

SEBI's Board Meeting approves GARUDA Mechanism for AIFs

SEBI's Board approved the "Green-Channel: AIF Rollout Upon Document Acknowledgement (GARUDA) mechanism for processing the placement memoranda of Alternative Investment Funds (AIFs)", at its 214th board meeting on 19 June 2026 (**Board Meeting**). SEBI had floated the GARUDA proposals through its consultation paper dated 11 May 2026 (**Consultation Paper**).

The GARUDA mechanism approved by SEBI at the Board Meeting provides for the following:

- For schemes other than LVFs, AI only scheme and Angel Funds (**Regular schemes**) the timeline for launching a new scheme stands reduced to 10 working days.
 - To place the above approval in context, currently, an AIF already registered with SEBI, other than an LVF (**Non-LVF Scheme**), can launch a new scheme and circulate the PPM to their investors for soliciting funds, 30 days after filing an application with SEBI for launch of such scheme. Further, an AIF can launch its first Non-LVF Scheme from the date of registration of the AIF or on the expiry of 30 days from filing the application for registration of the AIF, whichever is later.
 - Once the aforementioned decision by the Board is implemented by an amendment of the SEBI (Alternative Investment Funds) Regulations, 2012 (**SEBI AIF Regulations**), an existing AIF will be able to launch a new Regular Scheme 10 working days after filing an application with SEBI for the launch of such scheme. Further, an AIF can launch its first Regular Scheme from the date of registration of the AIF with SEBI or on the expiry of 10 working days from filing, whichever fell later.
- For AI-only schemes and Angel Funds, which comprise only accredited investors, the requirement to file the PPM through a merchant banker has been done away with, and AI-only schemes and Angel Funds are "*permitted to launch immediately upon grant of SEBI registration or filing of PPM with SEBI.*" We interpret the aforementioned language of the Minutes of the Board meeting in the following manner:
 - An AIF can launch an AI-only scheme immediately upon grant of SEBI registration. Any subsequent scheme (which is an AI-only scheme) can be launched immediately after the PPM for such scheme is filed with SEBI.
 - An Angel Fund can launch immediately upon grant of SEBI registration. Ever since the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, took effect on September 9, 2025, Angel Funds are prohibited from launching schemes.

ELP Comments

- *The April Circular had provided that an AIF can launch its first Non-LVF Scheme from the date of registration of the AIF or on the expiry of 30 days from filing, whichever is later. When an application is made to SEBI for registration of an AIF, the process usually takes 2 to 4 months from the time of filing of the application until the grant of a certificate of registration for the AIF. Prior to the April Circular, the time gap between grant of registration for the AIF and SEBI taking the PPM on record was usually a matter of a few days or at the most a week. Therefore, when the April Circular provided that an AIF can launch its first Non-LVF scheme from the date of registration of the AIF with SEBI or on the expiry of 30 days from filing with SEBI the application for registration of the AIF, whichever is later, the practical outcome was the an AIF could launch its first Non-LVF Scheme immediately after receiving a certificate of registration from SEBI, even if SEBI is yet to formally take the PPM on record. Now that this 30-day period has been reduced to 10 working days, it cannot be said that the needle has moved with respect to the launch of a AIF's first Regular Scheme.*
- *The April Circular did make a difference to the time period required for launching subsequent schemes by existing Non-LVF AIFs by providing that once an application for launch of a Non-LVF Scheme is filed with SEBI, the AIF need not wait for more than 30 days to actually launch such scheme. Once the decisions taken at the Board Meeting are implemented by an amendment of the SEBI AIF Regulations, existing AIFs can launch Regular Schemes after a wait of just 10 working days.*

- *The April Circular provided for 30 days and not 30 working days, whilst the approval granted by the Board Meeting is for 10 working days, which will work out to 2 weeks in most cases.*
- *The April Circular defined a Non-LVF Scheme as all AIF schemes other than LVF schemes. The Consultation Paper introduced the definition of a Regular Scheme, which excludes LVF, AI only scheme and Angel Funds and the Board Meeting had also used the term Regular Scheme when stating that “the timeline for launching a new scheme stands reduced to 10 working days”. The mismatch between the two definitions (Non-LVF Scheme and Regular Scheme) is not problematic since the Board Meeting has permitted AIFs to launch AI only Schemes as soon as they are registered with SEBI or the PPM is filed with SEBI.*
- *The Consultation Paper had proposed that Accredited Investor-only schemes and Angel Funds will be required to provide an undertaking from the investment manager's CEO and Compliance Officer (“Undertaking”) to substitute the merchant banker's certificate. The minutes of the Board Meeting are silent on the Undertaking, but it is possible that SEBI's formally amends the AIF Regulations, it will expressly for the Undertaking and possibly provide a format for the same.*

The minutes of SEBI's Board Meeting can be accessed through this [link](#).

We hope you have found this information useful. For any queries/clarifications, please write to us at insights@elp-in.com or write to our authors:

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