भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

SECURITIES AND EXCHANGE BOARD OF INDIA

CONSULTATION PAPER

on

Review of the Accredited Investor Framework

1. Objective

1.1. The Accredited Investor ("AI") framework was introduced by SEBI with the objective of identifying a class of investors possessing the financial capacity, sophistication and ability to understand, evaluate and bear the risks associated with complex investment products and investment strategies. The framework enables a calibrated regulatory approach whereby certain regulatory flexibilities may be extended to such investors, while maintaining appropriate safeguards and market integrity.

1.2. Since its introduction, accreditation has assumed increasing significance across the securities market ecosystem. Accredited investor status today serves as an important gateway for access to various investment products, investment structures and regulatory flexibilities under the SEBI framework, including Alternative Investment Funds ("AIFs"), Portfolio Management Services ("PMS"), Angel Funds, Co-Investment Vehicles ("CIVs"), Large Value Funds for Accredited Investors ("LVFs") and other products and services that may be specified by the Board from time to time.

1.3. In view of the growing relevance of accreditation, developments in market practices and digital infrastructure, and representations received from stakeholders regarding various operational aspects of the framework, it is considered appropriate to review certain aspects of the Accredited Investor framework.

1.4. Accordingly, this consultation paper seeks comments and suggestions from stakeholders on various aspects of the Accredited Investor framework, including accreditation processes, verification mechanisms, operational requirements, eligibility determination and associated safeguards, with a view to ensuring that the framework continues to achieve its intended objectives efficiently while preserving investor protection, market integrity and regulatory credibility.

1.5. The proposal is in continuation of SEBI's focus on ease of doing business, deepening the pool of risk capital, and the long-term vision of transitioning from a "minimum commitment threshold" to "accreditation status" as the primary metric of an investor's risk sophistication.

2. Background

2.1. Securities market regulators globally recognise that investors differ significantly in their ability to understand financial products, assess investment risks, evaluate investment opportunities and absorb financial losses.

2.2. Securities market regulators often permit sophisticated investors to participate in products, structures and investment strategies that may involve greater complexity, reduced liquidity, longer investment horizons, concentrated exposures or greater contractual flexibility; overall products/ avenues that have relatively more flexibility and lesser regulatory oversight than that for retail investor.

2.3. The objective is to facilitate a proportionate regulatory approach by recognising that certain investors possess the ability to independently evaluate investment opportunities and associated risks and are better positioned to bear the financial consequences of investment decisions.

3. Accredited Investor Framework in India

3.1. Recognising the above, SEBI introduced a framework for Accredited Investors in 2021 by way of amendments to the SEBI (Alternative Investment Funds) Regulations, 2012, and other regulations, with the modalities specified through circulars (now subsumed in the Master Circular for AIFs dated July 30, 2026). The framework laid down an objective, independently validated metric for ascertaining a "sophisticated investor," in addition to the pre-existing metric based on the size of investment or commitment.

3.2. As per Regulation 2(ab) of AIF Regulations, "accredited investor" means any person who is granted a certificate of accreditation by an accreditation agency who,

i. *in case of an individual, Hindu Undivided Family, family trust or sole proprietorship has:*

   (A) *annual income of at least two crore rupees; or*
   (B) *net worth of at least seven crore fifty lakh rupees, out of which not less than three crores seventy five lakh rupees is in the form of financial assets; or*
   (C) *annual income of at least one crore rupees and minimum net worth of five crore rupees, out of which not less than two crore fifty lakh rupees is in the form of financial assets.*

ii. *in case of a body corporate, has net worth of at least fifty crore rupees;*
iii. *in case of a trust other than family trust, has net worth of at least fifty crore rupees;*
iv. *in case of a partnership firm set up under the Indian Partnership Act, 1932, each partner independently meets the eligibility criteria for accreditation:*

Provided that the Central Government and the State Governments, developmental agencies set up under the aegis of the Central Government or the State Governments, funds set up by the Central Government or the State Governments, qualified institutional buyers as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Category I foreign portfolio investors, sovereign wealth funds and multilateral agencies and any other entity as may be specified by the Board from time to time, shall deemed to be an accredited investor and may not be required to obtain a certificate of accreditation.

3.3. Under the present arrangement, a prospective investor must first approach an Accreditation Agency, being a subsidiary of a recognised Stock Exchange or Depository, which independently verifies the applicant's income and/or net worth and issues an Accreditation Certificate. Only thereafter does the investor approach the Manager, furnish the certificate, and have its validity verified before making investments into the AIF.

3.4. To obtain such accreditation, the prospective investor is presently required to submit, to the Accreditation Agency, financial documents evidencing that the investor meets the prescribed eligibility thresholds. The list of documents presently called for, as set out in the framework, is reproduced at **Annexure A**.

3.5. Regulatory Principles underlying existing framework:

3.5.1. <u>Independent verification:</u>

3.5.1.1. The Accredited Investor framework was introduced on the premise that certain regulatory flexibilities may be extended to investors who possess the financial capacity and sophistication necessary to independently evaluate and bear investment risks. Accredited status serves as the basis for granting access to certain products, structures and regulatory flexibilities.

3.5.1.2. The framework rests on the principle of independent verification of financial capacity. The framework was therefore designed to ensure that accredited status is determined independently of the commercial activities associated with the distribution or management of investment products

3.5.1.3. The rationale is that an independent validation lends credibility to the determination of risk sophistication, and it is on the strength of that credibility that a lighter-touch, regulation-light regime is extended to such investors and to the Managers serving them.

3.5.2. <u>Investor declaration:</u>

3.5.2.1. Equally fundamental to the framework is the declaration furnished by the prospective investor. The accreditation regime does not rest on financial capacity alone; it is premised on the investor's own affirmation that the investor understands, and is willing to assume, the consequences of being treated as an Accredited Investor. It is this informed consent that justifies extending a lighter-touch regime to such investors. Accordingly, in terms of Chapter 10 of the Master Circular for AIFs, an Accredited Investor is required to provide the following undertaking while availing the services of the Manager:

(i) *"The prospective investor 'consents' to avail benefits under the AI framework;*

(ii) *The prospective investor has the necessary knowledge and means to understand the features of the investment product/service eligible for Accredited Investors, including the risks associated with the investment;*

(iii) *The prospective investor is aware that investments by Accredited Investors may not be subject to the same regulatory oversight as applicable to investment by other investors; and*

(iv) *The prospective investor has the ability to bear the financial risks associated with the investment."*

3.5.3. <u>Uniformity and Consistency of Standards</u>

3.5.3.1. One of the principal objectives underlying the existing framework was to ensure uniformity in the interpretation and application of eligibility criteria across the securities market ecosystem.

3.5.3.2. A centralised accreditation process administered through recognised Accreditation Agencies promotes consistency in the manner in which eligibility criteria are applied across different intermediaries, products and market segments.

3.5.3.3. Such consistency is important because accredited status is intended to have a common meaning across the regulatory framework irrespective of the specific intermediary or product involved.

