



Certification requirement for key investment team of manager of AIF

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Source - SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/42



▪ Brief on the Circular

On May 10, 2024, SEBI issued a significant notification requiring at least one key personnel, amongst the associated persons functioning in the key investment team of the Manager of an Alternative Investment Fund, shall obtain certification from the National Institute of Securities Market by passing the **NISM Series-XIX-C: Alternative Investment Fund Managers Certification Examination** as mentioned in the communiqué No. **NISM/ Certification/ Series-XIX-C: Alternative Investment Fund Managers/2024/01 dated January 10, 2024** issued by the National Institute of Securities Market. In line with the notification, SEBI has issued a circular **SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/ 2024/42 dated May 13th, 2024**, outlining the applicability of the Certification criterion to Fund Managers

In this regard, the following is specified.

- SEBI-specified certification shall be an eligibility criterion to all the applications for registration of AIF's and Launch of schemes after **May 10th, 2024**.
- Existing schemes of AIFs and those with pending applications with SEBI as of **May 10, 2024**, shall comply with the said requirement by **May 09, 2025**.
- Trustees or sponsors must ensure the Compliance Test Report includes this certification requirement.

▪ Impact of the Circular

- The requirement for at least **one key investment team member** to obtain the **NISM Series-XIX-C** certification raises the professional bar for AIF managers. This ensures that AIFs are managed by individuals with specialized knowledge and skills, which can enhance investor confidence in the competence and reliability of **AIF managers**.
- By mandating certification, SEBI aims to improve the overall governance and compliance framework within the AIF sector. This move ensures that managers are not only well-versed in regulatory requirements but also adhere to best practices in investment management, thereby reducing the risk of malpractices and **enhancing market integrity**.
- Existing AIF schemes and those with pending applications with SEBI as of **May 10, 2024**, must comply with the certification requirement by **May 9, 2025**. This allows current AIF managers sufficient time to adjust their teams and ensure compliance with the new regulations.
- The requirement for trustees or sponsors to ensure compliance and include this in the manager's **Compliance Test Report** adds an extra layer of accountability. This emphasizes the importance of regulatory adherence and continuous monitoring, reinforcing the role of trustees and sponsors in safeguarding investor interests.



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