SEBI Angel Fund Rules 2026

The September 8, 2026 Accredited-Investor Deadline

Every existing SEBI-registered angel fund must move to an accredited-investor-only model for new contributions. The clock runs out this week.

Governing law: SEBI Circular SEBI/HO/AFD/AFD-POD-1/P/CIR/2025/128 dated September 10, 2025, under the amended SEBI (AIF) Regulations.

SEBI | ANGEL FUNDS | CATEGORY I AIF | ACCREDITED INVESTORS | STARTUP FUNDING

What SEBI Changed in the 2025 Framework

The overhaul did far more than add an eligibility test. It re-architected how angel funds are classified, funded, and governed.

Standalone Identity

Angel funds are now a standalone sub-category under Category I AIF. They are no longer a sub-category of Venture Capital Funds.

Investor Base

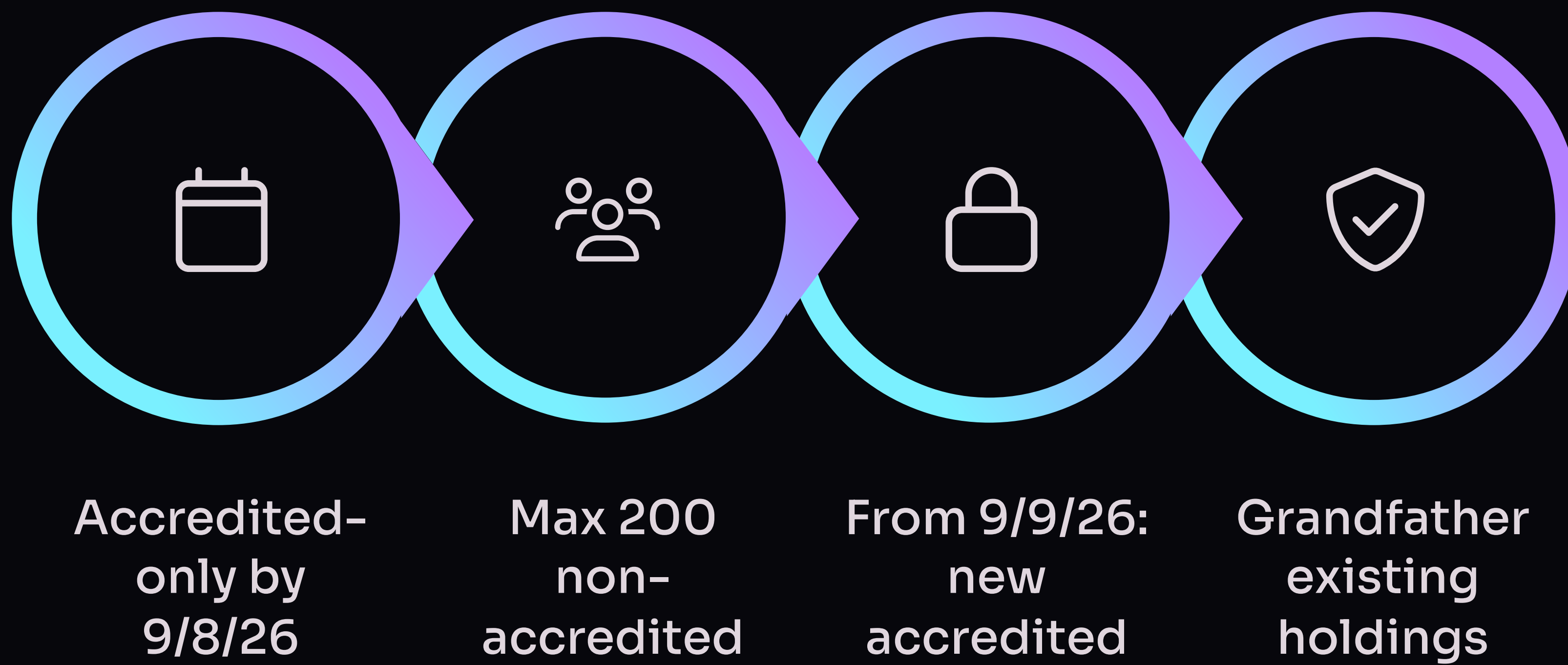
Funds may raise money only from accredited investors. Funds registered after the circular onboard accredited investors from the start.

