

Laws & Regs

What's Buzzing

REGFIN INSIGHT

JUNE 2025



SEBI UPDATES

1. **SEBI introduces investor charter for Investment Advisers and Research Analysts**

SEBI *vide* circulars dated June 02, 2025 has revised the investor charter for Investment Advisers (IAs) and Research Analysts (RAs) to improve investor protection, financial inclusion and literacy and reflect recent regulatory changes. BSE Limited, as the designated IAASB and RAASB, has advised IAs and RAs to bring the Investor Charter to the notice of the clients (existing and new), disclose the charter on their respective websites and mobile applications and also provide the charter as part of the client onboarding process, through emails/ letters, etc., thereby making them available at prominent places in the office.

Further, in order to enhance transparency in the investor grievance redressal mechanism, all IAs and RAs need to disclose the data on complaints received against them or against issues dealt with by them and redressal thereof, latest by the 7th of the succeeding month on their respective websites and mobile applications.

The circulars can be accessed [here](#) and [here](#).

2. **SEBI extends the timeline of the additional liquidation period for Venture Capital Funds migrating under the SEBI (Alternative Investment Funds) Regulations, 2012**

SEBI *vide* circular dated June 06, 2025 has extended the additional liquidation period for Venture Capital Funds (VCFs) migrating to the SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations) till July 19, 2026. Earlier, the additional liquidation period granted was till July 19, 2025. However, the last date to apply for migration for all eligible VCFs remains unchanged, i.e., July 19, 2025.

The circular can be accessed [here](#).

3. **SEBI adopts standardised, validated and exclusive UPI IDs for payment collection by SEBI registered intermediaries from investors**

SEBI *vide* circular dated June 11, 2025 has introduced a mechanism wherein the SEBI-registered investor-facing intermediaries shall use a standardized, validated and exclusive UPI address to collect funds from investors. This mechanism shall provide investors with the option to transfer funds directly to the requisite bank accounts of intermediaries that have been validated with SEBI. SEBI has also clarified that while the use of this structured UPI mechanism by investors will be optional, intermediaries must obtain and make available this structured UPI address to their investors.

To make it convenient for investors to identify a valid UPI address, the intermediaries shall use a unique and easily relatable handle “@valid”, combined with the name of the bank allocated by NPCI. Payments made using this method will show a “thumbs-up inside a green triangle” icon, ensuring authenticity.

The standardised, validated and exclusive UPI IDs shall be available for investors for making payments to intermediaries w.e.f. October 01, 2025.

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The said mode of payment has to be offered by Stock Brokers, Bankers to an Issue, Depository Participants, Research Analyst, Investment Advisor, InvIT, Mutual Fund, Portfolio Manager, SM REIT and REIT.

The circular can be accessed [here](#).

4. SEBI extends the timeline for implementation of the Industry Standards on the minimum information to be provided to the Audit Committee and shareholders for approval of Related Party Transactions

SEBI *vide* circular dated February 14, 2025, had introduced Industry Standards on the minimum information to be provided to the Audit Committee and shareholders for approving Related Party Transactions (RPTs) for all listed entities, which were to come into effect from April 01, 2025.

However, based on the representations received from various stakeholders, SEBI has extended the timeline for implementation of the standards and the same shall now come into effect from September 01, 2025. Further, SEBI has instructed industry associations and stock exchanges to publish the standards, prepare FAQs, and make them publicly available.

The circular can be accessed [here](#).

5. SEBI clarifies the timelines for rebalancing of portfolios of mutual fund schemes in cases of all passive breaches

SEBI *vide* circular dated June 26, 2025, has clarified that the timelines for rebalancing mutual fund portfolios in the case of passive breaches will apply to all types of passive breaches in actively managed mutual fund schemes.

Passive breaches refer to deviations from the mandated asset allocation not caused by any fault or action of the Asset Management Companies (AMCs), such as those arising from market movements, corporate actions, or large redemptions. While active breaches are treated as violations, this clarification ensures uniform handling of all passive breaches by enforcing timely rebalancing, thereby aiming to protect investor interests and maintain regulatory compliance.

The circular can be accessed [here](#).

