

CIRCULAR

SEBI/HO/AFD/PoD1/CIR/2024/2

January 11, 2024

**To,
All Alternative Investment Funds**

Sir / Madam,

Sub: Foreign investment in Alternative Investment Funds (AIFs)

1. The Government of India through gazette notification dated [March 07, 2023](#) and [September 04, 2023](#) has amended the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, *inter-alia*, to revise the thresholds for determining the beneficial ownership.
2. In view of the amendments to the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, para 4.1.2. under Chapter 4 of SEBI Master Circular No. SEBI/HO/AFD/PoD1/P/CIR/2023/130 dated July 31, 2023 for AIFs stands modified as mentioned below:

The investor, or its beneficial owner as determined in terms of sub-rule (3) of rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, is not the person(s) mentioned in the Sanctions List notified from time to time by the United Nations Security Council and is not a resident in the country identified in the public statement of Financial Action Task Force as –

- (i) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or*
 - (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.*
3. In case an investor who has been already on-boarded to scheme of an AIF, does not meet the revised condition as specified at para 2 above, the manager of the AIF shall not drawdown any further capital contribution from such investor for making investment, until the investor meets the said condition.
 4. The provisions of this circular shall come into force with immediate effect.
 5. This circular is issued with the approval of the competent authority.

6. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
7. The circular is available on SEBI website at www.sebi.gov.in under the categories “Legal framework - Circulars” and “Info for - Alternative Investment Funds”.

Yours faithfully,

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