3.5.3.4. Uniform standards also reduce the possibility of regulatory arbitrage and promote confidence among market participants that accredited status has been granted based upon a common set of principles and verification standards.

3.5.4. Portability and Market Efficiency

3.5.4.1. A further objective underlying the accreditation-agency-based framework was portability.

3.5.4.2. Since accreditation is undertaken independently of any specific product or intermediary, accredited status may be utilised across multiple products, structures and market participants during the validity period of the accreditation certificate.

3.5.4.3. Portability reduces duplication of effort and documentation requirements for investors seeking to participate in multiple accredited-investor-oriented products.

3.5.4.4. It also promotes efficiency by avoiding the need for repeated eligibility assessments by different intermediaries.

3.5.4.5. From a regulatory perspective, portability is facilitated by the existence of a common accreditation standard that is recognised across the market.

3.5.4.6. Such portability contributes to ease of participation while preserving consistency in eligibility determination.

3.5.5. Financial Capacity as an Objective Criterion

3.5.5.1. While sophistication may encompass knowledge, experience and expertise, the existing framework was deliberately designed around objective financial criteria.

3.5.5.2. It is on the premise that financial capacity (generally ascertained from income and/ or net worth) enables investors to hire expert managers/ advisors as required.

3.5.5.3. It is also considered that their financial capacity gives them an ability to absorb loss and thus relatively higher risk products may also be suitable for such investors

3.5.5.4. Further, financial criteria provide a uniform basis for determining eligibility and is less susceptible to interpretational differences across market participants.

3.6. Since its introduction, accreditation has assumed increasing significance within the securities market ecosystem. *Inter-alia*, following flexibilities/Benefits extended to Accredited Investors:

3.6.1. <u>No minimum threshold for AI investors</u>: The minimum commitment amount of ₹1 crore for regular AIF, is not applicable for AIs investing in AIFs. The rationale behind such relaxation is that accreditation based on financial status serves as a more reliable and updated marker for investor sophistication, in comparison to a flat capital commitment. The regulatory rationale highlights that a mandatory minimum investment threshold simply measures a contractual obligation to provide funds, which does not necessarily reflect an individual’s true risk appetite, net worth, or actual financial capacity to absorb potential losses.

3.6.2. Similar dispensations with respect to ticket size have been extended to Accredited Investors across various other SEBI-regulated products for sophisticated investors, reflecting the growing use of accreditation as a common, portable marker of investor sophistication across the securities market:

3.6.2.1. Specialised Investment Funds (SIFs): Under the SEBI (Mutual Funds) Regulations, 1996, the minimum investment threshold for SIFs is ordinarily ₹10 lakh; no such ticket size is mandated where the investor is an Accredited Investor.

3.6.2.2. Portfolio Management Services (PMS): Under the SEBI (Portfolio Managers) Regulations, 2020, the minimum investment amount is ordinarily ₹50 lakh; no ticket size applies to AIs.

3.6.2.3. Special Situation Funds (SSFs): The minimum ticket size, ordinarily ₹10 crore for Category I AIFs undertaking special situation fund activity, stands reduced to ₹5 crore for Accredited Investors.

3.6.3. A portfolio manager may ordinarily invest only up to 25% of a client's assets under management in unlisted securities under non-discretionary PMS, this limit stands enhanced to up to 100% of assets under management in unlisted securities where the client is a large-value Accredited Investor.

3.6.4. Angel Funds can onboard and offer investment opportunities to Accredited Investors only. To facilitate this without breaching the private placement limit of 200 investors under the Companies Act, 2013, SEBI has amended the ICDR Regulations to treat AIs as Qualified Institutional Buyers (QIBs) for the limited purpose of Angel Fund investments, in recognition of AIs possessing financial sophistication, resource capability and risk appetite comparable to institutional investors.

3.6.5. The co-investment vehicle (CIV) framework which enables co-investment by AIF investors, has been permitted only where co-investing investor is an Accredited Investor.

3.6.6. Therefore, Accreditation now underpins the angel funds framework, the CIV framework, the reduced ticket size for Special Situation Funds, and the AI-only schemes and Large Value Fund (LVF) relaxations. In each case, accreditation is the gateway to product and contractual flexibility.

3.7. Notwithstanding this centrality, the absolute number of accredited investors, though rising, remains modest relative to the addressable universe. The number of accredited investors grew to 3,820 as of July 31, 2026, from 649 a year earlier, and accredited investors held AIF units of a par value of approximately ₹1.91 lakh crore as of December 31, 2025 — close to 30% of total AIF investments.

3.8. Meanwhile, SEBI has been in active engagement with the industry participants to gauge the progress in accreditation and to calibrate the regulatory and operational framework to achieve the purpose of ease of accreditation. SEBI has received representations from industry associations, including those representing the AIF and portfolio management industry. These representations, *inter alia*, highlight issues pertaining to the following:

I. Duplication of touchpoints at Accreditation agency and AIF Manager for onboarding as an accredited investor.

II. Limited validity of accreditation

III. Limited number of accreditation agencies and process inefficiencies

IV. High cost of accreditation

V. Accreditation based only on financial assets, as an additional criteria

VI. Reliance on digital infrastructure for financial information

VII. Expansion of eligibility criteria for foreign pooled investment vehicles based on AUM

VIII. Expansion of universe for deemed accredited investors

IX. Permitting CA equivalent international bodies to certify net-worth of foreign investors

3.9. In the context of examination of the aforesaid issues, comparable framework across different jurisdictions have been examined as given in the following section. Taking into account the same, the aforesaid issues and proposed solutions for the same are deliberated in detail in paragraph 5 below.

4. Accreditation framework in various global jurisdictions

4.1. Jurisdictions across the world have developed frameworks for identifying investors who may be capable of independently understanding, evaluating and bearing investment risks and who may therefore be eligible for participation in products, structures or regulatory arrangements intended for sophisticated investors. A detailed study of accreditation framework in various global jurisdiction is placed at **Annexure-B.**

4.2. A review of international practices provides useful insights into alternative approaches adopted globally and the considerations underlying such approaches. A review of international practices indicates the following -

a) First, financial capacity continues to remain an important component of most sophisticated investor frameworks.

b) Second, some jurisdictions have supplemented or complemented financial criteria with indicators of knowledge, experience or professional expertise.

c) Third, jurisdictions have adopted varying approaches regarding who may perform investor classification or accreditation, including independent entities, regulated intermediaries and self-certification mechanisms.

d) The distinction between accredited/sophisticated investors and retail investors is maintained to enable access to certain products only to sophisticated investors or to exempt certain products from disclosures/ regulatory authorizations.

4.3. International experience demonstrates that there is no single universally accepted model for identifying sophisticated investors. Different jurisdictions have adopted approaches that reflect their respective market structures, regulatory philosophies, supervisory capabilities and investor profiles. In particular, the purpose served by the accredited or equivalent status differs across jurisdictions, and thresholds in each jurisdiction may have been set with reference to the protections being given up.

