

CIRCULAR

SEBI/HO/MIRSD/ MIRSD-PoD/P/CIR/2025/105

July 23, 2025

To,

All registered Research Analysts

BSE Ltd. (Research Analyst Administration and Supervisory Body- RAASB)

Sir / Madam,

Sub: Frequently Asked Questions (FAQs) related to regulatory provisions for Research Analysts

1. Securities and Exchange Board of India (SEBI) has notified SEBI (Research Analysts) (Third Amendment) Regulations, 2024 on December 16, 2024. Pursuant to these amendments, SEBI has issued a circular dated January 08, 2025 on guidelines for research analysts.
2. SEBI is in receipt of representations from Research Analysts (RAs) requesting to provide clarifications on certain regulatory provisions.
3. In this regard, in order to provide clarity and guidance for compliance by RAs with the regulatory provisions, the details/clarifications are provided as part of the Frequently Asked Questions (FAQs) at **Annexure A**. These FAQs are issued after public consultation and incorporating various suggestions received during such consultation (wherever found appropriate). For full particulars of laws governing the Research Analysts (RAs), please refer to the Acts/ Regulations/ Guidelines/ Circulars, etc. appearing under the Legal Framework Section of SEBI website. For an interpretation of a specific provision of the Regulations, informal guidance may be sought as specified under SEBI (Informal Guidance) Scheme 2003.

4. Based on the representations received from RAs/research entities and to ensure ease of compliance, it has been decided that RAs/research entities shall now ensure the compliance with the following-
 - i. Persons associated with research services shall obtain the relevant certification from NISM as specified by SEBI within one year from the date of this circular.
 - ii. Consent by signature on the terms and conditions including most important terms and conditions (MITC) shall not be mandatory for the clients who are institutional investors or qualified institutional buyers. However, RAs/research entities are required to disclose the terms and conditions of research services including MITC to these clients.
5. This circular is issued in exercise of powers conferred under section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 33 of Securities and Exchange Board of India (Research Analysts) Regulations, 2014 to protect the interests of investors in securities market and to promote the development of, and to regulate the securities market.
6. This circular is available on the SEBI website at www.sebi.gov.in under the category "Legal →Circulars".

Yours faithfully,

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Annexure A

FREQUENTLY ASKED QUESTIONS (FAQs)

1. How are research analysts regulated in India?

The SEBI (Research Analysts) Regulations, 2014 (“RA Regulations”) came into effect from December 01, 2014. The RA Regulations specify conditions for registration, certification, limitations on trading by research analysts, limitations on compensations of research analyst, various disclosures to be made during public appearance and during making recommendations through public media, code of conduct, records to be maintained, manner of conducting inspection, etc. The RA Regulations (as amended from time to time) are available on the SEBI website www.sebi.gov.in.

2. Whether the individuals employed as research analyst with a research entity are required to obtain registration certificate under RA Regulations?

No. Individuals employed as research analyst with a research entity are not required to obtain registration certificate from SEBI. The research entity, which employs individuals as research analysts, is required to obtain registration certificate under the RA Regulations. The individuals employed as research analyst by research entity are required to comply with qualification and certification requirements as specified in the regulations. The trading limitations prescribed under the regulations are applicable to them.

3. Whether the personnel involved in publication activities like marketing and editing are covered under the definition of Research Analyst under RA Regulations?

The personnel engaged in clerical activities/marketing activities, back office assistance, support services, etc., in relation to publication and/or distribution of research report are not covered under the definition of research analysts.

These personnel are also not considered as persons associated with research services if –

- (i) these personnel while performing these activities do not have client contact, or
- (ii) these activities have no connection with the research services provided as a RA.

4. What are the communications excluded from the definition of research report?

"Research report" does not include the following communications: -

- i. comments on general trends in the securities market;
- ii. discussions on the broad-based indices;
- iii. commentaries on economic, political or market conditions;
- iv. periodic reports or other communications prepared for unit holders of Mutual Fund or Alternative Investment Fund or clients of Portfolio Managers and Investment Advisers;
- v. internal communications that are not given to current or prospective clients;
- vi. communications that constitute offer documents or prospectus that are circulated as per regulations made by SEBI;
- vii. statistical summaries of financial data of the companies;
- viii. technical analyses relating to the demand and supply in a sector or the index;
- ix. any other communication which SEBI may specify from time to time.

