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## Specialised Investment Funds (SIF)

The term **SIF** primarily refers to **Specialised Investment Funds**, a new investment category introduced by SEBI (in the Indian context) to bridge the gap between traditional Mutual Funds and Portfolio Management Services (PMS).

### 1. What is SIF (Specialised Investment Fund)?

A Specialised Investment Fund (SIF) is a pooled investment vehicle designed for **high-risk, high-return strategies** that were previously available only to high-net-worth individuals (HNIs) via PMS or AIFs.

- **Goal:** Offer sophisticated strategies (like Long-Short, Inverse, or Dynamic Asset Allocation) to experienced retail investors.
- **Minimum Investment:** Typically, **₹10 Lakhs** (making it more accessible than PMS which requires ₹50 Lakhs).
- **Risk Profile:** Higher than standard mutual funds due to the use of derivatives and complex strategies.

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### 2. How to Apply (For Distributors)

To sell or distribute SIF products, you must be a registered Mutual Fund Distributor (MFD) and obtain an additional certification because SIFs involve complex derivatives.

#### Step 1: Prerequisites

- You must already hold a valid **ARN (AMFI Registration Number)** and **EUIN** as a Mutual Fund Distributor.
- You must have a valid **NISM Series V-A** certification (standard MF exam).

#### Step 2: Clear the Mandatory Exam

You must pass the **NISM-Series-XIII: Common Derivatives Certification Examination**.

- **Why?** SIFs use derivatives covering Equity Derivatives, Currency Derivatives and Interest Rate Derivatives (Futures & Options) for hedging and alpha generation. You need to understand these tools to explain the risks to clients.
- **Exam Fee:** ~₹3,000 + GST.
- **Format:** 150 questions, 3 hours, 60%\* i.e. 90 is the passing mark.
- **\*Negative marking:** 25% of the marks assigned to the question.

### How to Apply:

1. Candidates can register for this exam same as Series-V-A: Mutual Fund Distributors at: <https://cert.nism.ac.in/>
2. After successful registration, candidates may select a test centre, date, and time slot of their choice on the NISM website. Candidates are required to follow further instructions available on the NISM's Certification Portal.

***\*You can contact us for the soft copy of the notes required for examination.***

### Step 3: Register with AMFI

Once you pass the NISM XIII exam, you must register specifically for the SIF category with AMFI.

- **Process:** Log in to AMFI's online distributor portal.
- **Action:** Upload your NISM XIII certificate and apply for the "SIF Distributor" tag/license.

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### 3. Fees & Fee Structures (For Distributors)

The costs involved in becoming and operating as a SIF distributor are as follows:

#### Registration Fees (Paid to AMFI)

Category	Registration Fee	Renewal Fee (Every 3 Years)
Individual / Proprietorship	₹3,000	₹1,500
Employees (EUIN)	₹1,500	₹750

*Note: Fees are subject to GST.*

### 4. Other Terms and Conditions

#### For the Distributor

- **Mandatory Registration:** Eligible MFDs must register with AMFI for SIF distribution prior to engaging in the sale of SIF products. Registration is allowed only if the ARN/EUIN is valid. It cannot be renewed if the ARN/EUIN is invalid. Renewal of the ARN/EUIN must be completed before renewing the SIF registration. If the ARN/EUIN becomes invalid, the corresponding SIF registration will be automatically deactivated. Upon renewal of ARN/EUIN, the SIF registration will automatically become valid/active, subject to the validity of the SIF registration.
- Upon renewal of ARN/EUIN, the SIF registration will automatically become valid/active, subject to the validity of the SIF registration.
- **Code of Conduct:** You must strictly adhere to the "suitability" framework. You cannot sell SIFs to a first-time investor with a low-risk appetite.
- **Risk Disclosure:** You are mandatorily required to explain the "derivatives risk" to the client.

- **Distribution of SIF products:** MFDs registered should clearly mention the following details in full across all forms of communication--physical or digital, including websites and marketing materials:
  - Name of the Distributor
  - ARN: [Distributor's ARN]
  - AMFI Registered Mutual Fund Distributor
  - AMFI Registered SIF Distributor

#### **For the Investor (Your Client)**

- **Minimum Ticket Size:** ₹10 Lakhs per investor (PAN level).
- **Lock-in Period:** Some SIFs (especially closed-ended or interval schemes) may have lock-in periods (e.g., 1–3 years) or specific "redemption windows" (intervals) where money can be withdrawn.
- **Taxation:**
  - **Equity-oriented SIFs:** Taxed like Equity Mutual Funds (20% STCG & 12.5% LTCG > ₹1.25L (no indexation)).
  - **Debt/Hybrid SIFs:** Taxed as per their specific asset allocation (often at slab rate if debt-heavy).

**\*For any assistance, kindly contact your respective Relationship Manager.**

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