to Key Management Personnel</li> <li>- Para 13.3 of Master Circular for AIFs pertaining to Code of Conduct</li> <li>- Para 13.4 of Master Circular for AIFs pertaining to Stewardship Code</li> <li>- Para 13.5 of Master Circular for AIFs pertaining to KYC / AML / Outsourcing of activities</li> </ul> <p><u>Not applicable</u> -</p> <ul style="list-style-type: none"> <li>- Para 13.1.1 of Master Circular for AIFs pertaining to appointment of Compliance Officer</li> <li>- Para 13.2 of Master Circular for AIFs pertaining to appointment of custodian</li> </ul>
Chapter 14 Constitution of investment committee	Applicable
Chapter 15 Reporting by AIFs	Applicable
Chapter 16 Performance Benchmarking of AIFs	Applicable
Chapter 17 Investor Charter and Disclosure of complaints by AIFs	Applicable
Chapter 18 Collection of stamp duty on issue, transfer and sale of units of AIFs	Applicable

Title of Master Circular Chapters	Extent of applicability of the Chapter to Migrated VCFs
Chapter 19 Change in Sponsor and/or Manager or Change in control of Sponsor and/or Manager of AIF	Applicable
Chapter 20 Issuance and credit of units of AIFs in dematerialised form	<u>Issuance of units of AIFs in dematerialised form -</u> Applicable for fresh drawdowns  <u>Credit of units of AIFs in dematerialized form -</u> Flexibility of crediting AIF units to aggregate escrow demat account not applicable for units issued against fresh drawdowns
Chapter 21 Holding investments of AIFs in dematerialised form	Not applicable
Chapter 22 Standardised approach to valuation of investment portfolio of Alternative Investment Funds	<u>Applicable -</u> <ul style="list-style-type: none"> <li>- Manner of valuation of AIF's investments (Para 22.1 of Master Circular for AIFs)</li> <li>- Responsibility of manager of AIF with regard to valuation of investments of AIF (Para 22.2 of Master Circular for AIFs)</li> <li>- Reporting of valuation of investments of AIF to performance benchmarking agencies (Para 22.4 of Master Circular for AIFs)</li> </ul> <u>Not applicable -</u> <ul style="list-style-type: none"> <li>- Eligibility criteria for Independent Valuer (Para 22.3 of Master Circular for AIFs)</li> </ul>
Chapter 23 Modalities for launching Liquidation Scheme and for distributing the investments of Alternative Investment Funds (AIFs) in-specie	Framework of Dissolution Period and norms for distributing the investments of Alternative Investment Funds (AIFs) in-specie applicable

Title of Master Circular Chapters	Extent of applicability of the Chapter to Migrated VCFs
Chapter 24 Guidelines with respect to excusing or excluding an investor from an investment of AIF	Applicable
Chapter 25 Direct plan for schemes of Alternative Investment Funds (AIFs) and trail model for distribution commission in AIFs	Not applicable

**B. Applicability of circulars issued under AIF Regulations in FY24-25 to Migrated VCFs:**

Date of circular	Title	Applicability on Migrated VCFs
Apr 18, 2024	Standardization of the Private Placement Memorandum (PPM) Audit Report	Not applicable
Apr 26, 2024	Flexibility to Alternative Investment Funds (AIFs) and their investors to deal with unliquidated investments of their schemes	Applicable
Apr 26, 2024	Framework for Category I and II Alternative Investment Funds (AIFs) to create encumbrance on their holding of equity of investee companies	Not applicable
Apr 29, 2024	Relaxation in requirement of intimation of changes in the terms of Private Placement Memorandum of Alternative Investment Funds through Merchant Banker	Not applicable
May 13, 2024	Certification requirement for key investment team of manager of AIF	Not applicable
Jul 09, 2024	Information to be filed by schemes of AIFs availing dissolution period/additional liquidation period and conditions for in-specie distribution of assets of AIFs	Applicable

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