

**CIRCULAR**

SEBI/HO/AFD/PoD1/CIR/2023/96

June 21, 2023

To,

All Alternative Investment Funds  
All Depositories

Sir / Madam,

**Sub: Issuance of units of AIFs in dematerialised form**

1. SEBI (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”), have been amended and notified on June 15, 2023. Copy of the notification is available at [link](#).
2. In terms of Regulation 10(aa) of AIF Regulations, AIFs shall issue units in dematerialised form subject to the conditions specified by SEBI from time to time.
3. In this regard, the following is specified:
  - 3.1. All schemes of AIFs shall dematerialise their units in the following time frame:

<b>Particulars</b>	<b>Schemes of AIFs with corpus <math>\geq</math> Rs 500 Crore</b>	<b>Schemes of AIFs with corpus <math>&lt;</math> Rs 500 Crore</b>
<b>Dematerialisation of all the units issued</b>	Latest by October 31, 2023	Latest by April 30, 2024
<b>Issuance of units only in dematerialised form</b>	November 01, 2023 onwards	May 01, 2024 onwards

- 3.2. The requirement of dematerialisation of units of AIFs as specified at para 3.1 above, shall not be applicable for schemes whose tenure (excluding permissible extensions in tenure) ends on or before April 30, 2024.
- 3.3. The terms of transfer of units of AIF held by an investor in dematerialised form shall continue to be governed by the terms of private placement memorandum (‘PPM’), agreements entered between the AIF and the investors and any other fund documents.

- 3.4. The Depositories are directed to:
- 3.4.1. make necessary amendments to the relevant Bye-laws, Rules and Regulations for the implementation of the above provisions;
  - 3.4.2. put in place a system to facilitate that any transfer of units of AIF held in dematerialised form, which requires approval of the AIF/manager of AIF in terms of PPM or agreements entered between the AIF and the investors or any other fund documents, is carried out accordingly i.e. only after approval of AIF/manager of the AIF;
  - 3.4.3. bring the provisions of this circular to the notice of their members / participants and also disseminate the same on their websites.
4. The manager of AIF shall submit report on compliance with the provisions of this circular on SEBI Intermediary Portal ([www.siportal.sebi.gov.in](http://www.siportal.sebi.gov.in)) in the format as specified therein.
  5. The trustee/sponsor of AIF, as the case may be, shall ensure that the 'Compliance Test Report' prepared by the manager in terms of SEBI Circular No. CIR/IMD/DF/14/2014 dated June 19, 2014, includes compliance with the provisions of this circular.
  6. The circular shall come into force with immediate effect.
  7. This circular is issued with the approval of the competent authority.
  8. 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.
  9. 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)