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I. GUIDELINES FOR RESEARCH ANALYSTS

1. Guidelines for Research Analysts¹

The Research Analysts shall ensure compliance with the following guidelines specified under the SEBI (Research Analysts) Regulations, 2014 (hereinafter referred to as “RA Regulations”):

1.1 Qualification and certification requirements

Regulation 7 of the RA Regulations specifies the minimum qualification and certification requirements for RAs. It is clarified that the revised qualification requirements shall not be required to existing individual RAs, Principal officer of non-individual RAs or research entity, individuals employed as research analysts and partners of research analyst, if any, engaged in providing research services. However, they shall hold NISM certifications and comply with other conditions specified under Regulation 7(3) of the RA Regulations.

1.2 Deposit requirement:

- a. As per Regulation 8 of the RA Regulations, a research analyst shall maintain a deposit of such sum, as specified by the SEBI from time to time. The deposit requirements shall be based on the maximum number of clients of RA on any day of the previous financial year, as under:

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

¹ Reference: Circular No. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2025/004 dated January 08, 2025

- b. The deposit shall be maintained with a scheduled bank marked as lien in favor of Research Analyst Administration and Supervisory body (RAASB), in the manner and form as may be specified by RAASB.
- c. The deposit amount may be revised for any change in applicable amount of deposit, based on the maximum number of clients in the previous financial year, latest by 30th April of the subsequent financial year.
- d. The deposit requirements shall be reviewed by SEBI from time to time.
- e. The existing RAs shall ensure compliance with the deposit requirement latest by September 30, 2025.

1.3 Registration both as Investment Adviser and Research analyst:

In terms of the proviso to Regulation 9 of the RA Regulations, an individual or partnership firm registered as an investment adviser may be granted certificate of registration as a research analyst, subject to such terms and conditions as the SEBI may deem fit and appropriate. Accordingly, these terms and conditions are as under:

- a. An investment adviser, who is an individual or partner-ship firm, registered under the SEBI (Investment Advisers) Regulations, 2013 (IA Regulations), may be considered eligible for grant of certificate of registration as RA under the RA Regulations provided that it shall comply with the rules/regulations/reporting requirements under each of these regulations viz. IA Regulations and RA Regulations separately.
- b. Such IA/RA shall provide an undertaking stating that it shall maintain arms-length relationship between its activity as IA and RA and shall ensure that its investment advisory services and research services are clearly segregated from each other.

1.4 Registration as part-time research analyst:

- a. In terms of Regulation 2(nd) read with regulation 2(nb) of RA Regulations, a part-time RA is an individual or partnership firm who is also engaged in any other business activity/employment which is unrelated to securities and does not involve handling/ managing of money/ funds of client/ person or providing advice/ recommendation to any client/person in respect of any products/ assets for investment purposes.
- b. An applicant engaged in any activity or business or employment permitted by any financial sector regulator or an activity under the purview of statutory self-regulatory organisations such as Institute of Chartered Accountants of India ('ICAI'), Institute of Company Secretaries of India (ICSI), Institute of Cost Accountants of India (ICMAI) etc. shall be considered eligible for registration as part-time RA.
- c. In terms of regulation 2(1) (u) read with regulation 7 of RA Regulations, Part-time RAs shall be required to have similar qualification and certification requirements prescribed under RA regulations for full-time RAs.
- d. Part-time RA shall provide an undertaking stating that it shall maintain arms-length relationship between its activity as RA and other activities and shall ensure that its investment advisory services are clearly segregated from all its other activities at all stages of client engagement.
- e. Part-time RA shall provide disclaimer prominently (minimum 10 font size) and attracting the attention of the investor while providing their other service/raising invoice related to other business/service that the activity/invoice is related to services not under the purview of SEBI and no complaint can be raised to SEBI for the services rendered therein.
- f. The part-time RA shall disclose the nature of other activities and shall ensure that there is no conflict of interest between its RA activity and its other business activities or employment.
- g. For the purpose of providing additional clarity as to whether a person shall or shall not be considered eligible for registration as part-time RA, reference may

be made to the following explanations/illustrations regarding other business activities or employment that a person shall or shall not engage in.

Example/Illustration 1:

Who shall be considered eligible for registration as part-time RA?

