



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

DEPUTY GENERAL MANAGER

ALTERNATIVE INVESTMENT FUND AND FOREIGN PORTFOLIO INVESTOR DEPARTMENT

DIVISION OF POLICY AND DEVELOPMENT

SEBI/HO/AFD/PoD/OW/2023/50721

December 15, 2023

ASKWA Multi Opportunities Fund

[SEBI Registration No. IN/AIF3/20-21/0829]

ASK Wealth Advisors Private Limited

Birla Aurora, 16 Level, Office Floor 9,

Dr. Annie Besant Road, Worli, Mumbai - 400030

Dear Sir,

KIND ATTN: Mr. Amit Gupta

Sub: Request for Informal Guidance by way of interpretative letter under the provisions of Securities and Exchange Board of India (Informal Guidance) Scheme 2003 relating to Regulation 18 of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012

Ref: Your letters dated September 10, 2023 and letter dated November 30, 2023 from Amicorp Trustees (India) Private Limited

1. In the context of your letter under reference, you have, *inter alia*, stated that ASKWA Multi Opportunities Fund (“**the Fund**”) is a SEBI registered Category III Alternative Investment Fund (“**AIF**”) bearing registration no. IN/AIF3/20-21/0829 and have sought an interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme 2003 from SEBI in respect of permissibility to make investments in the units of Exchange Traded Fund (“**ETF**”) for earning regular income by the Fund.

2. Our Comments

The submissions made in your letter have been considered and without necessarily agreeing with your analysis, our view on the issues raised in your letter are as under:

2.1. In terms of Regulation 18 of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“**AIF Regulations**”), Category III AIFs may, *inter alia*, -

- a) invest in securities of listed or unlisted investee companies, derivatives, units of other AIFs or complex or structured products.
- b) deal in goods received in delivery against physical settlement of commodity derivatives.
- c) buy or sell credit default swaps in terms of the conditions as may be specified by the Board from time to time.
- d) engage in leverage or borrow subject to consent from the investors in the fund and subject to a maximum limit, as may be specified by the Board.

2.2. In terms of Regulation 2(1)(o) of AIF Regulations, “investee company” means any company, special purpose vehicle or limited liability partnership or body corporate or real estate investment trust or infrastructure investment trust in which an AIF makes an investment.

2.3. In terms of Regulation 2(1)(jb) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (“**MF Regulations**”), an ETF is a scheme of a mutual fund that invests in securities in the same proportion as an index of securities and the units of ETF are mandatorily listed and traded on exchange platform.

2.4. Thus, investment in mutual fund schemes including ETF is not covered under permissible investments by a Category III AIF. However, in terms of Regulation 15(1)(f) of AIF Regulations, the permissible option for a Category III AIF to put money in a mutual fund scheme is investing the un-invested portion of the investable funds and divestment proceeds pending distribution to investors in liquid mutual funds, till the deployment of funds as per the investment objective or the distribution of the funds to investors as per the terms of the fund documents, as applicable.

3. This above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different interpretation. This letter does not express the decision of the Board on the question referred through your letter.

4. You may note that the above views are expressed only with respect to the clarification sought in your letter under reference on the AIF Regulations and do not affect the applicability of any law and any other regulations, guidelines and circulars framed or administered by SEBI or any other authority.

Yours faithfully,

Sanjay Singh Bhati