



CIRCULAR

SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/100

July 09, 2024

To,

All Alternative Investment Funds

Sir/Madam,

Sub: Information to be filed by schemes of AIFs availing dissolution period/additional liquidation period and conditions for in-specie distribution of assets of AIFs

A. Information Memorandum for schemes of AIFs entering into Dissolution Period –

1. Vide [Securities and Exchange Board of India \(Alternative Investment Funds\) \(Second Amendment\) Regulations 2024](#), notified on April 25, 2024, flexibility has been provided to schemes of AIFs to opt for dissolution period to deal with their unliquidated investments that are not sold due to lack of liquidity.
2. Subsequently, [SEBI circular no. SEBI/HO/AFD/PoD1/CIR/2024/026 dated April 26, 2024](#), *inter-alia*, specified the modalities for schemes of AIFs entering into dissolution period.
3. In terms of Regulation 29B(2) of SEBI (Alternative Investment Funds) Regulations, 2012 ('AIF Regulations'), scheme of an AIF entering into dissolution period shall file an information memorandum with SEBI through a merchant banker in the manner as may be specified by SEBI.
4. In this regard, the following is specified –
 - 4.1. The information memorandum for a scheme of an AIF entering into dissolution period shall be submitted to SEBI before expiry of the liquidation period or additional liquidation period of the scheme, as the case may be.
 - 4.2. The format for information memorandum to be submitted by the scheme of AIF entering into dissolution period is given at [Annexure I](#).
 - 4.3. The format for Due Diligence Certificate by Merchant Banker to be submitted along with the aforesaid information memorandum to SEBI is given at [Annexure II](#).



B. Information to be submitted by schemes of AIFs availing additional liquidation period –

5. In terms of regulation 29(9A) of AIF Regulations, if the liquidation period for a scheme of an AIF has expired or is expiring within three months from the date of notification of the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024 (i.e., on or before July 24, 2024), such schemes may be granted an additional liquidation period, subject to conditions and in the manner as may be specified by SEBI. The conditions in this regard have been specified in Para 4 of SEBI circular no. SEBI/HO/AFD/PoD1/CIR/2024/026 dated April 26, 2024.
6. In this regard, schemes of AIFs which are intending to avail the additional/fresh liquidation period in terms of aforesaid provisions, shall submit information to SEBI regarding the same as per the format given at [Annexure III](#), for grant of the additional liquidation period.

C. In specie distribution of investments of AIFs –

7. In terms of Regulation 29(9) of AIF Regulations, para 23.2 of [SEBI Master circular no. SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024 for AIFs](#) and para 3 of [SEBI circular no. SEBI/HO/AFD/PoD1/CIR/2024/026 dated April 26, 2024](#) specify conditions and modalities for carrying out *in specie* distribution of unliquidated investments of a scheme of an AIF during liquidation period and for carrying out mandatory *in specie* distribution of unliquidated investments, respectively.
8. Further, with respect to carrying out *in specie* distribution of investments of a scheme of an AIF in terms of Regulation 29(8) of AIF Regulations, it is clarified that such *in specie* distribution (other than the aforesaid mandatory *in specie* distribution), shall be carried out after obtaining approval of at least seventy-five percent of the investors by value of their investment in the scheme of the AIF.
9. The manager, trustee and key management personnel of AIF and manager shall be responsible for compliance with the provisions prescribed above.
10. The trustee/ sponsor, as the case may be, shall ensure that the 'Compliance Test Report' prepared by the manager in terms of Chapter 15 of SEBI Master Circular no. SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/39 dated May 07, 2024 for AIFs, includes compliance with the provisions of this circular.
11. This circular shall come into force with immediate effect.
12. This circular is issued with the approval of the competent authority.

13. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 29 and Regulation 36 of AIF Regulations, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
14. The circular is available on SEBI website at www.sebi.gov.in under the categories "Legal framework - Circulars" and "Info for - Alternative Investment Funds".

Yours faithfully,

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Annexure I

**Format for information memorandum to be filed with SEBI by schemes of AIFs
availing the dissolution period**

Sr. No	Particulars	Information
1.	Name of the AIF	
2.	Category of the AIF	
3.	Registration no. of the AIF	
4.	Name of the Trustee/Board of Directors/Designated Partners of the AIF (as per the legal structure of the AIF)	
5.	Name of the Sponsor	
6.	Name of the Manager	
7.	Name of the scheme of AIF availing the dissolution period	
8.	PAN No. of Scheme (if available)	
9.	Date of initial closing of the Scheme (in dd/mm/yyyy)	
10.	Date of final closing of the Scheme (in dd/mm/yyyy)	
11.	Tenure of the Scheme (in years)	
12.	Extension of tenure availed, if any (in years)	
13.	End date of tenure of the Scheme (including extension of tenure availed, if any) (in dd/mm/yyyy)	
14.	End date of liquidation period of the Scheme (in dd/mm/yyyy)	
15.	Cumulative investments made by the Scheme during its tenure (at Cost, in INR Crore)	
16.	Details of unliquidated investments held by scheme at the time of entering into dissolution period	
	- Number of investments held	
	- Cumulative (total) amount invested (at cost, in INR Crore)	
	- Total value of investments as per latest valuation (in INR Crore)	
17.	Tenure of the Dissolution Period (in years)	
18.	Percentage of investors consent/approval by value of investment, received to avail dissolution period	
19.	Date of intimation to SEBI about the aforesaid investor consent/approval and about opting for the Dissolution Period	
20.	Percentage of value of unliquidated investments of the scheme, for which bid has been arranged by the AIF/manager	



