

SEBI's Accredited Investor Changes Are Now Law

What the AIF (Third Amendment) Regulations, 2026 change for angel funds and their investors from 15 October 2026

Regulation 2(1)(ab) of the SEBI (Alternative Investment Funds) Regulations, 2012 now carries the new accredited investor tests.

Angel Funds · Accredited Investors · Non-Resident Investors · LLPs

A S Banka Advisors Private Limited



A photograph of a modern building with a curved roof and large glass windows, set against a clear blue sky. The building is made of light-colored stone or concrete. The foreground shows a paved area and some greenery.

What Has Changed

SEBI has amended the accredited investor definition and the dispute resolution regulation of the AIF Regulations.

Under regulation 19D(1), an angel fund may raise funds only from accredited investors. Who counts as accredited decides who can back the angel fund that invests in your company.

Item	Detail
Instrument	SEBI (Alternative Investment Funds) (Third Amendment) Regulations, 2026
Notification No.	SEBI/LAD-NRO/GN/2026/326
In force from	15 October 2026
Regulations amended	2(1)(ab) accredited investor and 25 dispute resolution

Four Key Changes

1. A second route to accreditation.

Besides a certificate from an accreditation agency, a person may be accredited by a specified SEBI registered or regulated entity, in a manner as may be specified by SEBI.

3. Non-residents on the deemed list.

Persons resident outside India, as defined under the Foreign Exchange Management Act, 1999, are now named among the entities deemed to be accredited investors.

2. A securities market exposure test.

Rs 5 crore for individuals, HUFs, family trusts and sole proprietorships; Rs 20 crore for LLPs, other body corporates and non-family trusts, in each case as specified by SEBI.

4. LLPs get their own clause.

Net worth of at least Rs 50 crore, securities market exposure of at least Rs 20 crore, or each partner independently meeting the eligibility criteria.



Eligibility Before and From 15 October 2026

Rs 2 crore

annual income, test (A)

Rs 7.5 crore

net worth with Rs 3.75 crore in financial assets, test (B)

Rs 1 crore

income plus Rs 5 crore net worth with Rs 2.5 crore in financial assets, test (C)

Investor	Before	From 15 October 2026
Individual, HUF, family trust, sole proprietorship	Income or net worth tests (A) to (C)	Tests (A) to (C) unchanged, plus (D) exposure of Rs 5 crore
LLP	No separate clause	Net worth Rs 50 crore, or exposure Rs 20 crore, or each partner qualifies
Body corporate other than an LLP	Net worth Rs 50 crore	Net worth Rs 50 crore, or exposure Rs 20 crore
Trust other than a family trust	Net worth Rs 50 crore	Net worth Rs 50 crore, or exposure Rs 20 crore
Partnership firm under the 1932 Act	Each partner qualifies	Each partner qualifies under these regulations

The Deemed List

Now on the list

- Central and State Governments, their developmental agencies and funds
- Qualified institutional buyers under the SEBI (ICDR) Regulations, 2018
- Multilateral agencies
- Persons resident outside India as defined under FEMA, 1999 (inserted)
- Any other entity as may be specified by SEBI

Words omitted

- "Category I foreign portfolio investors, sovereign wealth funds and"
- "and may not be required to obtain a certificate of accreditation"



What It Means for Each Stakeholder

Founders Raising From Angel Funds

A wider definition widens who can invest through the angel fund that backs your company, including investors resident outside India.

Fund Managers

Update on-boarding checks for the LLP clause, the exposure tests and the revised deemed list. Under the substituted regulation 25(2), the Manager's dispute losses and expenses cannot be met out of the AIF's property.

CAs and Finance Teams

Income and net worth tests (A) to (C) are unchanged. LLPs, other body corporates and non-family trusts now have an alternative to the Rs 50 crore net worth test.

Points to Watch

01 Exposure is not defined

The regulation does not define securities market exposure. Each time it adds "as specified by the Board", so its measurement is for SEBI to specify.

02 Which entities may accredit

The regulation leaves to SEBI which registered or regulated entities may accredit, and the manner of doing it.

03 Old angel funds keep their date

Angel funds registered on or before 10 September 2025 must implement the accredited investor mandate on or before 31 March 2027, under SEBI's circular of 7 September 2026.

04 Dispute costs for every AIF

The bar on meeting the Manager's dispute costs out of fund property applied only to an AIF set up as a trust. It now applies to every AIF.

What to Do Now



Step 1: Read the amended text.

Work from regulation 2(1)(ab) as amended from 15 October 2026, not the Board decision.

Step 2: Re-check entity investors.

Test LLPs, body corporates and non-family trusts against the new clauses (ii) to (iv).

Step 3: Track SEBI's specifications.

Check SEBI's circulars on the accrediting entities, the manner of accreditation and the measurement of exposure before relying on the new route or the exposure test.

Step 4: Ask your angel fund.

Confirm its registration date and whether the 31 March 2027 timeline applies to it.

Key Dates

Date	Event
7 September 2026	SEBI circular extends the angel fund timeline to 31 March 2027
24 September 2026	SEBI Board approves the accredited investor review (PR No. 59/2026)
15 October 2026	AIF (Third Amendment) Regulations, 2026 in force
31 March 2027	Older angel funds implement the accredited investor mandate

Older angel funds may not offer investment opportunity to more than 200 non-accredited investors during this period, and may not accept contribution for investment in an investee company from non-accredited investors after 31 March 2027.

Source: SEBI (Alternative Investment Funds) Regulations, 2012, as amended up to 15 October 2026, regulations 2(1)(ab), 19D and 25; SEBI (Alternative Investment Funds) (Third Amendment) Regulations, 2026, notification No. SEBI/LAD-NRO/GN/2026/326; SEBI Circular HO/19/34/11(7)2025-AFD-POD1/I/20626/2026, 7 September 2026.

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