5. Whether technical analysis as a methodology is exempted from the purview of the RA Regulations?

Research services provided under RA Regulations are specific to the securities under purview of SEBI and are agnostic to the methodology used to provide research services. Providing research services (including buy/sell/hold recommendation) on a security or securities based on any methodology

(including the technical analysis) is not exempted from the purview of the RA Regulations. However, technical analyses relating to the demand and supply for a particular sector or index is exempted from the purview of RA Regulations.

6. What are the communications excluded under periodic reports referred to in answer to FAQ No. 4 above?

Periodic reports such as sending financial account statements, annual reports and any other communication as required under the specific regulations prepared for unit holders of Mutual Fund or Alternative Investment Fund or clients of Portfolio Managers and Investment Advisers are excluded from the definition of research report under RA Regulations.

7. Does RA Regulations cover only equity and equity linked securities?

No. RA Regulations cover all securities as defined under clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956.

8. Who is required to make an application to get registration under RA Regulations?

No person shall act as a research analyst or research entity or hold itself out as a research analyst unless he has obtained a certificate of registration from SEBI on and from the commencement of RA Regulations unless an exemption specifically applies to such a person.

An applicant who intends to engage in providing research services such as issuance of research report or research analysis is required to make an application for registration under RA Regulations.

9. Which intermediaries are covered under the definition of 'Research Entity' who are mandated to obtain registration under RA Regulations?

SEBI registered Stock Brokers, Merchant Bankers and other intermediaries except those who are exempted from making application for registration under RA Regulations are required to make application for grant of registration under

RA Regulations, if they are engaged in issuance of research reports or research analyses. Such intermediaries are covered under the definition of 'research entity'.

10. Who are exempted from making application for grant of registration under RA Regulations?

Investment Advisers, Credit Rating Agencies, Asset Management Companies and Fund Managers (i.e. Fund Managers of a mutual fund or alternative investment fund or venture capital fund or portfolio manager) are not required to be registered under RA Regulations.

However, in case such intermediaries issue/circulate/distribute research reports to public or general investors and/or if they or their directors or employees make public appearance, they shall be required to comply with Chapter III of the RA Regulations.

11. Whether proxy advisers are required to obtain registration under RA Regulations?

Yes. Proxy Advisers are required to obtain registration from SEBI under RA Regulations.

12. What are the requirements to be fulfilled by proxy adviser?

All the provisions of Chapter II, III, IV, V and VI of RA Regulations shall apply mutatis mutandis to the proxy adviser.

The proxy adviser shall be required to additionally disclose the following:

- i. the extent of research involved in a particular recommendation and the extent and/or effectiveness of its controls and procedures in ensuring the accuracy of issuer data;
- ii. policies and procedures for interacting with issuers, informing issuers about the recommendation and review of recommendations.

Proxy adviser is required to maintain the record of his voting recommendations and furnish the same to SEBI on request.

13. What is the procedure of obtaining registration as a research analyst from SEBI?

Application is required to be made in Form A as specified in the RA Regulations with necessary supporting documents to the Research Analyst Administration and Supervisory Body (RAASB). Application can be submitted to RAASB at <https://membershpraia.bseindia.com/>

RAASB shall, after scrutiny of the application, recommend the application to SEBI for grant of registration as RA.

A section by the name "Research Analyst" has been created on the SEBI website where the details/circulars/press releases pertaining to RA regulations are being uploaded on a periodic basis.

14. Whether any application fee is required to be paid at the time of making application for grant of registration under RA Regulations and what is the amount to be paid for grant of registration/continuation of registration as research analyst?

Yes. Application fees must be paid along with application form for grant of registration. The details of the applicable fees to be paid to SEBI are as below:

S. No.	Category	Application Fee	Registration Fee (for the first five years of registration)	Renewal Fee (for subsequent five years)
1	Individual and Partnership Firms	Rs. 2,000	Rs. 3,000	Rs. 1,000
2	Proxy Advisers	Rs. 2,000	Rs. 3,000	Rs. 1,000

3	Body Corporate including Limited Liability Partnership	Rs. 20,000	Rs.30,000	Rs. 5,000
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Further, the RAs are required to be enlisted with the RAASB and to pay administrative fees as specified by RAASB.