6. SEBI issues notification regarding certification requirement with respect to the Alternative Investment Fund Managers Certification Examination

SEBI *vide* notification dated June 25, 2025, has amended the certification requirement for key personnel of the investment team of the investment manager of an AIF under Regulation 4(g)(i) of the SEBI (Alternative Investment Funds) Regulations, 2012 and provided the following updated certification requirement:

- For at least 1 key personnel in the key investment team of the investment manager of Category I AIF or Category II AIF, either of the following certifications is required - NISM Series-XIX-C: Alternative Investment Fund Managers Certification Examination or NISM Series-XIX-D: Category I and II Alternative Investment Fund Managers Certification Examination.

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- For at least 1 key personnel in the key investment team of the investment manager of Category III AIF, either of the following certifications is required - NISM Series-XIX-C: Alternative Investment Fund Managers Certification Examination or NISM Series-XIX-E: Category III Alternative Investment Fund Managers Certification Examination.

The notification can be accessed [here](#). Existing AIFs as on the date of publication of the said notification need to ensure that the certification by the key personnel is obtained by July 31, 2025.

7. Update on SEBI Board Meeting

SEBI at its meeting held on June 18, 2025, has proposed various regulatory changes. A summary of the key proposals is captured herein:

- (1) Amendment to SEBI (Merchant Bankers) Regulations, 1992
SEBI, in its board meeting held in December 2024, had approved that the non-regulated activities of merchant bankers be hived off to a separate legal entity. However, in the present board meeting, SEBI relaxed the requirement of hiving off and has approved the merchant banker undertaking activities that are not regulated by SEBI, provided the activities are within the purview of another financial sector regulator. The merchant bankers can also undertake activities which are not within the purview of SEBI or any other financial sector regulator, provided they are fee-based, non-fund-based activities and pertain to the financial services sector.
- (2) Amendments to the REITs and InvITs framework
SEBI has approved the following amendments to the REITs and InvITs framework: (i) related parties of the REIT/InvIT and the related parties of the sponsor, investment manager/manager and project manager shall not be considered as “public” unless such related parties are Qualified Institutional Buyers (QIBs); (ii) HoldCos generating cash flows on its own, may now adjust their own negative cash flows against cash received from SPVs before distributing to the REIT/InvIT; (iii) Timelines for quarterly reports, valuation reports, and other filings have been aligned with the financial results submission timeline; and (iv) minimum allotment lot size in the primary market for privately placed InvITs has been reduced to ₹25 lakhs, aligning with the secondary market.
- (3) Approval to Category I & II AIFs to offer co-investment opportunities within the AIF structure
To promote ease of doing business for AIFs, SEBI has approved Category I and II AIFs to offer co-investment opportunities through a new Co-Investment Scheme (CIV scheme) within the AIF structure itself, under the AIF Regulations. Currently, co-investments are only facilitated through the Portfolio Management Services (PMS) route, which poses operational challenges, such as the need for dual registration and administrative difficulties for unlisted companies handling multiple shareholders. The new CIV scheme will permit accredited investors of an AIF scheme to co-invest alongside the AIF in the same unlisted investee companies. Each CIV scheme will be launched separately for every co-investment, with safeguards to prevent misuse and some relaxations from the usual AIF regulatory requirements.
- (4) Review of regulatory framework for Angel Funds under AIF Regulations
SEBI has approved a revised regulatory framework for Angel Funds under the AIF Regulations, aiming to rationalize compliance and enhance ease of doing business. This follows the removal of

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Angel Tax and is based on stakeholder feedback that supported continuing their regulation under the AIF framework with certain modifications. Key changes include mandating that Angel Investors must now be only Accredited Investors (AIs), ensuring independent verification of investor eligibility based on updated financial thresholds. Past investments by non-AIs will be grandfathered with a one-year transition period. Additional relaxations include lowering the investment floor to ₹10 lakh and raising the cap to ₹25 crore, removing the 25% concentration limit per investee company, permitting participation by over 200 AIs, and allowing follow-on investments in companies no longer classified as startups.

(5) Approval to relax regulatory compliances for FPIs investing only in Government Securities (G-Secs) to facilitate ease of doing business

SEBI has approved a proposal to relax regulatory requirements for FPIs exclusively investing in G-Secs (termed GS-FPIs). Key relaxations for GS-FPIs include: (i) aligning the frequency of mandatory KYC reviews with RBI norms, thereby reducing compliance burden; (ii) exemption from submitting investor group details, as such disclosures are not relevant for G-Sec investments; (iii) allowing NRIs, OCIs, and Resident Indian individuals to participate and even control GS-FPIs, subject to existing safeguards like contributions through the Liberalised Remittance Scheme; (iv) extending the time to report material changes from 7 days to 30 days; and (v) enabling smooth onboarding and transition processes for GS-FPI identification, with further operational details to be specified by SEBI.

