



CIRCULAR

SEBI/HO/IMD/IMD-I/DOF6/P/CIR/2022/0000000037

March 28, 2022

To,

**All Alternative Investment Funds (AIFs)**

Sir/Madam,

**Sub: Calculation of investment concentration norm for Category III AIFs**

1. Regulation 15(1)(d) of SEBI (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”), has been amended and notified on March 16, 2022, to provide flexibility to Category III AIFs, including large value funds for accredited investors of Category III AIFs, to calculate investment concentration norm based either on investable funds or net asset value (“NAV”) of the scheme while investing in listed equity of an investee company, subject to the conditions specified by the Board from time to time. Copy of the notification is available at [link](#).
2. In this regard, the following is specified:
  - 2.1. Existing Category III AIFs may opt for calculating investment concentration norm based on investable funds with the approval of their trustees or board of directors or designated partners, as the case may be, and inform the same to their investors within 30 days from the date of the issuance of this circular.
  - 2.2. All Category III AIFs shall disclose the basis for calculation of investment concentration norm in the placement memorandum of their schemes.
  - 2.3. The basis for calculating investment concentration norm shall not be changed during the term of the scheme.
  - 2.4. Category III AIFs which choose to calculate investment concentration norm based on NAV, shall comply with para 2 of SEBI circular no. SEBI/HO/IMD/IMD-I/DOF6/P/CIR/2021/663 dated November 22, 2021.
3. This circular shall come into force with immediate effect.
4. This circular is issued with the approval of the competent authority.



**भारतीय प्रतिभूति और विनियम बोर्ड**  
**Securities and Exchange Board of India**

5. 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.
6. The circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal framework - Circulars" and "Info for - Alternative Investment Funds".

Yours faithfully,

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