भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

HO/19/19/11(2)2026-AFD-RAC2/I/17617/2026 **July 30, 2026**

To,

All Alternative Investment Funds (AIFs)
All Merchant Bankers

Sir/Madam,

Sub: 'Green-Channel: AIF Rollout Upon Document Acknowledgement' (GARUDA) Mechanism for Processing of Placement Memorandum of Alternative Investment Funds (AIFs) filed with SEBI

1. With an objective to ease and expedite the process of launch of scheme/ funds by Alternative Investment Funds ("AIFs"), Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 ('AIF Regulations'), have been amended and notified on July 14, 2026 vide Gazette Notification No. CG-MH-E-14072026-274483. The below mentioned operational modalities, under the captioned GARUDA mechanism, are being specified through this circular:

2. Paragraph 2.4 of the SEBI Master Circular for AIFs dated June 03, 2026 ("the Master Circular") shall be substituted with the following paragraph:

2.4. Modalities for filing of PPM and launch of Regular schemes:

2.4.1. In terms of Regulation 12 of the AIF Regulations, AIFs may launch scheme(s) subject to filing of PPM with SEBI through a SEBI registered Merchant Banker. In this context, the following is specified with respect to Regular schemes:

2.4.1.1. AIFs can proceed with launch of their new scheme after 10 working days of filing of application with SEBI, unless otherwise advised. However, AIFs can proceed with launch of their first schemes from the date of grant of SEBI registration (or) after 10 working days of filing of application with SEBI, whichever is later.

2.4.1.2. PPM of Regular schemes shall be filed, at the time of registration or prior to launch of new scheme, on SEBI Intermediary portal along with the following documents in addition to payment of applicable (scheme) fee:

(i) *Duly signed Merchant Banker Due Diligence Certificate in the format as given at **Annexure 6**.*

(ii) *Duly signed Fit and Proper declarations with respect to the AIF, Sponsor, Manager of the AIF as specified in Schedule II of SEBI (Intermediaries) Regulations, 2008;*

(iii) *Sponsor / Manager declarations with respect to minimum continuing interest commitment in AIF/scheme;*

(iv) *Copies of PANs of AIF, its scheme (if available), Sponsor, Manager, Trustee, directors/ partners of Sponsor, Manager & Trustee, key investment team members. Excel/ word/ PDF file containing names and PANs of these entities/ individuals shall also be provided.*

2.4.1.3. The Merchant Banker shall independently exercise due diligence of all the disclosures in the PPM, satisfy itself with respect to veracity and adequacy of the disclosures and provide the due diligence certificate. The Merchant Banker appointed for filing of PPM shall not be an associate of the AIF, its sponsor, manager or trustee.

2.4.1.4. The details of the Merchant Banker shall be disclosed in the PPM. The following disclaimer clause shall be included in the PPMs of all Regular schemes:

"1. Merchant Banker viz., <Name of Merchant Banker> has independently exercised due-diligence regarding the information given in the placement memorandum, including the veracity and adequacy of disclosures made therein. Merchant Banker has certified in its Due-Diligence Certificate dated ______ <Date of Certificate> submitted to SEBI that the disclosures made in the placement memorandum are true, fair and adequate to enable the investors to make an informed decision with respect to the investment in the proposed Scheme/Fund and such disclosures are 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.

2. The Manager and Merchant Banker confirm that the provisions/clauses of the placement memorandum are in compliance with applicable SEBI laws, rules, regulations, circulars and guidelines, and do not override or conflict with any regulatory requirements.

3. It is to be distinctly understood that submission of the PPM to SEBI should not in any way be deemed or construed that the same has been approved by SEBI. SEBI does not assume any responsibility for the accuracy and correctness of disclosures, facts and claims made in the PPM and for the capability and performance of the Manager.

4. The Manager and Merchant Banker are responsible for ensuring that the information contained in the PPM is true and accurate in all material respects and in compliance with SEBI (Alternative Investment Funds) Regulations, 2012 and other applicable laws and that there are no material facts, the omission of which would make any statement in this memorandum, whether of fact or opinion, misleading."

2.4.1.5. The Merchant Banker and the Manager of the AIF shall be responsible for ensuring the accuracy and completeness of all disclosures made in the PPMs of Regular schemes, as well as in declarations submitted by them. In case of any irregularity or lapse in the PPM, concerned entities shall be liable for action.

3. Paragraph 2.5 of the Master Circular shall be substituted with the following paragraph:

2.5. Modalities for filing of PPM and launch of schemes of AI only Funds, LVFs and Angel Funds:

2.5.1. Pursuant to introduction of framework for "Accredited Investors" in the securities market, AIF Regulations have been amended to provide certain relaxations from regulatory requirements to – (i) AIF schemes limited exclusively to Accredited Investors only (AI only funds) and (ii) 'Large Value Fund for Accredited Investors' (LVF), an AI only fund, where each investor invests not less than INR 25 crore.

