

Securities and Exchange Board of India vide circular dated October 08, 2024, has issued specific due diligence of investors and investments of AIFs

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- The specific due diligence to be carried out by AIFs, managers of AIFs and their Key Management Personnel, with respect to investors and investments of the AIF, to prevent facilitation of circumvention of the following regulatory frameworks, are being specified in this circular-
 - I. Provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('ICDR Regulations'), and other regulations of SEBI wherein benefits or relaxations have been provided to entities designated as Qualified Institutional Buyers (QIBs).
 - II. Provisions of the 'Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002' (SARFAESI Act) wherein benefits are provided to entities designated as Qualified Buyers (QBs).
 - III. Prudential norms specified by Reserve Bank of India (RBI) for regulated lenders with respect to Income Recognition, Asset Classification, Provisioning and restructuring of stressed assets.
 - IV. Rule 6 of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (NDI Rules) for investment from countries sharing land border with India (read with Press Note 3 dated April 17, 2020 of FDI Policy 2020).
- This circular shall come into force with immediate effect.
- The circular is attached herein.

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