

Regulatory Alert: AIFs/RAs/IAs/MFs/PMS/APY

May 2024 – Vol I

1. Flexibility to Alternative Investment Funds (AIFs) and their investors

SEBI has issued guidelines to provide more flexibility to Alternative Investment Funds (AIFs) and their investors regarding unliquidated investments of their schemes. These guidelines cover aspects such as the Dissolution period, Mandatory in-specie distribution of unliquidated investments, and One-time flexibility for schemes of AIFs whose Liquidation Period has ended, to manage unliquidated investments effectively. For more details, [click here](#).

2. Framework for Category I and II AIFs to create encumbrance on their holding of equity of investee companies

Category I and II AIFs can now create encumbrances on their equity holdings in investee companies and facilitate these investee companies to raise debt, in the manner prescribed by SEBI. The investee company should be in the business of development, operation or management of projects in any of the infrastructure sub-sectors listed in the Harmonised Master List of Infrastructure issued by the Central Government. For more details, [click here](#).

3. Relaxation in requirement of intimation of changes in the terms of Private Placement Memorandum of AIFs through Merchant Banker

SEBI in order to reduce compliance costs for AIFs including Large Value Funds for Accredited Investors (LVFs) notified that changes to the Private Placement Memorandum (PPM) can be directly submitted to SEBI, without a merchant banker. For more details, [click here](#).

4. Nomination for Mutual Fund Unit Holders—exemption for jointly held folios

For promoting the ease of doing business, SEBI has made the requirement of nomination optional for jointly held Mutual Fund folios. For more details, [click here](#).

5. Framework for administration and supervision of Research Analysts (RAs) and Investment Advisers (IAs) and Periodic reporting format for IAs.

SEBI has introduced a framework for the administration and supervision of RAs and IAs. To implement this framework, Stock Exchanges will serve as the designated bodies for administration and supervision, known as Research Analyst Administration and Supervisory Body (RAASB) and Investment Adviser Administration and Supervisory Body (IAASB), as per Regulation 14 of the SEBI Research Analysts Regulation and SEBI Investor Advisor Regulations. Additionally, according to clause (xi) of Regulation 6 of RA Regulations and clause (n) of Regulation 6 of IA Regulations, any individual seeking registration as an RA or IA must be enlisted with RAASB and IAASB, respectively. In another set of guidelines, SEBI has specified a standardized format for periodic reporting for IAs. For more details, [click here](#)

6. Facilitating collective oversight of distributors for Portfolio Management Services (PMS) through APMI

In order to facilitate collective oversight of PMS distributors at the industry level, SEBI has decided that any person or entity involved in the distribution of portfolio management services will have to obtain registration with Association of Portfolio Managers of India (APMI), in accordance with the criteria laid down by APMI. For more details, [click here](#).

7. Portfolio Managers - Facilitating ease in digital on-boarding process for clients and enhancing transparency through disclosures

SEBI has issued guidelines in order to facilitate ease in digital on-boarding process for clients of portfolio managers. It also directs portfolio managers to provide a fee calculation tool in a prescribed manner to all clients that highlights various fee options with multi-year fee calculations. Additionally, guidelines for 'Additional Fee Disclosures' and the 'Most Important Terms and Conditions (MITC)' document have been provided. For more details, [click here](#).

8. Extending APY to all CRAs

As of now only Protean eGov Technologies Ltd. offers APY (Atal Pension Yojana) related services, out of the registered CRAs. In order to bring in competition and allowing a level playing field to the CRAs registered, PFRDA has allowed the Point of Presence (PoP) registered with the Authority to choose a CRA of their choice including option of having multiple CRAs for servicing the APY subscribers. The other two registered CRAs are 'Computer Age Management Services Ltd.' (CAMS) and 'KFin Technologies Ltd.'. For More Details, [click here](#).

The above Regulatory alerts may be relevant for the individuals with the following NISM Certifications:

- NISM-Series-V-A: Mutual Fund Distributors Certification Examination
- NISM-Series-V-B: Mutual Fund Foundation Certification Examination
- NISM Series-IX: Merchant Banking Certification Examination
- NISM-Series X-A: Investment Advisers (Level 1)
- NISM-Series-X-B: Investment Advisers (Level 2)
- NISM-Series-XV: Research Analyst Certification Examination
- NISM-Series-XVII: Retirement Adviser Certification Examination
- NISM Series XIX-A: Alternative Investment Funds (Category I and II) Distributors
- NISM Series XIX-B: Alternative Investment Funds (Category III) Distributors
- NISM Series XIX-C: Alternative Investment Fund Managers
- NISM-Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination
- NISM-Series-XXI-B: Portfolio Managers Certification Examination