

REGULATORY UPDATE

Fast-Track Processing of AIF Placement Memorandum (PPM)

SEBI (Alternative Investment Funds) Regulations, 2012

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What is this Circular about?

SEBI has introduced a Fast-Track Mechanism for processing the Placement Memorandum (PPM) of AIF schemes to enable faster launch of schemes and quicker capital deployment.

Earlier, SEBI used to review PPMs and provide comments before schemes could launch — which caused delays. Now, SEBI has shifted responsibility more strongly to Merchant Bankers and AIF Managers.

- This applies to:
- Angel Funds
- All AIF schemes except Large Value Funds (LVF) (referred as non-LVF schemes)

Why Was This Introduced?

SEBI noted that:

- AIF investors are sophisticated investors
- Merchant bankers have experience and due diligence capability
- Existing review process was time-consuming

Hence this is an Ease of Doing Business reform to speed up fund launches.

FAST-TRACK MECHANISM — CORE FRAMEWORK

Launch of Scheme / Circulation of PPM

AIFs can now launch schemes and circulate PPM:

After 30 days of filing PPM with SEBI, unless SEBI advises otherwise.

For first scheme of an AIF:

- Launch allowed after SEBI registration OR 30 days from filing, whichever is later.
- SEBI comments (if any) during these 30 days must be complied with before launch.

FIRST CLOSE TIMELINE:

12 months from date of eligibility to launch scheme (Modifies the AIF Master Circular dated May 07, 2024)

Responsibility Shift

Merchant Banker + AIF Manager now responsible for:

- Accuracy of disclosures in PPM
- Completeness of information
- Declarations submitted to SEBI

This is a major shift from SEBI review-driven regime to intermediary accountability regime.

Mandatory Documents to be Filed with PPM

PPM must be filed on SEBI intermediary portal along with:

- Merchant Banker Due Diligence Certificate
- Fit & Proper declarations (AIF, Sponsor, Manager)
- Sponsor/Manager continuing interest commitment declaration
- PAN copies of all key entities & team members

Mandatory Disclaimer in PPM (New)

PPM must include strong disclaimer confirming:

- Merchant banker has conducted independent due diligence
- Disclosures are true, fair and adequate
- Filing does NOT mean SEBI approval
- Manager & Merchant Banker responsible for accuracy

This is a very important disclosure shift.

Applicability

- Effective immediately
- Also applies to PPMs currently pending with SEBI

Practical Significance for Industry

For AIFs

- Faster fund launch
- Faster fundraising
- Reduced regulatory waiting time
- Better capital deployment speed

For Merchant Bankers

- Much higher due-diligence responsibility
- Greater liability exposure
- Stronger role in PPM quality control

For Investors

- Faster access to new investment opportunities
- Reliance shifts from SEBI review to intermediary credibility

Key Difference — Earlier Vs Now

Aspect	Earlier Framework	New Circular (2026)
SEBI review of PPM	Detailed review & comments before launch	No pre-review required
Launch timeline	After SEBI comments & resubmission	After 30 days of filing
Responsibility for disclosures	Shared (SEBI review heavy)	Merchant Banker + Manager primarily responsible
Scheme launch certainty	Uncertain timelines	Predictable timelines
First close timeline	Earlier provision under Master Circular	12 months from eligibility to launch
Regulatory approach	Regulator-driven	Intermediary-driven
Disclaimer in PPM	Not as strong	Mandatory strong disclaimer added
Applicability	Prospective	Also applies to pending PPMs

BOTTOM LINE:

SEBI has moved from Regulator Review Model to Intermediary Responsibility Model. This is a major step in ease of doing business for the AIF industry while increasing accountability of merchant bankers.