

## **CODE OF ETHICS FOR ALTERNATIVE INVESTMENT FUNDS**

### **I. Applicability**

This Code of Ethics for Alternative Investment Funds (“Code”) applies to each Alternative Investment Fund (“AIF”) who is a member of the Indian Venture and Alternate Capital Association (“IVCA”) and consequentially this Code shall be adopted and implemented by its Trustee and its Investment Manager and their respective directors, partners, employees and other representatives acting on the instructions of the Investment Manager in relation to the affairs of the AIF (“Representatives”). The AIF together with its Representatives are collectively referred to as “AIF Parties”.

### **II. Purpose**

The Trustee and the Investment Manager owe a fiduciary duty to the investors who invest into the AIF managed by them. This Code is intended to be a guiding document to the AIF and its Representatives in conducting the affairs of the AIF on the bedrock of core values viz. transparency, competency, fairness and integrity. This Code does not replace, override or dilute, in any manner the requirements of the SEBI (Alternative Investment Funds) Regulations, 2012 including circulars and guidelines issued thereunder (collectively, referred to as “SEBI AIF Regulations”). In case of a conflict between this code of ethics and SEBI AIF Regulations the SEBI AIF Regulations shall prevail.

This Code may be updated by IVCA, from time to time, in order to align it with developments in market circumstances and/or changes in applicable law so as to ensure that the Code remains a contemporary and contextual reference document for the AIFs and its Representatives. This Code will be published on IVCA website and will be available in public domain. This Code is intended to be self-regulated by the AIF Parties and IVCA will not be monitoring its implementation.

### **III. Obligations of an AIF and its Representatives**

#### **1. Fiduciary duty and fair conduct**

- a) The AIF Parties shall act in the best interest of the investors in conduct of the affairs of the AIF, without placing the financial or other interest of the Representatives ahead of the interest of the investors. The AIF Parties must exercise reasonable diligence, care and independent professional judgment when performing services in relation to the AIF.
- b) The AIF Parties shall conduct the affairs of the AIF in a responsible manner and not engage in practices which are detrimental to the interest of the investors or bring disrepute to the AIF industry.
- c) The AIF Parties shall ensure that the AIF is operated and managed in the best interest of all investors and not specifically in the interest of any select class of investors, whether holding a significant interest in the AIF or otherwise.
- d) The AIF Parties shall promote a culture of ethics, integrity and fairness in all their dealings so as to dissuade fraudulent, unfair, or other inappropriate or undesirable practices in disregard of its fiduciary duty of care, diligence and fairness.
- e) The AIF Parties shall adopt policies (including but not limited to AML/KYC, risk management, conflicts of interest, whistleblower, valuation, outsourcing) and enforce these policies through appropriate internal control procedures, financial and operational systems and other processes commensurate to the AUM of the AIF and in accordance with the applicable laws (including SEBI AIF Regulations).

