

ISSUANCE OF UNITS OF AIFs IN DEMATERIALISED FORM

June 21, 2023



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BACKGROUND

On June 15, 2023, SEBI has included Regulation 10(aa) under AIF Regulations, stating that Alternative Investment Funds (AIFs) must issue units in dematerialized form, following SEBI's specified conditions.

BRIEF

	Schemes of AIFs with corpus \geq Rs 500 Crore	Schemes of AIFs with corpus $<$ Rs 500 Crore
Dematerialization of all units issued	Latest by October 31, 2023	Latest by April 30, 2024
Issuance of units only in dematerialized form	November 01, 2023 onwards	May 01, 2024 onwards

Note

Exemption

AIF Schemes who's original tenure ending with April 30, 2024

Transfer of Demat Units

As per Fund Documents and with prior approval of IM/AIF

Implementation of Demat provisions

Depositories to Amend Bye-laws, Rules, Regulations and inform their members /participants

Compliance

Demat Compliance Report (as specified by SEBI) to be submitted by IM on SI Portal

IMPACT

- ✓ Ease of monitoring for investors / managers/regulatory compliances
- ✓ Ease of transfer and transmission of AIF units
- ✓ Safer option to hold securities - reduces risk of loss/damage of certificate, forgery etc.
- ✓ To facilitate transparency and adequate monitoring

SOURCE : SEBI CIRCULAR - SEBI/HO/AFD/POD1/CIR/2023/96