4.4. While accreditation or classification functions may be performed by different entities across jurisdictions, the underlying principles of objectivity, consistency, and accountability remain common considerations. The basic objective of accreditation remains as enabling light-touch regulatory framework and access to riskier products to these class of sophisticated investors, which may not be available to retail investors.

4.5. Accordingly, international practices provide useful reference points for evaluating potential enhancements to the Indian framework while recognising the need to account for domestic market conditions and implementation considerations.

5. Issues under consideration and Proposals

Issues at 3.8 (I-IV)

5.1. As mentioned at Para 3.8 above, SEBI has received representations from various stakeholders, including industry associations, fund managers, intermediaries and market participants, regarding different aspects of the existing accreditation framework. For ease of discussion, certain issues are clubbed together for discussion:

I. *Duplication of touchpoints at Accreditation agency and AIF Manager for onboarding as an accredited investor.*

II. *Limited validity of the accreditation*

III. *Limited number of accreditation agencies and process inefficiencies*

IV. *High cost of accreditation*

5.2. The representations above are independently analysed as under:

Duplication of touchpoints at Accreditation agency and Manager for onboarding as an accredited investor; high cost of accreditation and process inefficiencies

5.2.1. Stakeholders have represented that the existing accreditation process requires investors to separately approach an Accreditation Agency for obtaining accredited status and thereafter approach the relevant intermediary or investment manager for onboarding and investment.

5.2.2. It has been submitted that a significant portion of the information required for accreditation, including KYC information, financial information and supporting documentation, is already collected by intermediaries and investment managers during onboarding.

5.2.3. Accordingly, stakeholders have represented that the current framework results in duplication of documentation, increased costs, additional timelines and multiple touchpoints for investors.

5.2.4. Accordingly, in summary, industry has recommended simplification of the accreditation process by integrating accreditation process with onboarding by manager.

<u>Potential Benefits of Simplification</u>:

5.2.5. Integration of accreditation with onboarding may reduce duplication of effort, improve investor experience and facilitate wider adoption of the Accredited Investor framework.

5.2.6. It may also improve operational efficiency and reduce cost.

<u>Regulatory Considerations</u>:

5.2.7. Accreditation forms the basis for extending regulatory flexibilities and, in certain cases, permitting departures from protections otherwise available to investors.

5.2.8. Accordingly, simplification of the process must be balanced against the need to preserve confidence in the integrity and credibility of Accredited Investor status.

5.2.9. Consideration is therefore required regarding the manner in which accreditation may be simplified while maintaining appropriate standards of verification, accountability and oversight.

Accreditation Validity and Renewal Requirements

5.2.10. Stakeholders have represented that the existing validity period of accreditation may result in recurring compliance costs and repeated submission of financial information.

5.2.11. It has been suggested that accreditation validity may be increased or that accreditation may be linked to investor onboarding and investment activity.

5.2.12. <u>Potential Benefits</u>: Longer validity periods may reduce administrative burden and improve investor convenience.

5.2.13. Reduced frequency of renewals may improve adoption of the framework.

5.2.14. <u>Regulatory Considerations</u>: Accreditation eligibility is based substantially on financial capacity, which may change over time.

5.2.15. Periodic verification therefore serves an important purpose in ensuring that accredited status continues to reflect the investor's prevailing financial circumstances.

5.2.16. Consideration is therefore required regarding the appropriate balance between operational efficiency and continued regulatory assurance.

<u>Proposal</u>:

5.3. Based on the representations, the following is proposed:

Manager Led Accreditation Framework

5.3.1. To address the friction arising from the separation of accreditation from onboarding, the limited number of Accreditation Agencies, the cost and recurring effort, and the periodicity of accreditation, it is proposed that a Manager be permitted to determine and record the accreditation status of an investor as an integral part of the process of onboarding in investment products launched by different managers.

5.3.2. As referred above at Para 3.6, the benefit of accreditation is extended to investment vehicles viz. SIF, PMS, and AIF. For ease of understanding, the investment manager / asset management entity of such vehicles are hereinafter collectively referred as "Manager".

5.3.3. In this regard, the following is proposed:

5.3.3.1. <u>For onboarding in investment products launched by different managers</u> – The accreditation is proposed to be undertaken each time an investor is onboarded by a manager.

5.3.3.2. <u>For onboarding in investment products launched by the same manager</u>: The accreditation status may be given a validity period of 3 years from the date of eligibility assessment. In this regard, it is proposed that Manager to be recognized at group entity level, so that accreditation validity is extended for managers of the same group entity, across investment vehicles viz. AIF, SIF, and PMS.

5.3.3.3. To account for the validity period of 3 years, the applicant shall meet the eligibility criteria on the basis of income or net-worth or securities market assets. In this regard, the applicant shall furnish the following:

5.3.3.3.1. For income – Latest ITR

5.3.3.3.2. For networth – a networth certificate from a practicing Chartered Accountant (CA). The certificate should not be older than 6 months. the CA may optionally state the actual net worth while certifying it meets the threshold.

5.3.3.3.3. For securities market assets (discussed in detail at Para 5.14-5.18 below) –

5.3.3.3.3.1. eCAS summary statement generated by depositories and/or broker statement, which should not be older than 6 months; or

5.3.3.3.3.2. A certificate from a practicing chartered accountant certifying that securities market assets meet the specified threshold within the last six months

5.3.4. It is also proposed that the manager may recognize an investor as accredited during the tenure of the ongoing scheme as well, and not merely at the time of onboarding, subject to meeting the stipulated eligibility criteria.

5.3.5. In terms of current regulatory framework, such investors will remain tagged as accredited for the remaining life of that particular scheme, even if they lose the financial wherewithal tested at the time of onboarding.

5.3.6. For clarity, it may be noted that the proposal does not permit an investor to self-certify or self-declare their own accredited status.

5.3.7. The proposal is expected to reduce duplication of documentation in current framework of two different touchpoints, improve operational efficiency and facilitate wider adoption of the Accredited Investor framework.

5.4. Regulatory Concerns:

5.4.1. This proposal represents a departure from the position underlying the 2021 framework, under which accreditation was deliberately entrusted to *independent* Accreditation Agencies, on the premise that an independent validation of financial capacity lends the determination its credibility. Entrusting the determination to the Manager — an interested party that stands to gain the investor's commitment and the associated fees — may be seen as a dilution of that independence, and gives rise to a potential conflict of interest.

5.4.2. Allied concerns include the risk of inconsistent standards across Managers in the absence of a single accrediting authority, and the need for a robust framework for record-keeping, consent management and audit, with clearly-fixed consequences for erroneous or fraudulent accreditation.

5.5. Safeguards:

5.5.1. The proposal to entrust accreditation to the Manager makes it necessary to put in place adequate safeguards so that the credibility of determination, and independence of assessment is preserved. Accordingly, the following safeguards are proposed:

5.5.2. Accountability Framework: Managers undertaking accreditation may be responsible for ensuring compliance with prescribed eligibility criteria. Incorrect accreditation arising from negligence, inadequate verification or non-compliance with prescribed procedures may attract appropriate regulatory action. Such accountability is intended to ensure that simplification of the accreditation process does not compromise the credibility of Accredited Investor status.