(6) Simplification of the format for Disclosure Document for Portfolio Managers

SEBI has approved amendments to the SEBI (Portfolio Managers) Regulations, 2020 which removes Schedule V, which contained the model format of the Disclosure Document, and allows SEBI to issue the revised format through a circular instead. The Disclosure Document, which helps investors make informed decisions, will now be restructured into two sections: a Dynamic section (containing frequently changing information) and a Static section (with rarely changing details).

(7) Settlement Scheme to aid settlement of violations of winding up provisions by migrated Venture Capital Funds

SEBI has introduced a one-time Settlement Scheme for migrated VCFs that failed to wind up their schemes within the prescribed timeframe, despite completing migration to the SEBI (Alternative Investment Funds) Regulations, 2012. This scheme, brought under Regulation 26 of the SEBI (Settlement Proceedings) Regulations, 2018, is intended to address past non-compliance solely related to delays in scheme winding-up, without penalizing investors. The settlement amount comprises two components: (i) ₹1,00,000 for delay up to one year, and ₹50,000 for every additional year or part thereof, and (ii) a slab-based amount between ₹1 lakh and ₹6 lakhs depending on the cost of unliquidated investments at the time of applying for migration. The scheme mandates that the Investment Manager or Sponsor bears all settlement-related costs. Importantly, only VCFs that have already migrated to the AIF Regulations are eligible.

(8) Usage of liquid mutual funds and overnight funds for compliance with the deposit requirement mandated for IAs and Ras

SEBI has approved a proposal allowing IAs and RAs to use liquid mutual funds and overnight funds, in addition to bank fixed deposits (FDs), to comply with the deposit requirement mandated under their respective regulations.

OTHER REGULATORY UPDATES

The press release can be accessed [here](#).

8. IFSCA modifies the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022

IFSCA *vide* circular dated June 05, 2025, has amended the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 to align them with the amendments to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 notified on July 19, 2024.

Key updates include the removal of "city council tax receipts" as valid proof of address, a revised note clarifying that customers submitting alternative address documents (such as bank statements, including foreign banks) must submit updated Officially Valid Documents (OVDs) with their current address within three months. Such alternate document shall be permitted only for clients who are subjected to simplified measures.

Additionally, regulated entities must retrieve and use the KYC Identifier from the Central KYC Records Registry (CKYCR) for account-based relationships and due diligence, avoiding repetitive document collection unless the customer's information has changed, is incomplete, expired, or requires enhanced verification. Any regulated entity in receipt of updation of information/receiving additional information has to update the information on CKYCR within 7 days of such of receipt of such information. The CKYCR shall thereafter electronically inform other entities of such updation in the information of the client.

The circular can be accessed [here](#).

9. IFSCA Board Meeting

IFSCA at its board meeting on June 24, 2025. The key highlights of which are briefly described herein-

(1) **Framework for Transition Bonds**

IFSCA approved a new framework for issuing and listing Transition Bonds under the IFSCA (Listing) Regulations, 2024. These bonds are meant to help the issuers, especially in hard-to-abate sectors, raise funds and list their securities at GIFT IFSC.

(2) **Third-Party Fund Management Services**

The IFSCA has approved amendments to the IFSCA (Fund Management) Regulations, 2025, to enable third-party fund management services in IFSC (known as "platform play") to launch and manage restricted schemes on behalf of overseas or domestic third-party fund managers (without requiring them to have a physical presence in IFSC).

(3) **IFSCA joins IOPS as a Governing Member:**

IFSCA has been inducted as a Governing Member of the International Organisation of Pension Supervisors (IOPS), recognizing its growing role in the international financial regulatory landscape.

The press release can be accessed [here](#).

CONSULTATION PAPERS

10. SEBI seeks public comments on the draft circular of Frequently Asked Questions (“FAQs”) related to regulatory provisions of Research Analysts (“RAs”)

SEBI *vide* its consultation paper dated June 09, 2025, has invited public comments on the proposal to update the FAQs for RAs. SEBI aims to incorporate changes resulting from the SEBI (Research Analysts) (Third Amendment) Regulations, 2024, and subsequent guidelines.

