

## STRATAGE UPDATES

### *Amendment to AIF Regulations*

SEBI has notified the SEBI (Alternative Investment Funds) (Amendment) Regulations, 2024 on January 5, 2024, and the key changes are set out hereunder:



#### **Investments by Alternative Investment Funds (“AIFs”) in dematerialised form**

- All the AIFs are required to hold their investments in dematerialized form, subject to conditions as may be prescribed by SEBI, except in the following investments:
  - ❖ Investments in instruments which are not eligible for dematerialization;
  - ❖ Investments held by a liquidation scheme of AIFs that are not available in the dematerialized form;
  - ❖ investments as may be notified by SEBI, from time to time.

#### **Appointment of Custodian**

- Earlier, every sponsor or manager of Category I and II AIF having a corpus worth more than INR 500 Crore, and all Category III AIFs were required to appoint a custodian for safekeeping of the securities of the AIF. Now, such requirement has been extended to all the AIFs regardless of the corpus size, subject to conditions as may be prescribed by SEBI.
- Further, such custodians are required to report or disclose information regarding investments of the AIF in the manner specified by SEBI.
- Sponsor or manager of an AIF has been permitted to appoint its associate as the custodian of the AIF, subject to fulfilling all the conditions specified under the regulations.

*This Update is meant for general information and shall not be deemed to be a legal advice or opinion. This Update is neither intended to be an advertisement or solicitation.*

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