5.5.3. Maintenance of Records: Managers may be required to maintain all records, supporting documents and verification evidence relied upon for accreditation. Such records may be preserved for a minimum period specified by SEBI and be made available for inspection as and when sought.

5.5.4. Audit Requirements: Accreditation processes may be subjected to periodic internal audit and compliance review. Managers may also be required to obtain annual certification from an independent auditor regarding compliance with accreditation requirements.

5.5.5. Laid down Accreditation Policy: Every Investment Manager undertaking accreditation may be required to adopt an accreditation policy specifying:

5.5.5.1. Conflict of interest norms – to address that accreditation activity is separated from business development activity, and to avoid any mis-selling of accreditation status.

5.5.5.2. Escalation and grievance redressal processes – to resolve investor concerns from accreditation status of applicants.

5.5.5.3. record retention infrastructure which should *inter-alia* cover data privacy and cybersecurity concerns – to ensure that confidentiality of the data submitted by the investors is protected.

5.6. The Manager led accreditation framework proposed above is intended to operate as an additional, optional route for determination of accredited status, and not in substitution of the existing Accreditation Agency based framework. The Accreditation Agency route shall continue to remain available to investors, who may elect to obtain a certificate of accreditation from a recognised Accreditation Agency, independent of any particular Manager. Retention of the Accreditation Agency route ensures continuity of the existing accreditation infrastructure, including the Accreditation Agencies presently recognised by SEBI.

5.7. This dual route structure is intended to preserve investor choice and accommodate differing investor preferences. Investors who anticipate participating in schemes of multiple, unrelated Managers, or who otherwise value the portability afforded by a Manager agnostic accreditation valid across intermediaries and products, may continue to avail of the Accreditation Agency route. Conversely, investors who prioritise the convenience of a consolidated onboarding process or who want to avoid concerns regarding privacy of financial data, may avail of the Manager led route. Further, it is proposed that the validity norms of accreditation granted through the Accreditation Agency route may also be aligned with the validity norms prescribed for manger-led accreditation for own schemes, as referred at Para 5.3.3 above.

Proposals for consideration:	
Proposal 1.	Do you agree that Manager may be permitted to determine and record the accredited status of an investor?
Proposal 2.	Do you agree with the proposed validity for Manager led accreditation? a) For onboarding in investment products launched by different managers: The accreditation is proposed to be undertaken each time an investor is onboarded by a manager. b) For onboarding in investment products launched by the same manager: The accreditation status may be given a validity period of 3 years from the date of eligibility assessment.
Proposal 3.	Do you agree that the manager led accreditation may be accompanied with certain safeguards such as mandating a laid-down policy for accreditation (at manager level), maintenance of records, independent oversight, and an accountability framework?
Proposal 4.	Do you agree that the accreditation agency route may continue alongside the proposed manager led accreditation route?
Proposal 5.	Do you agree that the validity norms of accreditation granted through the Accreditation Agency route may also be aligned with the validity norms prescribed for manger-led accreditation for own schemes?

<u>Issues at 3.8 (V-VII)</u>

5.8. SEBI has received representations on the following –

V. *Accreditation based on financial assets as an additional criteria*

VI. *Reliance on digital infrastructure for financial information*

VII. *Expansion of eligibility criteria for foreign pooled investment vehicles based on AUM*

5.9. Proposed Introduction of Financial Assets as an Additional Eligibility Criterion:

5.9.1. Industry has proposed that financial assets capable of independent digital verification be recognised as an additional route for accreditation.

5.9.2. Eligible financial assets may include listed equity securities, mutual fund units, ETFs, AIF units and such other securities as may be specified.

5.9.3. The industry has proposed a threshold of INR 20 crore for accreditation based on financial assets only.

<u>Potential benefits</u> –

5.9.4. It has been argued that this would materially reduce friction, cost and the disclosure of granular financial particulars, while drawing upon authoritative, tamper-resistant data.

5.9.5. Financial assets held in securities markets may be capable of verification through established market infrastructure. Therefore, reducing reliance on any submission which is requiring manual generation (such as CA certificate).

5.9.6. Such an approach may reduce documentation requirements and improve operational efficiency.

<u>Regulatory Considerations</u>:

5.9.7. Financial assets and net worth measure different aspects of financial capacity.

5.9.8. The existing net-worth criterion reflects assets net of liabilities and therefore seeks to capture the investor's overall financial position.

5.9.9. By contrast, securities holdings generally represent gross asset values and do not provide visibility regarding liabilities, leverage or encumbrances.

5.9.10. Consequently, direct equivalence between net worth and securities holdings may not be appropriate.

5.9.11. Consideration is therefore required regarding whether financial assets should be recognised as an additional criterion and, if so, the appropriate threshold that should apply.

5.10. The representations have been perused, and deliberated. There is merit in the view that the quantum of financial assets so held is not merely a measure of financial capacity, but is also a reasonable proxy for the two attributes the framework is designed to identify — an understanding of financial products, and an appetite for the associated risk.

5.11. A significant concern, however, is that a measure based on the value of securities holdings captures only the *asset* side of an investor’s financial position and does not account for the investor’s *liabilities*. This is in contrast to the net-worth criterion under the existing framework, which is computed as assets net of liabilities and therefore reflects the investor’s true financial standing.

5.12. An investor may hold securities of substantial value while carrying correspondingly substantial borrowings (including borrowings raised against those very securities), such that the gross value of holdings materially overstates the investor’s net financial position. Recognising gross asset holdings as a measure of eligibility, without adjustment for liabilities, therefore carries a risk of over-inclusion. To address this, it is proposed that, where eligibility is established on the basis of securities holdings alone, the applicable threshold is set appropriately, so as to build in a margin that compensates for the absence of any adjustment for liabilities.

5.13. Accordingly, the following approach has been adopted to arrive at the threshold for the said purpose.

5.13.1. The existing net-worth criterion reflects assets net of liabilities.

5.13.2. Securities holdings reflected through eCAS / broker statements represent gross asset values and do not provide visibility regarding liabilities.

5.13.3. eCAS statement provides details of holdings in demat accounts (including Equity Shares, Debt Securities, Mutual Fund Units, Government Securities, REIT/InvIT Units, Alternative Investment Fund (AIF) Units, Electronic Gold Receipts (EGRs), and other securities held in dematerialised form); Mutual Fund holdings across various schemes that are held in Statement of Account (SOA) form; and National Pension System (NPS) investments, subject to the investor providing explicit consent to the concerned Central Record Keeping Agency (CRA).

5.13.4. To facilitate objective assessment, analysis has been undertaken across multiple holding bands and corresponding participation in exchange-traded options markets. Following securities market instruments have been taken into considerations to analyse holding brackets, namely: equity, mutual funds, ETFs, AIFs and futures open interest.

