

Credit of existing & issue of new units of AIFs in demat form | SEBI circulars dated June 21 & December 11, 2023

What are AIFs?

Alternative Investment Funds means

- any fund est./ incorporated in India in the form of a trust, company, LLP, body corporate which is a
- privately pooled investment vehicles which collects funds from investors & invests in accordance with a defined investment policy for the benefit of its investors [Reg 2(1)(b) of AIF Regs, 2012]

Issuance of units of AIFs in demat form [Reg 10 (aa) of AIF Regs, 2012 r/w SEBI circular dated June 21, 2023

- Reg 10 (aa):** AIFs to issue units in demat form subject to conditions specified by SEBI from time to time
- Circular dated June 21, 2023:** Time frame for dematerialisation prescribed.

Particulars	AIFs schemes with corpus \geq Rs 500 crores	AIFs schemes with corpus < Rs 500 crores
Demat of existing units	Latest by October 31, 2023	Latest by April 30, 2024
Issuance of units only in demat form	November 01, 2023 onwards	May 01, 2024 onwards

Time frame for crediting of AIF units to investors demat & Aggregate Escrow Demat account – circular dated December 11, 2023

- AIFs to open “**Aggregate Escrow Demat Account**” (AEDA) to credit AIF units in cases where investors onboarded either prior to Nov 01, 2023/ May 01, 2024 have not provided demat details.
- Issuance & credit of units of AIFs (snapshot)**

Units in AEDA

- As & when investors provide demat details - transfer within 5 working days;
- No transfer allowed – other than specified above;
- Units in AEDA can be redeemed and proceeds to be paid to investors with full audit trail;
- AIFs managers to maintain investor KYC details & report to depositories on monthly basis;
- Transfer to AEDA should not impact the rights of the unit holders in terms of voting/distribution.

Details	AIFs schemes with corpus \geq Rs 500 crores as on Oct 31, 2023	AIFs schemes with corpus < Rs 500 crores as on Oct 31, 2023 & schemes launched after it, irrespective of the corpus
Investors who provided demat details – A	Units already issued prior to Oct 31, 2023: credit to demat a/c Units issued after Oct 31, 2023: to be in demat form & credit only to investors demat a/c	Units already issued prior to April 30, 2024: credit to demat a/c Units issued after April 30, 2024: to be in demat form & credit only to investors demat a/c
Investors who have not provided demat details - B	Units to be credited to AEDA [for investors onboarded prior to Nov 01, 2023]	Units to be credited to AEDA [for investors onboarded prior to May 01, 2024]
Completion of A & B	Latest by Jan 31, 2024	Latest by May 10, 2024

Link to NSDL FAQs on conversion of AIF units from physical to demat: Click [here](#)