A person shall be considered eligible for registration as part-time RA if it-

- (i) is a member of ICAI or ICSI or ICMAI providing their statutory services or an insurance agent having license from Insurance Regulatory and Development Authority of India ('IRDAI'),
- (ii) is employed as a professor or a teacher etc. provided that his employer provides no objection certificate to take up the activity as part-time RA. If there is change in employer, part-time RA shall ensure to provide the no objection certificate from his new employer to RAASB/SEBI to continue its activities as part-time RA.
- (iii) is professional such as an architect, lawyer, doctor etc.
- (iv) is employed as a professor or a teacher etc., or is engaged in education business or activity:

Provided that such person is not engaged in any of the two prohibited activities under Regulation 16A of Securities and Exchange Board of India (Intermediaries) Regulations, 2008 i.e.-

- (a) providing advice or any recommendation, directly or indirectly, in respect of or related to a security or securities, without being registered with or otherwise permitted by the SEBI to provide such advice or recommendation; and
- (b) making any claim, of returns or performance expressly or impliedly, in respect of or related to a security or securities, without being permitted by the SEBI to make such a claim.

Example/Illustration 2:

Who shall not be considered eligible for registration as part-time RA?

If a person is engaged in a business/activity of providing advice/recommendations on assets such as gold, real estate, cryptocurrency etc., it shall not be considered eligible for registration as part-time RA.

Example/Illustration 3:

Who is required to register as part-time RA?

If a CA for the purpose of tax planning/tax filing provides advice/recommendation on securities as asset class to its clients as an incidental advice to its primary activity, it is not required to get registered as a part-time RA. However, if a CA is providing security-specific recommendation to its clients which is not investor specific, even though as part of tax planning/tax filing, it is required to seek registration as part-time RA.

1.5 Designation as ‘principal officer’:

- a. Regulation 2(1)(oa) of RA Regulations provides that in case of non-individual research analyst being a partnership firm, one of the partners shall be designated as its principal officer. It further provides that in case no partner of the partnership firm registered as a research analyst has minimum qualification and certification requirements provided under the RA Regulations, it shall apply for registration a research analyst in the form of a limited liability partnership or a body corporate within such time as may be specified by the SEBI.
- b. Accordingly, a partnership firm registered as a research analyst, where no partner of the firm has the minimum qualification and certification requirements provided under the Regulations, shall apply for registration as a research analyst in the form of a limited liability partnership or a body corporate latest by September 30, 2025.

1.6 Appointment of an independent professional as Compliance Officer:

- a. In terms of Regulation 26 of the RA Regulations, 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. In such cases, the principal officer shall submit an undertaking to RAASB/SEBI to the effect that principal officer shall be responsible for monitoring the compliance in respect of the requirements of the Act, regulations, notifications, guidelines, instructions issued by SEBI/RAASB.
- b. A non-individual RA may appoint such an independent professional as compliance officer who holds certifications from NISM by passing the following certification examinations-
 - NISM-Series-XV: Research Analyst Certification Examination
 - NISM-Series-XV-B: Research Analyst Certification (Renewal) Examination, and
 - NISM-Series-III A: Securities Intermediaries Compliance (Non-Fund) Certification Examination

1.7 Use of Artificial Intelligence ('AI') tools in RA services

- a. In terms of Regulation 24(7) of the RA Regulations, a research analyst or research entity who uses artificial intelligence tools, irrespective of the scale and scenario of adoption of such tools, for servicing its clients shall be solely responsible for the security, confidentiality, integrity of the client data, use of any other information or data for research services, research services based on output of Artificial Intelligence tools and compliance with any law for the time being in force. Further, in terms of Regulation 19 (vii) of the RA Regulations, a research analyst or research entity shall disclose to the client the extent of use of Artificial Intelligence tools in providing research services.

- b. A research analyst or research entity shall provide the disclosure of the extent of use of artificial intelligence tools by them in providing research services to their clients at the time of disclosing the terms and conditions of the research services to the client and make such additional disclosure whenever required.

1.8 **Research services provided by research analyst or research entity**

- a. In terms of Regulation 20(4) of RA Regulations, research services provided by RA or research entity shall be corroborated by research report containing the relevant data and analysis forming the basis for such research service. RA or research entity shall maintain record of such research report.
- b. In terms of Regulation 2(1)(u) read with Regulation 2(1)(fa) of RA Regulations, research analyst means a person providing research services 'for consideration' wherein consideration shall include direct or indirect consideration in any form whether from client or otherwise for providing research services. In this regard, it is clarified that the research services being provided by research analyst or research entity to any of its clients availing its other services as registered intermediary in another capacity shall be considered as research services provided 'for consideration' even though no fee is charged by such research analyst or research entity directly from the client.

