



PRESS RELEASE

Regulatory framework for Angel Funds to facilitate investments in start-ups

The International Financial Services Centres Authority (IFSCA), in furtherance of its mandate to develop and regulate financial products, financial services and financial institutions in the International Financial Services Centres (IFSC), had notified the IFSCA (Fund Management) Regulations, 2022 in April 2022 enabling the regulatory framework for various activities related to fund management including schemes for investing in early-stage venture capital undertaking (start-ups).

Angel Funds bridge the gap between start-ups and angel investors, who are instrumental in providing mentoring, and resources to the start-ups. In recognition of the same, IFSCA has now issued a framework for Angel funds under the IFSCA (Fund Management) Regulations, 2022. The salient features of the said framework are as under:

1. A Fund Management Entity (FME) in IFSC will be able to launch Angel Fund by filing a placement memorandum with the Authority under a Green Channel, i.e. the schemes can open for subscription by investors immediately upon filing the placement memorandum with the Authority.
2. Angel Funds shall accept investments from accredited investors or investors who are willing to commit at least USD 40,000 over 5 years.
3. Angel Funds are permitted to invest in start-ups as well as other regulated angel schemes in IFSC, India, foreign jurisdictions upon receiving consent from the desirous investors.
4. While investment(s) by an Angel Fund in a start-up is capped at USD 1,500,000, the Angel fund is permitted to invest in subsequent rounds of fund raising by the start-up in order to protect its shareholding from dilution, subject to certain conditions.

The detailed framework for Angel Funds may be accessed at <https://ifsca.gov.in/Circular>

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