

STRATAGE UPDATES

Co-investment Opportunities by constituents of AIFs

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SEBI has amended the SEBI (Alternative Investment Funds) Regulations, 2012 and the key changes are set out hereunder:

- “**Co-investment**” definition has been added, which means the investment made by the *Manager, Sponsor* or *investor* of Category I AIF and Category II AIF in investee companies, where such Category I AIF or Category II AIF makes investment, which would be through a co-investment portfolio manager.
- The *terms of exit from the co-investment (including time of exit)* from an investee company are required to be *identical* to the terms of exit applicable to the **AIF**.
- Earlier, there was no distinction in the investment limits by Category III AIF in listed or unlisted space. Now, the investment limits for investments made by Category III AIF would be computed in the following manner:
 - ❖ For listed equity, *on the basis of the net asset value*; and
 - ❖ For securities other than listed equity, on the basis of investible funds.
- The Manager of an AIF is *restricted from providing advisory services* to any investor. However, such restriction is not applicable to clients of the Co-investment Portfolio Manager who also invest in securities of such investee companies where the said AIF makes investment.

The aforementioned changes have been made vide a notification dated November 9, 2021, which was published in the Official E-Gazette on November 10, 2021 ([available here](#)).



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