Illustration: Research services provided by the research entity, who is also registered with SEBI as stock broker, to clients availing its stock broking services are considered as research services 'for consideration'.

1.9 **Fees chargeable to clients by RAs:**

Regulation 15A of RA Regulations provide that RA shall be entitled to charge fees for providing research services from client including an accredited investor in the manner as specified by SEBI. Accordingly, -

- a. RAs may charge fees, subject to ceiling as may be specified by SEBI and shall ensure that fee charged to client is fair and reasonable.
- b. RAs shall charge a maximum of ₹1,51,000 per annum per family in case of their clients who are individuals and Hindu Undivided Family(HUF). The fee limit shall be revised and announced by RAASB once in three years based on the Cost Inflation Index (CII) after due consultation with SEBI.
- c. The fee limit does not include statutory charges.
- d. The fee related provisions² such as fee limit, modes of payment of fees, refund of fees, advance fee, breakage fees shall only be applicable in case of their individual and HUF clients (provided these clients are not accredited investors). These provisions shall not be applicable in case of non-individual clients, accredited investors, and in case of institutional investors seeking recommendation of proxy adviser.
- e. In case of non-individual clients, accredited investors, and in case of institutional investors seeking recommendation of proxy adviser, fee related terms and conditions shall be governed through bilaterally negotiated contractual terms.
- f. If agreed by the client, RA may charge fees in advance. However, such advance shall not exceed fees for a period of one year.
- g. In the event of pre-mature termination of RA services in terms of the agreed terms and conditions, the client shall be refunded proportionate fees for unexpired period. RA shall not charge any breakage fee.
- h. The terms and conditions to be disclosed by RA to the client shall also include fee limits, agreed fees for research services and guidance on the optional 'Centralised Fee Collection Mechanism for IA and RA' (CeFCoM).

² Reference: Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/48 dated April 02, 2025

- i. For existing clients, RAs shall ensure compliance with aforesaid fee related provisions latest by June 30, 2025.

1.10 Client level segregation of research and distribution activities

To ensure client level segregation at research analyst's or research entity's group/family³ level as per Regulation 26C(5) of RA Regulations, following compliance and monitoring process shall be adopted:

- a. Existing clients, who wish to avail services of the RA, will not be eligible for availing distribution services within the group/family of the RA. Similarly, existing clients who wish to take distribution services will not be eligible for availing research services within the group/family of the RA.
- b. A new client will be eligible to avail either research services or distribution services within the group/family of RA. However, the option to avail either research services or distribution services shall be made available to such client at the time of on-boarding.
- c. "Client" under these guidelines shall include individual client or non-individual client.
- d. The client shall have discretion to continue holding assets prior to the applicability of this segregation under the existing research/ distribution arrangement. However, the client shall not be forced to liquidate/ switch such existing holdings.
- e. PAN of each client shall be the control record for identification and client-level segregation.
- f. In case of an individual client, "family of client"⁴ shall be reckoned as a single client and PAN of all members in "family of client" would jointly and severally

³ "Group" and "family of an individual research analyst" shall be as per Regulation 26C (3) (iii) and Regulation 2(1)(fb) respectively of the RA regulations

⁴ "Family of client" shall be as per as per Regulation 2 (1)(fc) of the RA regulations

be the control record. However, the same shall not be applicable for non-individual clients.

- g. The dependent family members shall be those members whose assets originate from income of a single entity, i.e., the earning client (individual) in the family. The client shall provide an annual declaration or periodic updation, as the case maybe, in respect of such dependent family members.
- h. RA shall maintain on record an annual certificate from a member of ICAI/ ICSI/ ICMAI or from an auditor (in case of individual RA)/statutory auditor (in case of a non-individual RA or research entity) confirming compliance with the client-level segregation requirements. Such annual certificate shall be obtained within six months from the end of the financial year starting from for the financial year ending March 31, 2025 and the same shall form part of compliance audit, in terms of regulation 25(3) of the RA Regulations.
- i. RAs providing research services exclusively to institutional clients and accredited investors may not be subject to compliance with the requirements of segregation of research and distribution activities provided that the client/investor signs a standard waiver stating the above.
- j. Stock broking is not considered as distribution activity for the purpose of regulation 26C of RA Regulations.
- k. RA/research entity shall ensure compliance under this clause latest by September 30, 2025.

