CDSL/OPS/RTA/POLCY/2023/239 **November 09, 2023**

ISSUANCE OF UNITS OF AIFS IN DEMATERIALIZED FORM

Issuer / RTAs are advised to refer to SEBI Circular no. SEBI/HO/AFD/PoD1/CIR/2023/96 dated June 21, 2023, regarding issuance of units of Alternative Investment Fund (AIF) in dematerialized form.

In order to facilitate the conversion of existing AIF units represented by Statement of Account (SoA) into dematerialised form through the Corporate Action route, the below-mentioned SOP shall be applicable.

1) Submission of conversion request by the investor

a) An investor desiring to convert its existing (AIF) units represented by Statement of Account (SoA) into dematerialized form shall submit to the AIF/IM/RTA the following

i) Request for conversion [containing DP Id, Client Id, name of sole/joint holders, ISIN, quantity, lock-in details, if any in the format of Conversion Request Form (CRF) prescribed by IM],

ii) A copy of Client Master Report (CMR) issued by its Depository Participant (DP) duly certified by the DP. Alternately the Fund /RTA may validate the demat account number using electronic services provided by the depository i.e through the data services /beneficiary demographic (bendem) report provided by the depositories.

iii) A copy of latest SoA containing information of the holding units desired to be converted into demat.

2) Upon receipt of conversion request from the investor

a) AIF/IM /RTA shall ensure that the units which the investor intends to convert belong to the list of units available for dematerialization in Depositories and the correct ISIN is mentioned on the CRF.

b) AIF/IM /RTA shall verify details viz., DP ID, Client ID, Name(s) of the investor(s) and holding pattern (mentioned on CRF) with the CMR of the beneficial owner account submitted by the investor or from the data services/bendem report obtained. The conversion request shall be accepted by the AIF/IM /RTA only in case the aforesaid details match.

c) If the CRF is in order, the AIF/IM /RTA - will issue an acknowledgement duly signed and stamped to the investor(s).

3) Before crediting the units through the depository

a) AIF/IM /RTA shall ensure that the details in CRF viz., Name(s) of the investor(s), holding pattern of account holder(s) and signature of the investor(s) match with the details available in its records. In case of any mismatch, AIF/IM /RTA shall reject the request for conversion of units and inform the investor suitably, providing reason(s) for such rejection.

b) AIF/IM/ RTA shall validate the unit holder name(s) and PAN(s) (if available) from its records with the data obtained through data services or by obtaining the bendem report from the depository. In case of any mismatch, IM /RTA shall reject the request for conversion of units and inform the investor suitably, providing appropriate reason for such rejection.

4) After successful validation and verification of data/request

a) AIF/IM/RTA shall record the conversion of units, represented by SoA, as requested by the investor(s) in its records, upon successful validation and verification

b) AIF/IM/RTA shall credit the units by corporate action process through the depository to the beneficial owner account of the unit holder(s).

c) The credit of the converted units will be reflected in the Transaction Statement provided by the D P to its client.

d) In case of rejection of corporate action file uploaded by AIF/IM/RTA to the depository system, the reason(s) of rejection of the corporate action shall be provided by the depository. AIF/ IM/RTA shall take necessary steps to rectify the same.

It may be noted that the existing option of conversion of units from SOA to demat through the Depository Participant would also be available in addition to the option of conversion through corporate action.

Further, please note that in addition to the existing corporate Action (CA) Types available in the CDSL system, the following new CA types have been added:

Value	CA Description / Type
92	**Pvt. Placement_AIF units**
93	**Redemption of AIF units**
94	**SOA to Demat_AIF**

Issuer / RTAs are advised to take note of the circular and ensure that necessary changes are incorporated in their back office, if any.

Queries regarding this communiqué may be addressed to: **CDSL – Helpdesk** Emails may be sent to: helpdesk@cdslindia.com and telephone number 08069144800.

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