15. What is the capital adequacy requirement for a Research Analyst?

There is no capital adequacy requirement applicable to an RA. However, an RA is required to maintain a deposit with RAASB in accordance with their number of clients in the manner specified by SEBI. The applicable deposit requirements are as under:

No. of clients	Deposit
<i>Up to 150 clients</i>	<i>₹ 1 lakh</i>
<i>151 to 300 clients</i>	<i>₹ 2 lakhs</i>
<i>301 to 1,000 clients</i>	<i>₹ 5 lakhs</i>
<i>1,001 and above clients</i>	<i>₹ 10 lakhs</i>

16. Can a sole proprietor make an application to get registered as a research analyst?

A sole proprietor can make an application to get registered as an independent research analyst. The proprietor of the sole proprietorship firm is required to fulfil eligibility conditions applicable to individual under RA Regulations.

17. Who is an independent research analyst?

"Independent research analyst" means a person whose only business activity is research analysis or preparation and/or publication of research report. It includes individuals engaged in providing research services without being employed with any research entity(intermediary) and entities other than SEBI registered intermediaries who are engaged in research activities.

18. What is covered under 'public media'?

Public media means any media source available to the general public and includes a radio, television, internet, web or print media.

19. What are the disclosures required for making recommendations in public media?

Regulation 21(1) of RA Regulations applies to research analyst or research entity including its directors and employees. They are required to disclose their registration status and details of financial interest in the subject company during public appearance.

Under regulation 21(2) of RA Regulations, whenever any person including a director or employee of an investment adviser or credit rating agency or asset management company or fund manager, makes a public appearance or makes a recommendation or offers an opinion concerning securities or public offers through public media, all the provisions of regulation 16 on limitations on trading and regulation 17 on limitations on compensation apply mutatis mutandis to him and he is required to disclose his name, registration status and details of financial interest in the subject company at the time of:

- (i) making such recommendation or offering such opinion in personal capacity;
- (ii) responding to queries from audiences or journalists in personal capacity;
- (iii) communicating the research report or substance of the research report through the public media.

20. Whether journalists who are on the payrolls of media organizations such as newspaper or television are required to get registered with SEBI?

No. The journalists who are on the payrolls of media agency such as newspaper or television are not required to get registered with SEBI. However, if they make recommendations or offer an opinion concerning securities or public offers through public media, such recommendations/opinions shall be based on the

research reports of SEBI registered research analyst or any other SEBI registered intermediary permitted by SEBI to issue research report. Further, all the provisions of regulations 16 on limitations on trading shall apply mutatis mutandis on such journalists and they shall disclose the name and details of financial interest in the subject company. They shall also disclose the name of RA/intermediary, its registration status and details of financial interest, if any, of such RA/intermediary in the subject company.

21. Whether a person located outside India can issue research reports under RA Regulations?

Yes. A person located outside India can issue research report or research analysis in respect of securities listed or proposed to be listed on a stock exchange in India. However, before issuance of such research report or research analysis, such person is required to enter into an agreement with a research analyst or research entity registered under the RA regulations.

22. Is it mandatory for research analysts to include the words 'research analyst' in their name?

Research analysts registered under the RA regulations shall use the term "research analyst" in all their correspondences with clients. Part-time research analyst registered under the RA regulations shall use the term 'part-time research analyst' in all correspondences with clients.

23. In case of a partnership firm, who is required to fulfil qualification and certification requirement under regulation 7 of RA Regulations?

The partner/s engaged in research services shall be required to fulfil qualification and certification requirement under regulation 7 of RA Regulations.

24. How long does the certificate of registration remain valid under RA Regulations?

The certificate of registration under RA Regulations remains valid till it is suspended or cancelled. There is no requirement of renewal. However, the validity of the registration shall be subject to payment of applicable fees every five years.

25. Who are all required to monitor the personal trading activities of the individuals employed as research analysts?

Research analysts/Research entities who employ individuals as research analysts are required to monitor and record the personal trading activities of the individuals employed as research analyst with them.

26. What are trading restrictions imposed under regulation 16 of RA Regulations?

Independent research analysts, part-time research analysts, individuals employed as research analyst or their associates shall not deal or trade any securities that the research analyst recommends or follows within 30 days before and 5 days after the publication of a research report on the subject company.

Independent research analysts, part-time research analysts, individuals employed as research analyst or their associates shall not deal or trade directly or indirectly in securities that he reviews in a manner contrary to his given recommendation.

Independent research analysts, part-time research analysts, individuals employed as research analyst or their associates shall not purchase or receive securities of the issuer before the issuer's initial public offering, if the issuer is principally engaged in the same types of business as companies that the research analyst follows or recommends.