5.13.5. As per data from stock exchanges and depositories, the relevant data as on April 30, 2026 is as follow: In the case of individual investors, at the base holding bracket of ₹0–1 crore, investors number approx. 12.50 crore, of whom only approx. 7% are also option traders. As the holding threshold rises, the eligible population contracts sharply while the proportion of option traders (used as a proxy for risk-taking behavior) rises steadily. At the ₹5 crore mark, individual investors number approx.

2.86 lakh, of whom approx. 27% are option traders — around a four-fold increase in the proportion of risk-taking investors compared to the base bracket,. By comparison, at the ₹10 crore mark, individual investors number approx. 1.50 lakh (approx. 33% option traders), and at the ₹20 crore mark approx. 82,000 (approx. 40% option traders).

5.13.6. A similar pattern is observed in the case of non-individual investors. At the base holding bracket of ₹0–1 crore, non-individual investors number approx. 6.06 lakh, of whom only approx. 10% are option traders. At the ₹20 crore mark, non-individual investors number is approx. 82,000, of whom approx. 69% are option traders — reflecting a similarly sharp increase in risk-taking propensity as holdings rise. By comparison, at the ₹50 crore mark, the non-individual population is approx. 62,000 (approx. 71% option traders).

5.13.7. Determination of an appropriate financial assets threshold is important because it directly influences the composition and size of the accredited investor universe.

5.13.8. Therefore, it is important to strike a balance in such a manner that only sophisticated investors (i.e. investors having capacity to absorb losses and willingness to take risks) qualify, and at the same time to include sufficient eligible investor base so as to encourage infusion of risk capital.

Proposal

5.14. It is proposed to introduce an additional criteria of accreditation on the basis of securities market assets alone.

5.15. The rationale for accreditation criteria on the basis of securities market assets alone is that the same is verifiable via a copy of eCAS generated by depositories and/or broker statement to substantiate the value of such assets. Therefore, it is aimed at eliminating the need to rely on manual intervention (such as appointing a CA), and will rely on digital infrastructure of e-CAS developed by depositories and stock brokers.

5.16. The current framework has prescribed a net-worth of INR 7.5 crore with atleast INR 3.75 crore in financial assets. Financial asset is a broader term that includes securities market assets, Bank FDs, certificate of deposits etc. In other words, securities market asset is a narrower/conservative estimate of financial wherewithal of an investor. Following securities market assets have been considered to qualify for meeting the stipulated eligibility conditions –

5.16.1. Securities market assets in Demat form viz. Equity instruments, debt instruments, REITs/INVITs, AIF units etc.

5.16.2. Securities Market assets in Mutual Fund folios

5.16.3. Futures Open Interest Position

5.16.4. Unlisted securities in Demat form

5.16.5. Overseas securities market investments

5.17. In this regard, determination of an appropriate threshold on the basis of securities market alone is important because it directly influences the composition and size of the accredited investor universe. A threshold that is set too low may materially expand eligibility and may alter the profile of investors qualifying for Accredited Investor status. Conversely, a threshold that is set excessively high may limit the practical utility of the proposed alternative route.

5.18. Considering the same, it is proposed that investors possessing securities market assets of at least INR 5 crore may qualify for accreditation at individual level. Further, for body corporates, it is proposed that the securities market assets threshold may be kept at INR 20 crore. Such a threshold ensures that the eligible investors have sufficient financial wherewithal, and also that substantial population of eligible investors have willingness to take risk, as indicated in the analysis of securities market holding and percentage of option traders.

5.19. Under the proposed threshold, in terms of the available data, as on April 30, 2026, approximately 3.7 lakhs investors are eligible to be accredited investors. It may be noted that the current strength of total AIF investors stands at around 96,000. Therefore, the aforesaid criteria may include around 4 times the existing participation as eligible investors in AIFs, thereby encouraging infusion of risk capital in the economy.

Proposal for consideration:	
Proposal 6.	Do you agree that 'securities market asset' is an appropriate eligibility criteria for assessing sophistication of an investor? Do you agree with the proposed thresholds of INR 5 crore for individual investors and INR 20 crore for body corporates?

5.20. Further, suggestion at Para 3.8 (VIII) above seeking accreditation based on AUM of the foreign pooled investment vehicle is redundant, in light of the proposal at para 5.30 below, wherein all non-residents are proposed to be included in the definition of deemed accredited investors.

<u>Issues at 3.8 (VIII)</u>

5.21. SEBI has received representations on the following –

VIII. Expansion of universe for deemed accredited investors

5.22. Under the extant framework, certain categories of persons — such as the Central and State Governments, developmental agencies and funds set up by them, qualified institutional buyers, Category I foreign portfolio investors, sovereign wealth funds and multilateral agencies — are deemed to be Accredited Investors and are not required to obtain a certificate of accreditation.

5.23. The industry has submitted that this list be expanded to recognise other categories of inherently sophisticated investors, such as foreign developmental financial institutions and pension funds. It has been argued that requiring such entities to undergo separate accreditation serves little protective purpose.

5.24. Potential Benefits: Expansion of deemed categories may eliminate duplicative accreditation requirements for investors that are already subject to regulatory oversight or institutional governance mechanisms. It may improve operational efficiency and reduce compliance burden.

Proposal –

5.25. It may be noted that the categories presently accorded deemed Accredited Investor status share certain common attributes that justify dispensing with a separate accreditation requirement.

5.26. First, each such category is a sovereign entity, a multilateral institution, or an entity subject to a pre-existing, independent regulatory or registration framework of its own — such as QIBs, who are already recognised institutional participants under SEBI's ICDR framework, or Category I Foreign Portfolio Investors (FPIs), who are subject to registration and ongoing supervision under the FPI Regulations.

5.27. Second, such entities are typically subject to institutional governance, public accountability, disclosure or oversight mechanisms — whether governmental, multilateral or regulatory — that independently address the concerns of financial sophistication and loss-bearing capacity that accreditation otherwise seeks to verify.

5.28. Third, such entities do not, by their institutional character, ordinarily give rise to the same information asymmetry or investor-protection concerns that arise in the case of individual or first-time investors, since their investment decisions are typically governed by internal risk frameworks, mandates or statutory objects.

5.29. Having said the above, it is recognized that there is need to encourage foreign currency inflows into the domestic economy and to facilitate ease of access for foreign capital into various investment products, consistent with SEBI's broader objective of deepening the pool of risk capital available to Indian markets.

5.30. In this regard, it is proposed that deemed Accredited Investor may be extended to all Person Resident Outside India (PROI), including all FPIs, as per Foreign Exchange Management Act (FEMA),1999 definition. The relevant clauses of FEMA are placed at **Annexure C.**

Proposal for consideration:	
Proposal 7.	Do you agree that Deemed Accredited Investor criteria may be extended to all Person Resident Ouside India (PROI), including all FPIs, as per FEMA,1999 definition?

