

CIRCULAR

SEBI/HO/AFD/SEC-1/P/CIR/2024/22

April 18, 2024

To
All Alternative Investment Funds (AIFs)

Sir/ Madam,

Sub: Circular on Standardization of the Private Placement Memorandum (PPM)
Audit Report

1. In terms of Regulation 28 of SEBI (AIF) Regulations, 2012 and Clause 2.4 of SEBI Master Circular SEBI/HO/AFD/PoD1/P/CIR/2023/130 dated July 31, 2023 (Master Circular) it is mandatory for AIFs to carry out an annual audit of compliance with the terms of Private Placement Memorandum (PPM). In terms of Clause 2.4.2 of Master Circular, AIFs are required to submit Annual PPM Audit Reports to the Trustee or Board of Directors or Designated Partners of the AIF, Board of directors or Designated Partners of the Manager and SEBI, within 6 months from the end of the Financial Year.
2. In order to have uniform compliance standards and for ease of compliance reporting, standard reporting format for PPM Audit Report applicable to various categories of AIF has been prepared in consultation with pilot Standard Setting Forum for AIFs (SFA).
3. The said reporting format shall be hosted on the websites of the AIF Associations which are part of SFA within 2 working days of issuance of this circular. The associations shall assist all AIFs in understanding the reporting requirements and in clarifying or resolving any issues which may arise in connection with reporting to ensure accurate and timely reporting.
4. The PPM audit reports shall be submitted to SEBI by AIFs online on the SEBI Intermediary Portal (SI Portal) as per the aforesaid format.
5. In terms of Clause 2.4.1 of Master Circular audit of sections of PPM relating to 'Risk Factors', 'Legal, Regulatory and Tax Considerations' and 'Track Record of First Time Managers' shall be optional. In addition, 'Illustration of Fees and Expenses' and 'Glossary and Terms' shall also be optional.
6. All other provisions with respect to the filing of the PPM audit report specified in the Master circular shall remain unchanged.

7. The reporting requirement mentioned at paragraph 3 above shall be applicable for PPM audit reports to be filed for the Financial Year ending March 31, 2024 onwards.
8. To keep pace with the fast-changing landscape of AIF industry and for policy and supervision purposes, the aforesaid reporting format shall be reviewed periodically by pilot SFA in consultation with SEBI. In case of any revisions in the reporting format, revised format shall be made available on websites of the Associations which are part of SFA.
9. 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 interest of investors in securities and to promote the development of, and to regulate the securities the securities market.
10. This Circular is available on the SEBI website at www.sebi.gov.in under the categories “Legal Framework” and under the drop down “Circulars” and “Info for – Alternative Investment Funds”.

Yours faithfully,

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