

CIRCULAR

SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/107

July 29, 2025

To,

All Mutual Funds

All Asset Management Companies (AMCs)

All Registrar and Share Transfer Agents (RTAs)

All Trustee Companies/ Board of Trustees of Mutual Funds

All Recognized Stock Exchanges

All Recognized Clearing Corporations

All Depositories

Association of Mutual Funds in India (AMFI)

Madam/ Sir,

Subject: Monitoring of Minimum Investment Threshold under Specialized Investment Funds (SIF)

1. SEBI vide circular dated February 27, 2025 ('SIF Circular'), and circulars dated April 09, 2025 and April 11, 2025 specified regulatory framework for Specialized Investment Funds ('SIFs').
2. Para 4.1.4.1 of Annexure A of the SIF Circular specifies the following:

"The Asset Management Company shall monitor compliance with the Minimum Investment Threshold on a daily basis and ensure that there are no active breaches. The AMC shall ensure that the investor's total investment value does not fall below the Minimum Investment Threshold due to redemption transactions initiated by the investor."

3. Based on the feedback received from the industry participants, the mechanism for monitoring compliance with Minimum Investment Threshold shall be as under -

- 3.1. In case of any active breach of the Minimum Investment Threshold by an investor, including through transactions on stock exchanges or off-market transfers:
- 3.1.1. all units of such investor held across investment strategies of the concerned SIF shall be frozen for debit, and
- 3.1.2. a notice of 30 calendar days shall be given to such investor to rebalance the investments in order to comply with the Minimum Investment Threshold.
- 3.2. Pursuant to the notice under para 3.1.2 to the investor:
- 3.2.1. in case investor rebalances his/her investments in SIF within the notice period of 30 calendar days, the units of SIF of such investor shall be unfrozen, and no further action shall be taken with regard to compliance with Minimum Investment Threshold.
- 3.2.2. in case the investor fails to rebalance the investments within the aforesaid 30 calendar day period, the frozen units shall be automatically redeemed by the AMC, at the applicable Net Asset Value of the next immediate business day after the 30th calendar day of the notice period.
- 3.3. For the purpose of SIF, the 'Active Breach' shall mean fall in the aggregate value of an investor's total investment across all investment strategies of SIF, below the Minimum Investment Threshold of INR 10 lakh, on account of any transactions (i.e. redemption, transfer, sale etc.) initiated by the investor.
4. The AMCs, RTAs and Depositories shall take necessary steps and put in place necessary systems for the implementation of this circular.
5. The provisions of this circular shall come into force with effect from the date of this circular.
6. This circular is issued in exercise of the powers conferred by Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Chapter VI-C of the SEBI

(Mutual Funds) Regulations 1996 to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

7. This circular is available at www.sebi.gov.in under the link “Legal ->Circulars”.

Yours faithfully,

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