Issues at 3.8 (IX)

5.31. SEBI has received representations on the following operational issue –

IX. Permitting CA equivalent international bodies to certify net-worth of foreign investors

5.32. In light of the proposal at para 5.30, wherein all PROIs are proposed to be included in the definition of deemed accredited investors, the above proposal stands redundant.

6. Consultation with stakeholders

6.1. The below mentioned proposals were placed before the SEBI's Alternative Investment Policy Advisory Committee (AIPAC).

6.1.1. Manager led accreditation

6.1.2. Introduction of a new eligibility criteria based on securities market assets

6.1.3. Deemed accreditation for Persons Resident Outside India

6.2. AIPAC broadly agreed with the proposals above. Few suggestions put forwarded by AIPAC have been incorporated in the proposals, and the proposals have been suitably modified above.

6.3. In addition to the above proposals, AIPAC members put forward the following suggestions with regards to eligibility conditions for accreditation:

6.3.1. It has been suggested that a ‘look-through’ provision may be brought in for Limited Liability Partnerships (LLPs), where if each partner individually an accredited investor, the LLP is granted the accreditation status. The rationale for such change is based on drawing parallel from similar existing provision for partnership firms.

6.3.2. An LLP, unlike a partnership firm, is a body corporate with a separate legal identity with limited liability, and perpetual succession under the Limited Liability Partnership Act, 2008, and is, for most other regulatory purposes, treated on a footing closer to a company than to a partnership firm. Further, unlike the fixed composition typically associated with a partnership firm, an LLP's partners may be changed during its subsistence; consideration is accordingly required as to whether LLP's accredited status would need to be re determined upon any such change.

6.3.3. In terms of the rationale put forward by the industry, and the concerns stated above, the suggestion is being incorporated for public consultation to gather wider views:

Proposal for consideration:	
Proposal 8.	Do you agree that a ‘look through’ may be brought in for Limited Liability Partnerships (LLPs), where if each partner individually an accredited investor, the LLP is granted the accreditation status? If yes, what safeguards be incorporated for such inclusion?

6.3.4. It has been suggested that a wholly owned subsidiary of a company may be recognized as accredited, if the parent company holds the prescribed net-worth. The rationale advanced is that a wholly owned subsidiary, being entirely owned and controlled by its parent, operates under parent's oversight and financial backing; and that requiring the subsidiary to independently satisfy the net-worth criterion may not be relevant.

6.3.5. The above suggestion has been examined. A company and its wholly owned subsidiary are distinct legal persons, and the parent's liability towards the subsidiary is ordinarily limited to its investment in the subsidiary. While the rationale put forward by the industry appears to merit consideration, there are concerns as to whether net-worth of the parent translate into a corresponding loss absorption capacity at the level of the subsidiary, which is the entity making the investment and bearing the investment risk.

6.3.6. In terms of the rationale put forward by the industry, and the concerns stated above, the suggestion is being incorporated for public consultation to gather wider views:

Proposal for consideration:	
Proposal 9.	Do you agree that a wholly owned subsidiary of a company may be recognized as accredited, if the parent company holds the prescribed net-worth? If yes, what safeguards be incorporated for such inclusion?

6.4. In view of the above proposals, draft of regulatory amendments to be carried out is placed at **Annexure D**. Analogous amendments to be carried out in other relevant regulations.

Proposal for consideration:	
Proposal 10.	Do you agree with the draft of regulatory amendments to be carried out placed at **Annexure D**?

7. Public comments

7.1. Considering the implications of the aforementioned matter on the market participants, public comments are invited on the Proposals 1 to 10 given above. The comments / suggestions shall be submitted on or before September 03, 2026, only via online web-based form through the following link:

https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes

7.2. In case of any technical issue in submitting your comment through web based public comments form, you may highlight the issues(s) to AGM, Sh. Ashutosh Parauha (ashutoshp@sebi.gov.in) or afdconsultation@sebi.gov.in with the subject of the email as, "Consultation paper on Review of the Accredited Investor Framework".

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ANNEXURE A

Documents to be submitted by a prospective investor for accreditation

The applicant shall furnish self-certified copies of the following documents:

Information	Document to be submitted
Proof of financial information	
Individual / HUF / Sole Proprietorship / Body Corporates / Trusts (the number of years for which financial information is provided determines the validity of accreditation)	Copies of Income Tax Return(s) / ITR acknowledgement (individuals/HUF/family trust/sole proprietorship); or audited financial statements; or audited financial statements prepared by the statutory auditor for the current year (where incorporated in the same financial year); or a net-worth certificate from a practising chartered accountant (not older than 6 months — the CA may optionally state the actual net worth while certifying it meets the threshold).
Undertaking	
Individual / HUF / Sole Proprietorship / Body Corporates / Trusts	Declaration that the submissions made to the Accreditation Agency are true and correct and, if found incorrect, the application may be rejected.

**The Accreditation Agency may seek other documents to verify the genuineness of the information/documents submitted, including where the information appears contradictory, suspicious or fictitious.*

ANNEXURE-B

Accreditation framework in various global jurisdictions

1. Overview

1.1. Jurisdictions across the world have developed frameworks for identifying investors who may be capable of independently understanding, evaluating and bearing investment risks and who may therefore be eligible for participation in products, structures or regulatory arrangements intended for sophisticated investors.

1.2. While the terminology and approaches differ, the underlying objective remains broadly similar, namely to facilitate a calibrated regulatory approach based on determination of investor sophistication and financial capacity. These approaches may broadly be categorised into:

a) Financial capacity based frameworks;

b) professional or experience based frameworks;

c) intermediary led classification frameworks;

d) independent certification frameworks; and

e) hybrid approaches combining multiple criteria.

1.3. A review of international practices provides useful insights into alternative approaches adopted globally and the considerations underlying such approaches.

2. Financial Capacity as the Primary Basis of Accreditation

2.1. Financial capacity continues to be the most commonly used criterion for identifying sophisticated investors across jurisdictions as investors possessing substantial income, net worth or financial assets are generally more likely to:

2.1.1. possess experience in financial markets;

2.1.2. have access to professional advice;

2.1.3. understand investment risks; and

2.1.4. possess the ability to absorb potential losses.

2.2. Consequently, many jurisdictions utilise objective thresholds based on income, net worth or financial assets as the principal basis for determining eligibility.

2.2.1. Financial capacity based frameworks also facilitate supervisory oversight because eligibility can ordinarily be demonstrated through documentary evidence and less susceptible to subjective interpretation.

3. United States

3.1. The United States Accredited Investor framework is administered primarily under Regulation D read with Rule 501 of the Securities Act of 1933. Accredited investor status allows the investor to participate in private placements and other exempt offerings, i.e., offerings made without the registration and disclosure requirements applicable to public offerings.

3.2. Historically, accreditation has been based primarily on income, net-worth and assets criteria. The present thresholds are provided in the Table below.