The aforesaid trading restrictions under regulation 16 of RA Regulations are also applicable in respect of research entities where the entity has not segregated its research activities from all other activities and maintained an arms-length relationship between such activities.

27. Who are required to appoint a compliance officer under RA Regulations?

A non-individual research analyst or research entity is required to appoint a compliance officer who shall be responsible for monitoring the compliance in respect of the requirements of the Act, RA regulations and circulars issued by SEBI. A non-individual research analyst may appoint an independent professional who is a member of ICAI or ICSI or ICMAI or member of any other professional body as may be specified by the SEBI, provided such a professional holds a relevant certification from NISM, as may be specified by the SEBI.

28. Whether the existing compliance officer of a Brokerage Firm/Merchant Banking Firm, etc. can act as a compliance officer of research entity under RA regulations?

Yes. The existing compliance officer of intermediary can be appointed as a compliance officer of a research entity under RA Regulations.

29. Whether the research services provided by intermediaries such as brokers or merchant bankers (research entities) as value added services to their clients are considered as research services 'for consideration' for the purpose of RA Regulations?

In case of intermediaries such as brokers or merchant bankers who provide research services as value added services to their clients, the brokerage/merchant banking charges/ tariff consideration include the consideration for the research services though it may not be separately identified/attribution to the research services.

Thus, research services provided to these clients are considered as research services 'for consideration' under RA Regulations even though no separate fee for research services is received by these intermediaries directly from the clients.

30. Whether brokerage services or merchant banking services provided by research entity are considered as distribution activity?

No. Brokerage services or merchant banking services provided by research entity are not considered as distribution activity for the purpose of regulation 26C of RA Regulations.

31. Whether RAs/research entity can provide distribution services on the products/securities on which they are not providing research services/brokerage/merchant banking services to their clients?

Is client level segregation (i.e. at group level, same client cannot be provided both research as well as distribution service) required if distribution and research services are provided on different categories of securities?

An RA is expected to provide independent, unbiased, and objective research on securities. It is important to ensure that there is no conflict of interest between the research activity and other activities of the RA. Purpose of the regulation 26C of RA Regulations is to address the inherent concerns on potential conflict of interest of RA when it provides both the research and distribution services to their client that may not be in the interest of client. Thus in terms of the regulatory intent, RA/research entity cannot provide research services for the securities/products in case it also provides distribution services for such securities/products.

Thus, in alignment with the intent of the regulation, in exercise of power under regulation 33 of RA Regulations, it is clarified that RA/research entity can provide distribution services on products/securities provided they are not providing research services on such products/securities being distributed and are providing such distribution services through separately identifiable

department or division or business unit within the same entity or through a separate entity on an arms' length basis.

Some clarifications with illustrations are given below:

- i. Client level segregation of research and distribution services is not required if RA/research entity distributes mutual funds/PMS schemes/AIF products but provides research services only on individual stocks and is not providing research services on mutual funds/PMS schemes/AIF products. e.g. If a RA distributes 'Mutual Fund Scheme A' at family or group level, it cannot provide research services on 'Mutual Fund Scheme A' and vice versa at family/group level.
- ii. The RA/research entity is required to maintain client level segregation at family/group level in case it is engaged in providing research services on mutual funds and is also engaged in distribution of mutual funds.
- iii. RA/research entity may carry out distribution of other products (such as banking products) not under purview of SEBI to their clients at family/group level. Any grievances related to such products shall not come under purview of SEBI.

Note: For the purpose of abundant clarity, it may be noted that these provisions/clarifications do not restrict distributor of mutual funds from providing any investment advice to its clients incidental to its primary activity as mentioned under regulation 4(d) of SEBI (Investment Adviser) Regulations, 2013.

32. Is NISM certification mandatory for the sales staff, support staff, customer support team or other client-facing staff not involved in research?

As per the explanation to regulation 2(ne) of the RA regulations, all client and public facing persons such as analysts, sales staff, service relationship managers, client relationship managers, etc., by whatever name called, shall be deemed to be persons associated with research services, but shall not

include persons who discharge clerical or office administrative functions if where there is no connection with research services and they have no client contact.

It is clarified that the aforesaid personnel are not considered as persons associated with research services if –

- (i) these personnel while performing activities/services do not have client contact, or
- (ii) these activities/services have no connection with the research services provided as a RA.

It shall not be mandatory for such persons to obtain the NISM certification.