2.5.2. With respect to launch of schemes/ funds of AI only Funds, LVFs and Angel Funds, the following is specified –

2.5.2.1. AI only funds and LVFs:

2.5.2.1.1. In terms of proviso to Regulation 12(3A) of AIF Regulations, AI only funds and LVFs are exempt from filing their PPM with SEBI through Merchant Banker and incorporating comments of SEBI in their PPM i.e. AI only funds and LVFs can launch their scheme immediately upon filing of PPM with SEBI. However, first schemes of AI only funds and/ or LVFs can be launched from the date of grant of SEBI registration.

2.5.2.2. Angel Funds:

2.5.2.2.1. Pursuant to amendment of AIF Regulations vide SEBI (AIF) (Second Amendment) Regulations, 2026, Angel Funds are exempt from filing their PPM with SEBI through Merchant Banker and incorporating comments of SEBI in their PPM.

2.5.2.2.2. Accordingly, Angel Funds can proceed with circulation of the PPM to their investors for soliciting funds from the date of grant of SEBI registration.

2.5.2.3. In addition to payment of applicable (scheme/ registration) fee, PPM of AI only funds or LVFs or Angel Funds shall be filed on SEBI intermediary portal along with a duly signed and stamped undertaking by Chief Executive Officer of the Manager of the AIF (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of the AIF in the format specified at **Annexure 7**.

2.5.2.4. The following disclaimer clause shall be included in the PPMs of all AI only funds, LVFs and Angel Funds:

> *"1. The Manager of the AIF viz., <Name of the Manager of the AIF> has independently exercised due-diligence regarding the information given in the placement memorandum, including the veracity and adequacy of disclosures made therein. Chief Executive Officer of the Manager of the AIF (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of the AIF have certified in their undertaking dated ______ <Date of undertaking> submitted to SEBI that the disclosures made in the placement memorandum are true, fair and adequate to enable the investors to make an informed decision with respect to the investment in the proposed Scheme/Fund and such disclosures are 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.*
>
> *2. It is confirmed that the provisions/clauses of the placement memorandum are in compliance with applicable SEBI laws, rules, regulations, circulars and guidelines, and do not override or conflict with any regulatory requirements.*

3. It is to be distinctly understood that submission of the PPM to SEBI should not in any way be deemed or construed that the same has been approved by SEBI. SEBI does not assume any responsibility for the accuracy and correctness of disclosures, facts and claims made in the PPM and for the capability and performance of the Manager.

4. The Manager is responsible for ensuring that the information contained in the PPM is true and accurate in all material respects and in compliance with SEBI (Alternative Investment Funds) Regulations, 2012 and other applicable laws and that there are no material facts, the omission of which would make any statement in this memorandum, whether of fact or opinion, misleading."

2.5.2.5. The Manager of the AIF shall be responsible for ensuring the accuracy and completeness of all disclosures made in the PPMs and declarations submitted by them. In case of any irregularity or lapse in the PPM, concerned entities shall be liable for action.

2.5.2.6. Any new scheme proposed to be launched as an AI only scheme shall have the words 'AI only fund' or 'AIOF' added to the scheme name at the end (For example, 'Xyz AI only fund' or 'Xyz AIOF').

2.5.2.7. Any new scheme proposed to be launched as an LVF shall have the word 'LVF' added to the scheme name at the end (For example, 'Abc LVF').

4. The following paragraph shall be inserted after paragraph 2.6 of the Master Circular:

"2.7. ***Explanation*** *-For the purpose of the aforementioned paragraphs 2.4 to 2.6:*

2.7.1 *'Regular schemes' shall mean schemes other than Large Value Fund for Accredited Investors (LVF), Accredited Investor Only Fund ('AI only fund') and Angel Funds.*

2.7.2 *'Launch' of scheme or fund shall mean circulation of its Private Placement Memorandum (PPM) to the investors for soliciting funds.*

2.7.3 *'Working days' shall mean all days, excluding Saturdays, Sundays, and public holidays on which concerned SEBI Office is closed for business, as published on SEBI website."*

5. **Changes in PPM:**

5.1. Paragraph 21.4.4 of the Master Circular shall stand modified as under:

21.4.4 AI only funds, LVFs and Angel Funds are exempt from the requirement of intimating any changes in the terms of PPM through a merchant banker. AI only funds, LVFs and Angel Funds shall directly file any changes in the terms of PPM with SEBI, along with a duly signed and stamped undertaking by CEO of the Manager of the AIF (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of the AIF in the format specified at ***Annexure 17****.*

6. This circular shall come into force with immediate effect and would apply to PPMs of all schemes/ funds filed with SEBI from the date of notification of SEBI (AIF) (Second Amendment) Regulations, 2026.

7. This circular is issued with the approval of the Competent Authority.

8. 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 12, 19 & 36 of AIF Regulations, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

9. The circular is available on SEBI website at www.sebi.gov.in under the categories "Legal framework - Circulars" and "Info for - Alternative Investment Funds".

10. The SEBI Master Circular for AIFs dated June 03, 2026 has also been updated with the provisions of this circular. The updated Master Circular for AIFs is available on SEBI website at www.sebi.gov.in in the path "Legal -Master Circulars" and "Info for - Alternative Investment Funds".

Yours faithfully,

Vikash Narnoli
Deputy General Manager
Tel no.: +91-22-26449161
Email ID: vikashn@sebi.gov.in