Criteria	**USD**	**INR**
For individuals		
Income (in last 2 years)	$200K(individual) $300K (joint)	₹1.91 crores (individual) ₹2.86 crores (joint)
Net-worth (excluding primary residence) either individually or jointly with spouse	$1 million	₹ 9.54 crores
For corporations, partnerships, LLCs, trusts, family offices and their clients		
Assets	$5 million	₹ 47.70 crores

3.3. In addition to financial thresholds, the U.S. framework has evolved to recognise certain categories of investors possessing professional knowledge and expertise.

3.4. For example, holders of certain professional securities licences administered by the Financial Industry Regulatory Authority ("FINRA"), including Series 7, Series 65 and Series 82 licence holders, may qualify as accredited investors irrespective of financial thresholds.

3.5. The rationale underlying such recognition is that certain individuals may possess demonstrable financial market knowledge and understanding despite not satisfying prescribed wealth criteria.

3.6. Certain investors are automatically classified as accredited investors by virtue of their institutional status such as Banks, Insurers and registered investment companies.

3.7. Verification depends on the offering route. In offerings under Rule 506(b), investors self-certify their status. In offerings under Rule 506(c), where public solicitation is permitted, the issuer must take reasonable steps to verify the status through documents such as tax forms for the two most recent years, bank or brokerage statements, or written confirmation from a CPA, attorney, SEC-registered investment adviser or registered broker-dealer. Third-party confirmations must have been given within the preceding three months. The status is checked at the time of each offering.

4. European Union

4.1. The European Union adopts a professional-client classification framework under the Markets in Financial Instruments Directive (MiFID II). The main purpose of professional-client status is to decide the level of protection the intermediary must provide to the client. Professional clients receive fewer disclosures and lighter suitability and appropriateness checks than retail clients.

4.2. Professional client status is effectively necessary for certain restricted products: alternative investment funds marketed under the professional-only passport (retail access to such funds depends on each member state), and products that are banned or restricted for retail investors under product intervention measures, such as binary options and leveraged contracts.

4.3. Investors may be classified either as retail clients or professional clients. Certain investors are automatically classified as professional clients by virtue of their institutional status such as insurers, pension funds, central banks etc.

4.4. Retail investors may also elect to be treated as *professional clients* upon satisfying specified criteria. Under EU's framework, it involves a combination of factors (at least 2) including:

a) investment portfolio size of EUR 500K (~INR 5.5 crores);

b) frequency of transactions (10 or more transactions of more than EUR 50K ~ INR 55 lakhs per quarter over the last 4 quarters); and

c) 1 year or more professional experience in the financial sector.

4.5. Meeting the criteria is not by itself sufficient. The intermediary must separately assess the client's knowledge, experience and expertise, follow a prescribed opt-up procedure with written warnings and client acknowledgements, and maintain records. The status is checked at the time of each offering. The European approach therefore combines financial capacity with indicators of market experience and professional expertise.

5. Luxembourg

5.1. As an EU member state, Luxembourg applies the MiFID II professional-client framework. Parallel to this, Luxembourg fund laws use the concept of the "well-informed investor" to determine who may invest in its lightly regulated alternative fund vehicles: the specialised investment fund (SIF), the investment company in risk capital (SICAR) and the reserved alternative investment fund (RAIF). The purpose of the status is fund-access eligibility: these vehicles may be offered only to well-informed investors.

5.2. A well-informed investor is:

(a) an institutional investor;

(b) a professional investor within the meaning of MiFID II; or

(c) any other investor who confirms in writing that they adhere to the status of well-informed investor and per-investment commitment of EUR 100K (~INR 1.1 crore) or an assessment by a credit institution, an investment firm or a management company certifying that the investor has the expertise, experience and knowledge to adequately appraise the investment.

5.3. The fund or its manager must verify the status. Verification rests on the investor's written confirmation and, where the minimum investment is not made, the assessment certificate. The status applies for each fund in which the investor invests.

6. Germany

6.1. As an EU member state, Germany applies the MiFID II professional-client framework.

6.2. Parallel to this, the German Capital Investment Code (KAGB) distinguishes between professional, semi-professional and retail investors. Special AIFs (Spezial-AIF), which enjoy a lighter regulatory regime, may be acquired only by professional and semi-professional investors. The "semi-professional investor" is a category specific to German law and creates a middle tier between retail and professional investors. The purpose of the status is fund-access eligibility.

6.3. The present thresholds for semi-professional investor are provided in the Table below.

Criteria	EUR	INR
Standard route - per-investment commitment and suitability assessment	€ 200K	₹2.2 crores
Large-commitment route	€ 10 million	₹ 110 crores

6.4. The assessment and confirmation are carried out and documented by the fund manager, for each fund in which the investor invests.

7. France

7.1. As an EU member state, France applies the MiFID II professional-client framework.

7.2. Parallel to this, French law provides for “professional funds”, principally the specialised professional fund (fonds professionnel spécialisé, FPS) and the professional private equity fund (fonds professionnel de capital investissement, FPCI), which are declared to the French regulator (AMF). The purpose of the eligibility conditions is fund-access: these funds may be subscribed only by the categories of investors set out below: .

Criteria	EUR	INR
Minimum subscription (per-investment commitment)	€ 100K	₹1.1 crores
Experienced private-equity investors (FPCI) (investors who have previously invested in comparable private-equity vehicles)	€ 30K	₹ 33 lakh
Professional clients under MiFID II framework		

7.3. The management company or distributor checks the investor’s eligibility at the time of subscription and the eligibility is examined for each fund.

8. United Kingdom

8.1. UK framework gives cognizance to the professional-client classification under the UK's onshored MiFID rules, which deals with the protections owed by authorised firms to their clients.

8.2. Separately, the United Kingdom also utilises categories of high net worth individuals (HNWI) and sophisticated investors under its financial promotion regime. The purpose of these categories is to relax the general restriction on financial promotions.

8.3. A person who is not authorised by the Financial Conduct Authority (FCA) may market unlisted securities and unregulated collective investment schemes to investors in these categories, without the promotion being approved by an authorised firm.

8.4. The present thresholds under HNWI route are provided in the Table below.

Criteria	GBP	INR
Income	£100K	₹1.28 crores (individual)
Net-worth (excluding primary residence and life insurance)	£250K	₹ 3.19 crores

8.5. Certain investors may self-certify that they satisfy prescribed sophistication criteria based upon investment experience, business angel activity or professional involvement in investment activities such as having PE/ SME finance professional experience in last 2 years, Director of a company with turnover more than GBP 1 million etc.

8.6. Eligibility is established by a signed statement from the investor in a prescribed form, accompanied by prescribed risk warnings and acknowledgements. No third-party certification is required. The statement remains valid for 12 months, after which a fresh statement is needed.

9. Australia

9.1. Australia utilises two related concepts under the Corporations Act, 2001: the sophisticated investor and the wholesale client.

9.2. Sophisticated investor status exempts offers of securities made to such investors from prospectus and disclosure document requirements. Wholesale client status allows access to financial products and services on a wholesale basis, without retail protections such as product disclosure statements. The status is necessary to access wholesale-only funds and offerings, which form a large part of the private funds market. The present thresholds are provided in the Table below.