Filing Relief

Investments are made at fund level without launching a scheme, and the requirement to file term sheets with SEBI is discontinued, though records must be maintained.

The September 8, 2026 Deadline: What It Requires

Paragraph 2.2 of Circular 2025/128 governs funds registered on or before the circular date.



What ends is new contributions from non-accredited investors. Existing holdings already made are preserved on the terms of the fund PPM.

The Numbers That Matter

Parameter	Value	Reference
Per-investee cap (including follow-on)	**Rs 25 crore**	Para 5.2
Minimum investment per investee	**Rs 10 lakh**	Amended AIF Regulations
Accredited investors required before first close	**At least 5**	Regulation 19D(6)
First close window from PPM on record	**12 months**	Circular 2025/128
First close deadline for existing funds	**September 8, 2026**	Para 2.2
Non-accredited investors allowed during transition	**Up to 200**	Circular 2025/128

Who Counts as an Accredited Investor

At the time of accepting a contribution, the manager must ensure the investor qualifies as an accredited investor.

Accreditation is granted by SEBI-recognised accreditation agencies against income and net-worth thresholds that are updated from time to time.

⚠ Do not assume an investor who qualified two years ago still holds a valid certificate. Confirm live status before you rely on it.

Route 1: Valid Certificate

Holding a valid accreditation certificate issued by a SEBI-recognised accreditation agency.

Route 2: Deemed Accredited

Meeting the deemed-accredited criteria in Regulation 2(1)(ab) of the AIF Regulations.

Compliance Checklist Before September 8, 2026

1. ## Classify Your Investor Base

   Identify accredited (valid certificate or deemed status) versus non-accredited, and confirm you never exceeded 200 non-accredited investors.

2. ## Stop the Clock

   Block any new-investment contribution from non-accredited investors on or after September 9, 2026 at the point of collection.

3. ## Confirm Your First Close

   If not yet declared, do so by September 8, 2026 with at least five accredited investors, or refile the PPM and pay the fee.

4. ## Update the PPM

   Disclose a defined allocation methodology with no case-to-case discretion.

5. ## Re-check Limits

   Keep per-investee exposure within Rs 25 crore and respect pro-rata follow-on conditions.

What This Means for Each Stakeholder

Fund Managers

This is an operational, not a strategic, exercise. Enforce the accredited-only rule at the drawdown stage and get your first close and PPM in order this week.

Founders Raising from Angel Funds

The pool of individuals who can write cheques narrows to accredited investors. Expect fewer, larger, better-documented cheques. Ask your fund manager to confirm September 8 readiness, because a stumble can stall your round.

Existing Investors

Holdings already made are grandfathered on PPM terms. Only new contributions from non-accredited investors stop.

Caveats and Traps to Avoid

Accreditation Expires

A lapsed certificate means the investor is not accredited today. Verify current status with a SEBI-recognised agency.

Missed First Close

If an existing fund fails to declare first close by September 8, 2026, the circular requires refiling the PPM with the applicable fee.

Allocation Discipline

Allocations after October 15, 2025 must follow the disclosed methodology, with no manager discretion.

Lock-in Period

Investments carry a one-year lock-in, reduced to six months where the exit is a sale to a third party.

Your Action Plan This Week

1

Step 1

Map every investor to accredited or non-accredited status against current SEBI thresholds.

2

Step 2

Freeze non-accredited contributions for new investments from September 9, 2026.

3

Step 3

Lock in your first close and refreshed PPM before the window shuts.

4

Step 4

Confirm per-investee limits, allocation methodology, and term-sheet records.

Unsure whether your angel fund or your cap table is ready for September 8? Book a quick call with A S Banka Advisors Private Limited.

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