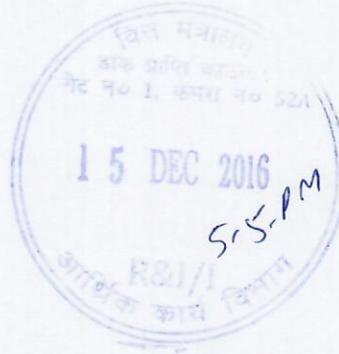


  
**IVCA**  
**IVC ASSOCIATION**  
THE INDIAN PRIVATE EQUITY & VENTURE CAPITAL ASSOCIATION

To,

Shri Ajay Tyagi, I.A.S.  
Additional Secretary,  
Department of Economic Affairs,  
Ministry of Finance  
North Block, New Delhi



15<sup>th</sup> December, 2016

**Subject: Pre-Budget Recommendation: Accredited Investor Concept for Alternative Investment Funds**

Dear Sir,

The Naryana Murtly-led Alternative Investment Policy Advisory Committee, formed by SEBI, has made a number of recommendations for the development of the AIF industry.

Earlier this month a presentation was made to SEBI team along with Mr. Mukesh Agarwal, CEO Dotex (subsidiary of National Stock Exchange of India) on operationalising of the concept of Accredited Investors.

The salient points for leveraging Central KYC records registry to facilitate ease of business for AIF discussed, are as follows:

- Accredited investors who satisfy the following conditions may be recognised as accredited investors: (i) Capable of identifying potential investments and their underlying risks (ii) Possess sufficient financial sophistication to take on the risks associated with the offerings. (iii) Have a sound financial track record i.e. reported total income exceeding Rs 50 lakhs annually in any three of five assessment years immediately preceding the assessment year in which the investment is proposed to be made
- The assessee shall go through a simple online test with around 15 questions, which is oriented as much towards instructing the individual on good practices of investing as much as to test his knowledge. If the assessee is unable to pass the test it can be taken again within a week's time and can give the test repeatedly till he clears

Solution requires: Getting the accreditation status included in the Income Tax database which would be available for authentication. Submission to the CKYCRR Sub-Committee to include this field

This concept is prevalent in many countries. It enables fund raising by AIFs to approach appropriate investors who can understand the risks of AIF investing as well as have the risk capacity of making long-term stable investments in AIFs.

In this regard, IVCA is pleased to submit this note for your favourable consideration, required towards the Digital India goal.

Respectfully,

Kind regards,



**Rajat Tandon**  
**President, IVCA**  
**09810090194**

**cc: Aakriti Bamniyal, AVP, IVCA, 097 1111 001; Yogesh Arora 095 400 84999**