Criteria	AUD	INR
Sophisticated investor		
Income (in each of last 2 FYs)	AUD 250K	₹1.67 crores
Net-worth	AUD 2.5 million	₹ 16.7 crores
Wholesale client (in addition to above criteria)		
Investment in the financial product being offered	AUD 500K	₹3.34 crores

9.3. One of the distinguishing features of the Australian framework is the use of independent certification by qualified accountants valid for 2 years from the date of issue.

9.4. Investors satisfying prescribed financial thresholds may obtain certificates from accountants confirming compliance with the relevant eligibility criteria.

9.5. The Australian framework therefore represents an example of an independent verification model that does not necessarily rely upon a dedicated accreditation institution.

10. Singapore and Hong Kong

10.1. Singapore and Hong Kong primarily utilise financial-capacity-based frameworks for identifying accredited or professional investors.

10.2. **Singapore**: Accredited investor status under the Securities and Futures Act exempts offers made to such investors from prospectus requirements and permits access to restricted schemes, i.e., funds offered only to accredited investors. The status is necessary for restricted schemes and most private placements, which are open only to accredited and institutional investors.

10.3. **Hong Kong**: Professional investor status exempts offers and offer documents addressed to such investors from authorisation requirements, thereby enabling private placements. It also allows intermediaries to relax certain Code of Conduct requirements. In the case of individual professional investors, the intermediary must first assess the investor's knowledge and experience. The status is necessary for funds and offers that are not authorised for sale to the retail public, including most private funds.

10.4. The present thresholds are provided in the Table below.

Criteria	Home Currency	INR
Singapore		
Net personal assets (primary residence capped at 1 million)	SGD 2 million	₹14.8 crores
Net financial assets	SGD 1 million	₹7.4 crores
Income in last 12 months	SGD 300K	₹2.2 crores
Net assets (corporate)	SGD 10 million	₹74 crores
Hong Kong		
Portfolio (Individual or joint with spouse or child/ Corporate)	HKD 8 million	₹9.72 crores
Total assets (Corporate)	HKD 40 million	₹48.63 crores

10.5. Verification is generally undertaken by regulated financial intermediaries based upon prescribed criteria and supporting documentation. The status is checked at the time of each offering.

ANNEXURE C

Relevant clauses from Section 2 of the Foreign Exchange Management Act, 1999

Section 2(u) — "person"

"person" includes—

i. an individual,
ii. a Hindu undivided family,
iii. a company,
iv. a firm,
v. an association of persons or a body of individuals whether incorporated or not,
vi. every artificial juridical person, not falling within any of the preceding sub-clauses, and
vii. any agency, office, or branch owned or controlled by such person;

Section 2(v) — "person resident in India"

"person resident in India" means—

i. person residing in India for more than one hundred and eighty-two days during the course of the preceding financial year but does not include—
   A. a person who has gone out of India or who stays outside India, in either case—
      a) for or on taking up employment outside India, or
      b) for carrying on outside India a business or vocation outside India, or
      c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period;
   B. a person who has come to or stays in India, in either case, otherwise than—
      a) for or on taking up employment in India, or
      b) for carrying on in India a business or vocation in India, or
      c) for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period;
ii. any person or body corporate registered or incorporated in India,
iii. an office, branch or agency in India owned or controlled by a person resident outside India,

iv. an office, branch or agency outside India owned or controlled by a person resident in India;

Section 2(w) — "person resident outside India"

"person resident outside India" means a person who is not resident in India;

ANNEXURE-D

A. Draft amendments to SEBI (Alternative Investment Funds) Regulations, 2012

1. Regulation 2 (1) (ab) to be amended as under:

(ab) "accredited investor" means any person who is granted a certificate of accreditation by an accreditation agency ***or who is recognized by a specified SEBI registered / regulated entity as an accredited investor, who meets the following eligibility conditions, in a manner as may be prescribed by the Board from time to time:*** *-*

i. *in case of an individual, Hindu Undivided Family, family trust or sole proprietorship has:*
   (A) *annual income of at least two crore rupees; or*
   (B) *net worth of at least seven crore fifty lakh rupees, out of which not less than three crores seventy five lakh rupees is in the form of financial assets; or*
   (C) *annual income of at least one crore rupees and minimum net worth of five crore rupees, out of which not less than two crore fifty lakh rupees is in the form of financial assets; or*
   (D) ***securities market assets, as prescribed by the Board, of at least five crore rupees.***

ii. *in case of a body corporate, has net worth of at least fifty crore rupees* ***or securities market assets, as prescribed by the Board, of at least twenty crore rupees****;*

iii. *in case of a trust other than family trust, has net worth of at least fifty crore rupees* ***or securities market assets, as prescribed by the Board, of at least twenty crore rupees****;*

iv. *in case of a partnership firm set up under the Indian Partnership Act, 1932, each partner independently meets the eligibility criteria for accreditation;*

*Provided that the Central Government and the State Governments, developmental agencies set up under the aegis of the Central Government or the State Governments, funds set up by the Central Government or the State Governments, qualified institutional buyers as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018****, Persons Resident Outside India as defined under Foreign Exchange Management Act, 1999*** *and any other entity as may be specified by the Board from time to time, shall deemed to be an accredited investor and may not be required to obtain a certificate of accreditation.*

B. <u>Draft modalities to be specified by way of issuance of circular:</u>

1. Manager led accreditation –

   1.1. Manager to be permitted to determine and record the accredited status of an investor as part of the process of onboarding that investor into an investment product, or recognizing an investor as accredited in an ongoing scheme.

   1.2. Manager to be recognized at group entity level, so that accreditation validity is extended for managers of the same group entity, across investment vehicles viz. AIF, SIF, and PMS.

   1.3. Validity to be specified for accreditation granted for investment products launched by the same Manager. Validity norms of accreditation granted through the Accreditation Agency route to be aligned with the validity norms prescribed for manger-led accreditation for own schemes.

   1.4. Safeguards to be specified for Manager led accreditation.

2. As an eligibility criterion, securities market assets to be defined. Following assets to qualify for meeting the stipulated eligibility conditions –

   2.1. Securities market assets in Demat form viz. Equity instruments, debt instruments, REITs/INVITs, AIF units etc.

   2.2. Securities Market assets in Mutual Fund folios

   2.3. Futures Open Interest Position

   2.4. Unlisted securities in Demat form

   2.5. Overseas securities market investments

3. The document requirement for verification of eligibility threshold to be specified. The applicant shall furnish the following:

3.1. For income – Latest ITR

3.2. For networth – a networth certificate from a practicing chartered accountant. The certificate should not be older than 6 months. the CA may optionally state the actual net worth while certifying it meets the threshold.

3.3. For securities market assets–

3.3.1. eCAS summary statement generated by depositories and/or broker statement, which should not be older than 6 months; or

3.3.2. A certificate from a practicing chartered accountant certifying that securities market assets meet the specified threshold within the last six months.