

Revised Regulatory Mechanism for Collective Investment Scheme

SEBI has amended the SEBI (Collective Investment Scheme) Regulations, 1999 and made the following key changes to the regulatory framework for Collective Investment Schemes:

- In order to avoid conflict of interest, certain persons have been restricted to, directly or indirectly: (i) hold 10% or more of the shareholding in *any other Collective Investment Management Company (“CIMC”)* or *the trustee company of any other CIMC*; or (ii) have representation on the board of *any other CIMC* or *the trustee company of any other CIMC*.
- Such persons include a CIMC, promoters of CIMC, associates or group companies of any CIMC or promoters thereof and a shareholder holding 10% or more of the shareholding in any CIMC or trustee company of any CIMC.
- Collective Investment Schemes are now required to comply with the following conditions after the closure of the subscription list, which was not provided for prior to the amendment:
 - Minimum subscription amount of Rs. 20 crore;
 - Minimum 20 investors; and
 - No person shall hold more than 25% of the assets under management of scheme.

The aforementioned amendments were notified by SEBI vide a notification dated May 10, 2022 ([available here](#)).

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