1.11 **Guidelines for recommendation of 'model portfolio' by RAs**

- a. In terms of Regulation 2(1)(u) read with Regulation 2(1)(wa) of RA Regulations, research services provided by research analyst include recommendation of model portfolio. Regulation 24(8) of the RA Regulations provides that research analyst or research entity engaged in providing model portfolio shall abide by the guidelines issued by the SEBI from time to time.

- b. The guidelines that provide the model portfolio framework are given in **Annexure-A**.
- c. RAs engaged in providing model portfolio (s) to their clients shall ensure compliance with the model portfolio guidelines latest by June 30, 2025.
- d. Compliance with audit requirement under regulation 25(3) of the RA Regulations shall also cover compliance with obligations set out under the model portfolio guidelines.

1.12 Disclosure of terms and conditions to the client

- a. Regulation 24(6) of the RA Regulations provides that while providing the research services, RA or research entity shall disclose the terms and conditions of research services to the client and take consent of the client on such terms and conditions.
- b. RA or research entity shall ensure that neither any research service is rendered nor any fee is charged until consent is received from the client on the terms and conditions.
- c. The minimum mandatory terms and conditions to be disclosed by RA or research entity are provided in **Annexure-B**.
- d. The terms and conditions shall also include the Most Important Terms and Conditions (MITC)⁵ to be disclosed by RAs/research entity.
- e. Consent of client to terms and conditions of the services disclosed by RA or research entity may be signed by the client in person or through any other legally acceptable mode including DigiLocker enabled Aadhaar based e-signature facility.
- f. For the existing clients, the RA/research entity shall comply with the requirements by disclosing the aforesaid terms and conditions and obtain

⁵ Reference: Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/20 dated February 17, 2025.

their consent on or before the date of renewal of subscription/agreement of research services or on or before the due date of charging/collection of fees from the client for continuation of the existing subscription/agreement, whichever is earlier.

1.13 **KYC Requirements and maintenance of record**

- a. As provided under Regulation 25(1) of RA Regulations, RA or research entity shall follow the KYC procedure for their fee paying clients and maintain KYC records for their clients as specified by SEBI from time to time. Regulation 25 (1) of RA Regulations also provides that RA or research entity shall maintain the records with respect to its interaction with clients. In this regard, it is clarified that-
- b. RA shall maintain records of interactions, with all clients including prospective clients (prior to onboarding), where any conversation related to its services has taken place inter alia, in the form of:
 - (i) Physical record written & signed by client,
 - (ii) Telephone recordings
 - (iii) Email from registered email id,
 - (iv) Record of SMS messages,
 - (v) Any other legally verifiable record.
- c. Such records shall begin with first interaction with the client and shall continue till the completion of research services to the client.
- d. RA or research entity are required to maintain these records for a period of five years. However, in case where dispute has been raised, such records shall be kept till resolution of the dispute or if SEBI desires that specific records be preserved, then such records shall be kept till further intimation from SEBI.

- e. RA/research entity shall ensure the compliance with the requirements of maintenance of telephone recording latest by September 30, 2024. RA/research entity shall ensure the compliance with the other requirements under this clause latest by June 30, 2025.

1.14 **Compliance audit requirements**

- a. As per regulation 25(3) of the RA Regulations, RA or research entity shall conduct annual audit in respect of compliance with RA Regulations.
- b. Annual compliance audit report shall specify each of the provisions of the RA Regulations and the circulars and guidelines issued thereunder upon which compliance is reported.
- c. A research analyst or research entity shall -
 - (i) complete the annual compliance audit within six months from the end of each financial year and submit a compliance audit report to RAASB/SEBI within a period of one month from the date of the audit report.
 - (ii) submit adverse findings of audit, if any, along with action taken thereof duly approved by the individual RA or management of non-individual RA or research entity to RAASB/SEBI within a period of one month from the date of the audit report but not later than October 31st of each year for the previous financial year; and
 - (iii) maintain on record an annual certificate from a member of ICAI/ ICSI/ ICMAI or from an auditor confirming compliance with client level segregation requirements. Such annual certificate shall form part of the compliance audit.
- d. RA/research entity shall publish the status of the compliance audit report on its website and shall also publish the adverse findings of audit, if any, along with the action taken thereof on its website. RA/research entity shall provide the compliance audit report to its clients.

