

**CIRCULAR**

**SEBI/HO/IMD/PoD2/P/CIR/2024/174**

**December 13, 2024**

**Asset Management Companies (AMCs)/  
Trustee Companies/ Board of Trustees of Mutual Funds/  
Trustee Company of CDMDf/  
Association of Mutual Funds in India (AMFI)**

Sir / Madam,

**Subject: Classification of Corporate Debt Market Development Fund (CDMDf)  
as Category I Alternative Investment Fund**

1. Corporate Debt Market Development Fund (hereinafter referred to as 'CDMDf' or 'the fund') has been set-up under Chapter III-C of SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations) to act as a Backstop Facility for purchase of investment grade corporate debt securities, to instill confidence amongst the participants in the Corporate Debt Market during times of stress and to generally enhance secondary market liquidity by creating a permanent institutional framework for activation in times of market stress.
2. In this regard, SEBI had received representation to provide clarity on classification of CDMDf under one of the defined categories under the AIF Regulations.
3. While a separate framework has been laid down for CDMDf under chapter III-C of Regulation 19 of AIF Regulations, the fund has been set-up with the broader economic objective of development of corporate bond market, *inter-alia*, to act as a Backstop facility during times of market stress. In view of the above, it is

clarified that CD MDF falls under Category I AIF in terms of Regulation 3(4)(a) of AIF Regulations.

4. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 36 of AIF Regulations, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
5. This Circular is available at [www.sebi.gov.in](http://www.sebi.gov.in) under the link "Legal > Circulars".

Yours faithfully,

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