Annexure II

Format for Due Diligence Certificate to be submitted along with Information Memorandum to SEBI for availing dissolution period

To,

SECURITIES AND EXCHANGE BOARD OF INDIA

Dear Sir / Madam,

Sub.: Filing of information memorandum for availing dissolution period for (name of scheme), scheme of (name of AIF)

On the basis of examination of information memorandum for availing dissolution period, private placement memorandum (PPM) of the scheme, supporting documents submitted by AIF and discussions held with AIF, its manager, sponsor, trustee, etc., we hereby confirm that:

1. We have independently exercised due-diligence regarding compliance of the AIF/aforesaid scheme of AIF with Regulation 29 of SEBI (Alternative Investment Funds) Regulations, 2012 ('AIF Regulations') to exercise the option for entering into dissolution period, including the veracity and adequacy of disclosures made in the information memorandum.
2. The information provided by the AIF to verify compliance with Regulation 29 of AIF Regulations and disclosures made in the information memorandum are true, fair, based on latest available information and in accordance with the requirements of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, circulars, guidelines issued thereunder and other applicable legal requirements.

PLACE:

DATE:

Signature of authorised signatory of Merchant Banker

Name/designation of the authorised signatory, Name of Merchant Banker

Enclosed:

[Annexure A](#) - Information with respect to compliance with Regulation 29 of AIF Regulations and disclosures in the information memorandum submitted for (name of scheme) availing dissolution period, to be submitted along with the due diligence certificate

Annexure A

Information with respect to compliance with Regulation 29 of AIF Regulations and disclosures in the information memorandum submitted for (name of scheme) availing dissolution period, to be submitted along with the due diligence certificate

S.No.	Particulars	Yes/No	Remarks
1.	Whether the AIF / manager has disclosed the following details to investors prior to seeking their consent for opting of dissolution period by the scheme of AIF – i. Proposed tenure of the Dissolution Period, ii. Details of unliquidated investments, iii. An indicative range of bid value arranged for a minimum of 25% of the value of its unliquidated investments, (representing consolidated value of all unliquidated investments of the scheme's investment portfolio) iv. Valuation of the unliquidated investments carried out by two independent valuers.		
2.	Whether investors of the scheme have been informed regarding the following before seeking consent for dissolution period – i. After obtaining approval of at least seventy-five percent of the investors by value of their investment in the scheme for entering into dissolution period, in case the manager fails to arrange bid for a minimum of 25% of the value of its unliquidated investments, the scheme can still opt for dissolution period ii. No further extension or Liquidation Period shall be available to the scheme after the expiry of Dissolution Period iii. If the scheme of the AIF fails to sell the unliquidated investments during the Dissolution Period, such investments shall be mandatorily distributed in-specie to the investors iv. The manager of the AIF shall not charge management fee during the Dissolution Period v. The scheme of the AIF shall not accept any fresh commitment from any investor and shall not make any new investment during the Dissolution Period.		



S.No.	Particulars	Yes/No	Remarks
3.	Whether approval of at least seventy five percent of the investors by value of their investment in the scheme of the AIF has been obtained for entering into dissolution period?		
4.	Whether the AIF/manager intimated SEBI about obtaining investor consent and investors' decision to enter dissolution period prior to expiry of liquidation period of the scheme?		
5.	Whether the tenure of the dissolution period of the scheme more than original tenure of the scheme?		
6.	Whether the AIF/manager arranged bid for a minimum of 25% of value of unliquidated investments of the scheme?		
7.	Whether dissenting investors were offered option to exit the scheme out of the bid arranged?		
8.	Whether unsubscribed portion of the bid, if any, after offering exit to dissenting investors, has been used to provide pro-rata exit to non-dissenting investors, in case they opted for exit?		
9.	Whether the bidder or its related party, who are also investors of the scheme, have been provided exit out of the bid from the bidder?		
10.	In case the scheme availed additional liquidation period in terms of Regulation 29(9A) of AIF regulations, whether the scheme had any pending investor complaint w.r.t non-receipt of funds/securities at the time of availing additional/fresh liquidation period?		

Format for information to be submitted to SEBI for scheme availing the additional liquidation period in terms of Regulation 29(9A) of AIF Regulations

Sr. No	Particulars	Information
1.	Name of the AIF	
2.	Category of the AIF	
3.	Registration no. of the AIF	
4.	Name of the Trustee/Board of Directors/Designated Partners of the AIF (as applicable as per the legal structure of the AIF)	
5.	Name of the Sponsor	
6.	Name of the Manager	
7.	Name of the scheme of AIF availing additional liquidation period	
8.	PAN No. of Scheme (if available)	
9.	Date of initial closing of the Scheme (in dd/mm/yyyy)	
10.	Date of final closing of the Scheme (in dd/mm/yyyy)	
11.	Tenure of the Scheme (in years)	
12.	Extension of tenure availed, if any (in years)	
13.	End date of tenure of the Scheme (including extension of tenure availed, if any) (in dd/mm/yyyy)	
14.	End date of liquidation period of the Scheme (in dd/mm/yyyy)	
15.	Cumulative investments made by the Scheme during its tenure (at Cost, in INR Crore)	
16.	Details of unliquidated investments held by scheme at the time of entering into dissolution period	
	- Number of investments held	
	- Cumulative (total) amount invested (at cost, in INR Crore)	
	- Total value of investments as per latest valuation (in INR Crore)	
17.	Whether there are any pending investor complaints with respect to non-receipt of funds/securities, against the AIF/scheme of AIF at the time of filing this information?	