SEBI has clarified that personnel who have no client contact shall not be considered as personnel associated with research services. Further, it has incorporated the change in the incorporation process wherein the Form A is required to be filed with the RAASB instead of SEBI.

Additionally, the FAQs revise the application, registration and renewal fees as follows:

S.No.	Category	Application Fee	Registration Fee	Renewal Fee
1.	Individuals and Partnership Firms	INR 2000 (previously INR 5000)	INR 3000 (previously INR 10000)	INR 1000 (previously INR 10000)
2.	Proxy Advisers	INR 2000 (previously INR 5000)	INR 3000 (previously INR 10000)	INR 1000 (previously INR 10000)
3.	Body Corporate including LLP	INR 20000 (previously INR 50000)	INR 30000 (previously INR 50000)	INR 5000 (previously INR 50000)

Additionally, the capital adequacy requirement has to be maintained on a slab-wise basis the number of clients compared to the earlier uniform approach. The minimum deposit is INR 1 lakh (for up to 150 clients) and the maximum is INR 10 lakhs (for 1001 clients and above).

Further, it clarifies that the ‘value added services’ provided by intermediaries such as brokers or merchant bankers (research entities) shall fall under the purview of research services and the brokerage or merchant banking activities shall not be considered as distribution activity. Moreover, it states that consent on the terms and conditions including most important terms and conditions (“MITC”) of research services shall not be mandatory for the clients who are institutional investors or QIBs.

The FAQs also provide that mere technical charts have no research rationale and adequate documentary basis, supported by research and hence, shall not fall under the purview of research. Lastly, RAs shall now be able to showcase their performance as verified by Past Risk and Return Verification Agency (“PaRRVA”) on prospective basis once the framework introduced by circular dated April 04, 2025, is operationalised.

The consultation paper can be accessed [here](#).

11. SEBI seeks public comments on modification of the Accreditation Framework

SEBI *vide* its consultation paper dated June 17, 2025, has invited public comments on the proposal to bring certain changes to the accreditation framework for investors in the securities market. SEBI has been in receipt of various representations from the AIF industry inter-alia requesting for reduction in time and cost of accreditation as well as increase in validity of the accreditation.

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The first proposal aims to leverage Know Your Customer Registration Agencies (“KRAs”) as accreditation agencies as against the current limitation of only subsidiaries of Stock Exchanges and

Depositories to act as accreditation agencies. This proposal would foster competition and facilitate cost-efficient servicing by accreditation agencies.

The second proposal addresses the need to facilitate faster onboarding of accredited investors by allowing AIFs to provisionally onboard investors as accredited investors based on the due diligence undertaken by them which shall be followed by accreditation undertaken by the accreditation agency. This provisional onboarding would be subject to three key conditions which include:

- (i) Commitments from provisionally onboarded investors would not count toward the scheme’s corpus until accreditation is obtained;
- (ii) Schemes of the AIFs will only be able to accept funds from such investors after accreditation; and
- (iii) Close-ended schemes shall not be raise money from such investors and the contribution agreements would be considered null and void if accreditation is not obtained by such investors before the final close.

The consultation paper can be accessed [here](#).

12. SEBI seeks public comments on Artificial Intelligence (“AI”) and Machine Learning (“ML”) Guidelines for Indian Securities Markets

SEBI vide its consultation paper dated June 20, 2025, has invited public comments on the guidelines for responsible usage of AI and ML in the Indian securities market. The consultation paper is based on the broad principles for responsible management of AI as provided in the approach document released by NITI Aayog in February 2021 and the report published by IOSCO in September 2021.

The consultation paper lays down the five broad core principles for responsible usage of AI/ML which includes model governance, investor protection- disclosure, testing framework, fairness and bias and data privacy and cyber security measures.