## **2. Compliance related obligations and due process**

- a) The AIF Parties, should adhere to the provisions of the SEBI AIF Regulations pertaining to, *inter alia*, investment and governance practices and code of ethics.
- b) The AIF Parties shall establish written policies and procedures reasonably, and implement the same, to achieve compliance with the applicable laws. The AIF Parties shall make the policies available for inspection by prospective investors.
- c) The AIF, investment manager of the AIF and Key Management Personnel of the investment manager shall exercise specific due diligence, with respect to its investors and investments, as per the checklist(s) to be formulated by the Standards Setting Forum for AIFs (SFA) in consultation with SEBI or as may be prescribed by SEBI, in compliance with provisions of Regulation 20(20) of the SEBI AIF Regulations.
- d) The AIF Parties shall carry out the investment activities of the AIF in line with its investment objective and investment strategy laid down in Private Placement Memorandum and in accordance with the terms and conditions agreed with the investors in the Contribution Agreements and other applicable AIF Documents (together referred to as “Fund Documents”) and applicable laws.
- e) The Representatives shall not use the AIF to promote their personal or business interests or create the AIF as a conduit for any specific investor(s) or third party who cannot otherwise invest in as per the investment strategy of the AIF. The Representatives must disclose their pecuniary interest in the AIF including (i) their investment, if any, into the AIF and (ii) compensation (including any fee or profit sharing arrangement) for their respective role and function as an AIF Party.
- f) The AIF Parties shall adopt robust policies and procedures designed to identify, monitor, mitigate and wherever possible, eliminate conflicts of interest. The Representatives shall, as far as reasonably and commercially possible, avoid conflicts of interest, and when the same cannot be avoided (e.g. dealings with Associates), the Representatives shall ensure that appropriate measures as laid down in the SEBI AIF Regulations and the Fund Documents are adhered to, so as to ensure timely, appropriate and clear disclosures to the investors and fair treatment of the AIF.
- g) The AIF Parties shall treat all investors fairly irrespective of size of commitment and relationship with the Representatives and/or distributor / placement agent of the AIF.
- h) The AIF Parties shall not use unethical means to sell, market, induce or mislead any investor to invest in the AIF. The AIF Parties shall include similar obligation in the contract with the distributors, placement agents and/or investment advisors with whom they are associated with in relation to the marketing and distribution of the AIF.
- i) The AIF Parties shall not make any incorrect statement, whether oral or written, about their performance, achievements, qualifications or capability to render the investment management services and such disclosures should be supported by facts. The AIF Parties shall include similar obligation in the contract with the distributors, placement agents and/or investment advisors with whom they are associated with in relation to the marketing and distribution of the AIF.
- j) The AIF Parties shall ensure timely dissemination to the investors of the AIF of adequate, accurate, explicit and timely information, which is presented in simple language, as required under the SEBI AIF Regulations, Fund Documents and other applicable laws.
- k) The AIF Parties shall seek consent of investors as prescribed under the SEBI AIF Regulations, Fund Documents and applicable laws and shall provide timely and adequate information to the investors to enable them to make an informed decision.
- l) The AIF Parties shall, in a timely manner, submit accurate reports, data and information to SEBI, IVCA, Performance Benchmarking Agencies and Valuation agencies.
- m) The AIF Parties shall ensure redressal of grievances in an impartial and transparent manner and within timelines prescribed under the Fund Documents and grievance redressal policy of the

AIF. The grievance redressal policy must set out the remedy of conciliation / arbitration as available under the Contribution Agreement and under applicable laws.

- n) The AIF Parties must promote diversity, equity and inclusion within the AIF industry by adopting and implementing policies that foster diverse representation and a work environment that is safe, fair and free of bias in hiring, promoting and compensating the workforce.

**3. Obligations towards AIF industry**

- a) AIFs shall cooperate with SEBI in its endeavours for adopting technology to identify malpractices and unethical use of SEBI regulations and applicable laws.
- b) The AIF Parties shall refrain from making false or defamatory statements about SEBI, other AIFs/their Representatives in any private or public forum (including chat groups, social media, print or electronic press, conferences etc.).
- c) The AIF Parties shall maintain professional decorum, provide fair and balanced perspective and not participate in transmitting untrue statements or rumours so as to malign other AIFs/their Representatives. Any written or oral communication should be based on facts and be presented in an unbiased manner so as not to mislead the investors and/or public.
- d) AIF Parties shall promote collaboration among the AIF industry by sharing best practices and cooperating with the IVCA in addressing industry-wide challenges including shedding light on malpractices that impede the growth and development of the AIF industry.

**4. Best Practices issued by IVCA**

IVCA shall from time-to-time issue best practices on various operational aspects of the AIF industry, such as including but not limited to marketing and distribution, valuation, investor onboarding. The AIF Parties shall make endeavours to follow such best practices to ensure uniformity in practices across the industry and provide confirmations as and when sought by IVCA.

**To be signed by the Authorised Signatory of the Investment Manager / Fund Manager/ AIF:**

Name:

Designation:

Investment Manager / Fund Manager Name:

I, on behalf of the Investment Manager / Fund Manager agree to abide, adopt and follow the Code Of Ethics as issued by IVCA and the best practices prescribed time to time.