Persons associated with research services shall obtain the relevant certification from NISM as specified by SEBI within one year from the date of this circular or within the timeline as may be specified by SEBI.

33. Whether the following compliance requirements are also applicable in case of non-fee paying clients including institutional investors? -

- i. Disclosure of terms and conditions of research services including Most Important Terms and Conditions (MITC) and signing/taking consent of client on these terms and conditions**
 - ii. KYC Requirements**
 - iii. Maintenance of records of interactions with clients such as call recordings, emails, sms**
- i. MITC is primarily intended for investors who may not have necessary resources to gather necessary information to take informed decision. Institutional investors/Qualified institutional Buyers (QIBs) are sophisticated investors who have necessary skills, knowledge and means to protect their interests and take informed decisions. Hence, in exercise of power under Regulation 33 and for ease of doing business, it is clarified that consent on the terms and conditions including most important terms and conditions

(MITC) of research services shall not be mandatory for the clients who are institutional investors or QIBs. However, RAs/research entities are required to disclose the terms and conditions of research services including MITC to these clients.

- ii. RAs/research entities are required to follow the KYC procedure for clients paying fees directly for research services.
- iii. The requirement of maintenance of records of interactions with clients such as call recordings, emails, etc. is applicable for fee-paying as well as non-fee paying clients whereas non-fee paying clients are the clients receiving research services as a value added service along with other services availed from the research entity or any other entity at family/group level on payable basis. For the purpose of abundant clarity, it is to be stated that call recording is not required if the interaction with client is made through means such as email, etc. for which digital footprint is available.

The purpose of the records of the client interaction is to document the interaction to cater to potential client grievances related to research services provided by the research analyst/ research entity. Access to an effective grievance redressal mechanism is a basic right of every investor irrespective of the nature of the investors i.e. individual/ HUF/ institutions etc. Hence, RAs/research entities shall ensure compliance with the provision for maintenance of records of interactions even in case of their clients who are institutional investors or QIBs.

34. Whether non-fee paying clients are considered 'clients' of research entity?

Whether number of such non-fee paying clients shall be considered as clients for the purpose of periodic reporting and determining the deposit amount to be lien marked to RAASB?

Whether research entity is required to disclose and take consent on the terms and conditions for research services from these clients?

The term 'consideration' under RA regulation is defined as any form of economic benefit including non-cash benefit, received or receivable, directly or indirectly, in any form whether from client or otherwise for providing research services.

Non-fee paying clients are the clients receiving research services as a value added service along with other services availed from the research entity or any other entity at family/group level on payable basis. This is also highlighted in response to FAQ No. 29 above where 'consideration' is received indirectly by research entity.

Thus, the number of clients of RA/research entity shall mean total of fee-paying clients and non-fee paying clients of RA/research entity.

RA/research entity is required to report this number of clients (fee-paying and non-fee paying clients) in periodic reporting format and shall also form basis for determining the requisite deposit amount applicable to the RA/research entity.

The research entity is required to ensure the compliance with the requirement of disclosure of terms and conditions of research services to all such clients and to take their consent thereupon, except for clients who are institutional investors/QIBs for whom mere disclosure shall suffice and there shall be no requirement of seeking their consent to terms and conditions.

35. Whether the exemption to compliance with client level segregation of research services and distribution activities is allowed to all entities offering services to Institutional clients and not only to entities providing research services exclusively to institutional clients?

As per the existing provisions, exemption on compliance with client level segregation of research services and distribution activities is given to only entities providing research services exclusively to institutional clients if the client signs a standard waiver.

Institutional clients/QIBs are sophisticated investors who have necessary skills, knowledge and means to protect their interests and take informed decisions. Accordingly, in exercise of power under Regulation 33 of RA Regulations and for ease of doing business, it is clarified that even in cases where research service is not exclusively provided to institutional clients/QIBs, all research analysts/entities are exempted from 'client level segregation of research and distribution activities' for their institutional clients/QIBs if such a client provides a standard waiver. Client may also provide such standard waiver through e-mail or any other electronically verifiable mode. However, such exemption shall not be applicable in case of clients other than institutional clients/QIBs.

36. For technical recommendations, whether a mere technical chart with a time stamp shall suffice as a research rationale?

Research analyst or research entity are required to maintain the rationale for arriving at research recommendations. They are required to have adequate documentary basis, supported by research, for preparing a research report and shall ensure that recommendations in the research report are corroborated by relevant data and analysis forming the basis for such research service.