- **Model Governance:** Market participants using AI/ML models shall maintain internal teams with adequate expertise, skills and experience. Such team shall maintain appropriate risk controls and governance framework, establish procedures for exception and error handling and shall have a senior management with sufficient technical knowledge and experience to oversee the AI/ML based models.
- **Investor Protection-Disclosure:** In case the usage of AI/ML models directly impact the customers/clients in order to foster trust, transparency and accountability. The consultation paper provides the list of disclosures and provides that the language shall be comprehensible, and the investor grievance mechanism shall be in line with the regulatory framework.
- **Testing Framework:** The consultation paper required the market participants to undertake testing before deployment of the AI/ML models as well as shadow testing with live traffic of AI/ML

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models to ensure quality and performance. The documentation of input and output data shall be stored for at least 5 years. Such models shall also require continuous supervision to avoid unforeseen circumstances.

- **Fairness and Bias:** The AI/ML models shall be fair to all investors and appropriate processes and controls shall be implemented to identify and remove biases from the data sets.
- **Data Privacy and Cyber Security:** Further, the market participants shall have clear policies on cyber security and data privacy for the usage of AI/ML based models.

Further, the consultation paper proposes a tiered approach, with lighter requirements for AI/ML applications used for internal operations and stricter oversight for operations that may directly impact the customers/clients. The Annexure B lists down the possible control measures for managing risks like market manipulation, concentration risk, herding behaviour etc.

The consultation paper can be accessed [here](#).

13. SEBI seeks public comments on modifications of Unique Client Code by Market Makers (“MM”)

SEBI *vide* its consultation paper dated June 20, 2025, has invited public comments on the proposal of modification of Unique Client Code by MMs of ETFs and certain institutional and non-institutional clients including clients clearing through custodians without levy of penalty.

SEBI has proposed to allow MMs of ETFs to modify client codes to the Asset Management Company (“AMC”), viz. associated ETF schemes without penalties, enabling them to transact in the basket of securities underlying the ETF against equivalent transactions in ETF units and transfer net obligations for unit creation/redemption. Secondly, it suggests waiving penalties for client code modifications for institutional clients including Banks, Domestic Financial Institutions, Insurance Companies, etc. and non-institutional clients including Portfolio Management Services, NRIs, individuals/proprietorship firms, HUFs etc., who have multiple UCCs under the same PAN. The rationale is that when PAN remains the same for original and modified client codes, there is no change in trade obligation or ownership.

The Consultation Paper can be accessed [here](#).

SEBI ORDERS

14. SEBI Penalises India Asset Growth Fund and Associated Entities for Regulatory Violations

SEBI has passed an adjudication order against India Asset Growth Fund (IAGF), along with its manager Essel Finance Advisors and Managers LLP, key management personnel, and trustee, for multiple violations of the AIF Regulations.

The inspection revealed several lapses, including the Fund's failure to disclose the disciplinary history of its sponsor, manager, trustee, and their key personnel in the placement memorandum ("PPM"). The Ld. AO found that the updated PPM, submitted during a change in control application, had not been shared with investors and was not in effect during the inspection period. The omission was held to be a serious lapse, as investors were deprived of essential information regarding the integrity and past conduct of the fund's management.

A significant delay was noted in the winding up of the Fund's only scheme. Although the original tenure ended in October 2019, the Fund obtained two one-year extensions with investor consent, extending the tenure until October 2021. However, it continued operating for an additional year without SEBI's express approval, citing investor consent, pandemic-related disruptions, and challenges in liquidating assets due to market conditions. The Ld. AO observed that while certain delays may be understandable, compliance with winding-up timelines is mandatory, especially where further extensions are not permitted by regulation.

Another area of concern was the valuation approach adopted by the Fund. Instead of valuing the securities (NCDs) actually held by it, the Fund based valuations on the underlying assets of investee companies. The Ld. AO held that this practice was not in line with prescribed norms and compromised the transparency expected of AIFs, even though the Fund had disclosed valuation risks in the PPM and regularly communicated valuations to investors.

The Ld. AO also recorded delay in addressing an investor grievance, though the matter had eventually been resolved through SEBI Complain Redressal System ("SCORES"). The Fund was further found to have failed in obtaining registration with FIU-IND within the required timeframe and did not communicate the details of its Principal Officer and Designated Director until much later. It also failed to disclose the Investor Charter and distribution waterfall in the PPM during the inspection period.

While the Fund eventually corrected several of these lapses, it was noted that these were after-the-fact remedies and did not negate the breach of regulatory duties. The Fund's manager and key management personnel were held responsible for these violations under Regulation 20(5), and the trustee, was found to have failed in adequately overseeing the winding-up process. The Ld. AO concluded that regulatory norms had been violated and proceeded to impose monetary penalties under Sections 15EA and 15HB of the SEBI Act, 1992.

