

## Implementation Standards formulated by the pilot Standard Setting Forum for AIFs ('SFA') for SEBI circular on 'Credit of units of AIFs in dematerialised form'

With reference to SEBI circular no. SEBI/HO/AFD/PoD1/CIR/2023/186 dated December 11, 2023 on '**Credit of units of AIFs in dematerialised form**' (*hereinafter referred as SEBI circular*), the implementation standards to be adopted by AIF industry, as formulated by the pilot Standard Setting Forum for AIFs ('SFA') and depositories, are given below.

### A. Reporting with respect to units held in Aggregate Escrow Demat Account:

Para 10 and 11 of the SEBI circular states as under:

*"Managers of AIFs shall maintain investor-wise KYC details of units held in Aggregate Escrow Demat Account, including name, PAN and bank account details, along with audit trail of the transactions. The same shall also be reported to Depositories and Custodians on a monthly basis.*

*For this purpose, AIF industry shall adopt implementation standards as formulated by the SFA and depositories jointly, in consultation with SEBI, for compliance with the provisions of this circular. Such standards shall, inter-alia, include formats for information/records to be maintained by managers of AIFs with respect to investor-wise holding/transactions in the Aggregate Escrow Demat Account and reporting of the same to Depositories and Custodians."*

In this regard, managers of AIFs shall adhere to the following implementation standards -

- A.1. Manager of an AIF shall maintain investor-wise holding details of investors whose units are held in Aggregate Escrow Demat Account of a scheme, in the format specified as under -

**Table 1 – Investor wise information for units held in Aggregate Escrow Demat Account**

1	Name of the investor		
2	PAN of the investor		
3	Bank Account Details of the investor	Account No.	
		IFSC Code	
4	ISIN No. for units held by the investor (If investor holds units having different ISINs, the information is to be captured for all ISINs)		
5	No. of units held by investor (ISIN wise)		
6	Record and details of reaching out to the investor for collecting demat account details		
7	Gist of investor responses/ reason for non-availability of investor demat account/non-dematerialisation of units		

(Note – Row 4 and 5 to be repeated for each ISIN held by an investor)

- A.2. Along with information specified at S. No. 1 to 5 of Table 1 above, manager of the AIF shall provide a monthly statement to the depository (with whom

Aggregate Escrow Demat Account of the scheme has been opened) and its custodian (if appointed), post reconciling the debits and credits in the Aggregate Escrow Demat Account of a scheme of AIF.

- A.3. The units of a scheme of AIF held in investors' demat accounts and the units held in the Aggregate Escrow Demat Account of the scheme, shall be reconciled against the total number of units issued by the scheme and the same shall be reported by the AIF to the depository and custodian on a monthly basis in the format specified at **Annexure A** below. Such details shared by AIFs shall be collated by depositories/custodians and reported to SEBI whenever such information is called for.
- A.4. The aforesaid reporting for each month shall be submitted to the depository/custodian within 15 days from the beginning of the next month, as given below:
- For schemes of AIFs with a corpus  $\geq$  INR 500 Cr as on Oct 31, 2023: Commencing from the month of January 2024, to be submitted by February 15, 2024.
  - For schemes with corpus  $<$  INR 500 crore as on Oct 31, 2023 and schemes launched after Oct 31, 2023 irrespective of corpus: Commencing from the month of April 2024, to be submitted by May 15, 2024.
- A.5. The aforesaid requirements shall be applicable to schemes of AIFs as long as any of their units are held in Aggregate Escrow Demat Account.

**B. Steps to be taken by manager for reaching out to investors of AIFs for obtaining demat account details**

Para 3 of the SEBI circular states as under:

*“Managers of AIFs shall continue to reach out to existing investors to obtain their demat account details and credit the units issued to them to their respective demat accounts. Depositories shall also aid in this process as advised by SEBI. In this regard, AIF industry and depositories shall adopt implementation standards as formulated by the pilot Standard Setting Forum for AIFs ('SFA'), along with the two depositories, in consultation with SEBI. The standards shall detail steps to be taken by AIF managers and depositories to reach out to investors and facilitate conversion and credit of their units in demat form.”*

In this regard, managers of AIFs shall adhere to the following implementation standards -

- B.1. Managers of AIFs shall send communication for collecting the demat account details to investors who have not provided the same to AIFs, through all mediums/channels of communication as agreed with the respective investor. Sending such communication shall commence at the earliest but not later than February 15, 2024, for all schemes of AIFs irrespective of their corpus. Further, managers shall send reminders, at least once a month, to investors who have not given their demat account details.
- B.2. Managers of AIFs shall maintain records of aforesaid communication to investors until the demat account details are given by the investors. Further, the reminders for providing demat account details shall also be enclosed with drawdown notices issued by the AIFs.

- B.3. To assist managers of AIFs in reaching out to the investors who have demat accounts but have not provided details of the same to AIFs, Depositories, based on PAN details of investors (who have not provided demat account details to AIFs) shared by managers of AIFs, shall inform the manager whether such investors have a demat account or not (by responding “Yes” or “No” for each PAN provided). For the said purpose, managers of AIFs shall seek details of such investors by submitting their PAN to depositories by February 15, 2024 for schemes of AIFs with a corpus  $\geq$  INR 500 Cr as on Oct 31, 2023, and by May 15, 2024 for schemes with corpus  $<$  INR 500 crore as on Oct 31, 2023 and schemes launched after Oct 31, 2023 irrespective of corpus.

Table 2 – Report to be submitted by AIFs to depositories and custodians, for schemes of AIFs whose units are held in Aggregate Escrow Demat Account*(The information shall be provided as per the status as on the last date of the month)*

S.No.	Name of AIF	Name of Scheme	Total no. of investors in the scheme	Total no. of units issued by the scheme	No. of investors to whom units have been credited to their own demat account	No. of units credited to demat account of investors	No. of investors whose units are held in Aggregate Escrow Demat Account <sup>#</sup>	No. of units held in Aggregate Escrow Demat Account	ISINs of units held in Aggregate Escrow Demat Account	Credit/Debit of units in Aggregate Escrow Demat Account during the month			No. of investors who have demat accounts but details not yet provided to AIFs*
										Credited	Redeemed	Moved to investors' demat account	
1.													
2.													

# The information mentioned at S.No. 1 to 5 of Table 1 given at para A.1 above, for investors whose units are held in Aggregate Escrow Demat Account shall also be reported to depositories/custodians.

\*(basis information provided by depositories in terms of para B.3 above)