CIRCULAR

REF: IRDAI/F&I/INV/CIR/027/01/2023 January 31, 2023

Sub: Clarifications on Miscellaneous Matters relating to IRDAI Investments – Master Circular dated 27th October, 2022

The Investments – Master Circular was issued on 27th October, 2022, which inter-alia, included amendments to the earlier Master Circular on Investments – Version 02 issued in May 2017. Post issuance of the Master Circular in October 2022, insurers have sought clarifications on some issues and extension of applicability of some provisions. After considerations of the representations, the following clarifications are issued:

1. **Para 1.3(c)(6) – "At any point of time, investment in any single Mutual Fund shall not exceed 20% of the total investment in Mutual Funds (all taken together)"**
   i) The clause shall come into operation from 1st April, 2023.
   ii) The threshold limit of 20% for each Mutual Fund shall include investments in Exchange Traded Funds (ETFs) also.

2. **Para 1.5(3): "Insurers are not permitted to invest in AIFs where rights attached to the units are varied".**

It is clarified that Insurers are not permitted to invest in any scheme of AIFs that have a priority distribution model wherein such AIFs have adopted a distribution waterfall in such a way that may lead to share of losses more than pro-rata to their holding, compared to other investors belonging to the same class.

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