The entire order can be accessed [here](#).

15. SEBI Issues Ex-Parte Interim Order in Stock Recommendation Manipulation Case Involving Mr. Sanjiv Bhasin

On June 11, 2025, the Ld. WTM, SEBI passed an ex-parte interim order cum show cause notice against Mr. Sanjiv Bhasin and 11 other individuals and entities, alleging a coordinated fraudulent scheme involving stock recommendations on television and social media, with the intent to mislead investors and earn unlawful gains. SEBI concluded that Sanjiv Bhasin and a network of connected individuals

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and entities had engaged in a coordinated scheme to manipulate stock prices for unlawful gains. The modus operandi involved purchasing shares of certain companies through proxy accounts just before Bhasin issued stock recommendations via television and social media. Following the public recommendations, these accounts exited their positions at a profit, exploiting the price impact created by retail investor activity responding to Bhasin's tips.

Based on a detailed analysis of trade data, communication records, and account relationships, SEBI found prima facie violations of Section 12A of the SEBI Act and Regulations 3 and 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003, ("**PFUTP Regulations, 2003**") as well as provisions of the SEBI (Research Analyst) Regulations, 2014 ("**RA Regulations, 2014**"). The regulator observed that such actions not only misled investors but also undermined market integrity.

Accordingly, SEBI imposed interim restraints on twelve noticees, including Bhasin, his relatives, business associates, and affiliated trading entities. They have been barred from buying, selling, or dealing in securities, directly or indirectly, until further orders. SEBI has also directed them to deposit the alleged unlawful gains into an escrow account within 15 days and to submit a detailed statement of assets and bank accounts within 21 days. The order functions as both an interim direction and a show cause notice, requiring the noticees to respond and request a hearing within the stipulated time.

This order can be accessed [here](#).

GLOBAL DEVELOPMENTS

16. **UK Rolls Out the Final Rules on Private Intermittent Securities and Capital Exchange System (PISCES) Instrument 2025 (“PISCES”)**

The Financial Conduct Authority (“FCA”) published a policy statement on June 10, 2025, with the final rules for operating the PISCES platform. PISCES is a type of private stock market that allows intermittent trading of shares of private companies, using the market infrastructure. The primary object behind introduction of PISCES platform is to address the limitations faced by private companies i.e., often limiting investment access to a select group of professional or institutional investors. By establishing a regulated platform for trading private company shares, PISCES seeks to democratize access, allowing a wider range of investors to invest in and exit from private companies.

Key features of PISCES platform include controlled and periodic trading windows that give investors liquidity opportunities in otherwise illiquid private equity holdings and a proportionate disclosure regime (with lighter requirements when compared to a full fledged public listing). The FCA has clarified that for companies to run a PISCES platform, prospective operators must first obtain a PISCES approval notice (PAN).

The policy statement containing the final rules can be accessed [here](#).

17. **MAS Consultation Paper on Long-Term Investment Funds (LIF)**

The Monetary Authority of Singapore (MAS) rolled out a consultation paper in March 2025, to allow retail investors to access private market investments through authorised LIFs, with necessary safeguards and in a risk calibrated manner. As per the proposed structure, LIFs can be of two types: (a) a direct fund structure where a fund makes direct private investments (“**Direct Fund**”), or (b) a long-term investment fund of fund structure which would primarily invest in private market investment funds (“**LIFF**”).

The consultation paper while evaluating the type of private investment assets in which LIFs can make investments, has considered evaluation metrics for private equity companies which meet criteria such as minimum valuation/ gross revenue, or private credit companies which are senior and backed by collaterals, or infrastructure assets which are income generating brown field assets.

Further, as part of the consultation, MAS has also considered requirements for Direct Funds including manager requirements (such as expertise, due diligence requirements, independence of the board of the manager entity, skin in the game requirement to align interests with investors, smart money requirements where certain portion of the investment into the Direct Fund must be made by institutional investors etc.) and product requirements (such as product differentiation, investment strategy and permissible investments, concentration limits, diversification requirements, valuation norms etc.) and similar requirements have also been proposed for LIFFs keeping in mind the nature of the structure including conflict of interest and interested related party transaction requirements.

The consultation paper can be accessed [here](#).