- e. RA/research entity shall ensure compliance with the additional audit requirements under this clause starting with for audit report of the financial year ending March 31, 2025.

1.15 Requirement of website and the details on the website

In terms of Regulation 19A of RA Regulations, a Research analyst or research entity shall maintain a functional website and shall contain the details as may be specified by SEBI. RA/research entity shall confirm the details of its website to RAASB and compliance with requirements under this clause by June 30, 2025.

2. Procedural Guidelines for Proxy Advisors⁶

2.1 Regulation 24(2) read with regulation 23(1) of the Securities and Exchange Board of India (Research Analyst) Regulations, 2014 ('the Regulations') mandates proxy advisors to abide by Code of Conduct specified therein. It is decided that proxy advisors shall also comply with the following procedural guidelines:

- a) Proxy Advisors shall formulate the voting recommendation policies and disclose the updated voting recommendation policies to its clients. Proxy Advisors shall ensure that the policies should be reviewed at least once annually. The voting recommendation policies shall also disclose the circumstances when not to provide a voting recommendation.
- b) Proxy Advisors shall disclose the methodologies and processes followed in the development of their research and corresponding recommendations to its clients.
- c) Proxy Advisors shall alert clients, within 24 hours of receipt of information, about any factual errors and any impending material revisions to their reports. Further, any such material revisions to their

⁶ Reference: Circular No. SEBI/HO/IMD/DF1/CIR/P/2020/147 dated August 03, 2020

reports shall be communicated to the clients within 72 hours of receipt of the information, while ensuring that adequate time is available for clients to make an informed decision.⁷

- d) Proxy Advisors shall have a stated process to communicate with its clients and the company.
- e) Proxy Advisors shall share their report with its clients and the company at the same time. This sharing policy should be disclosed by proxy advisors on their website. Timeline to receive comments from company may be defined by proxy advisors and all comments/clarifications received from the company, within timeline, shall be included as an addendum to the report. If the company has a different viewpoint on the recommendations stated in the report of the proxy advisors, then proxy advisors, after taking into account the said viewpoint, may either revise the recommendation in the addendum report or issue an addendum to the report with its remarks, as considered appropriate.
- f) Proxy Advisors shall clearly disclose in their recommendations the legal requirement vis-a-vis higher standard they are suggesting if any, and the rationale behind the recommendation of higher standards.
- g) Proxy Advisors shall disclose conflict of interest on every specific document where they are giving their advice. Further, the disclosures should especially address possible areas of potential conflict and the safeguards that have been put in place to mitigate possible conflicts of interest.
- h) Proxy Advisors shall establish clear procedures to disclose, manage and/or mitigate any potential conflicts of interest resulting from other business activities including consulting services, if any, undertaken by them and disclose the same to clients.

⁷ Reference: Circular No. SEBI/HO/IMD/DF1/CIR/P/2020/256 dated December 31, 2020.

- 2.2 The provisions of Clause 2.1(c) and 2.1(e) became applicable with effect from February 01, 2021.⁸ All other provisions of clause 2.1 became applicable with effect from January 01, 2021.⁹

II. ADMINISTRATION AND SUPERVISION OF RESEARCH ANALYSTS

3. Framework for administration and supervision of Research Analysts¹⁰

Background

- 3.1. In terms of Regulation 38A of the 'SECC Regulations'¹¹ notified on April 26, 2024, a recognised Stock Exchange may undertake the activities of administration and supervision over specified intermediaries on such terms and conditions and to such an extent as may be specified. Accordingly, Stock Exchange shall now be recognised as RAASB¹² and IAASB¹³ under Regulation 14 of the 'RA Regulations'¹⁴ and 'IA Regulations'¹⁵ for administration and supervision of Research Analysts ('RAs') and Investment Advisers ('IAs') respectively. The detailed framework for RAASB and IAASB is specified in **Annexure C**.

- 3.2. As per clause (xi) of Regulation 6 of RA Regulations and clause (n) of Regulation 6 of IA Regulations, an applicant seeking registration as RA and IA is required to be enlisted with RAASB and IAASB respectively. The provisions governing enlistment including enlistment of existing RAs/IAs and of applicants whose registration applications are under process as on the

⁸ Reference: Circular No. SEBI/HO/IMD/DF1/CIR/P/2020/157 dated August 27, 2020 and Circular No. SEBI/HO/IMD/DF1/CIR/P/2020/256 dated December 31, 2020

⁹ Reference: Circular No. SEBI/HO/IMD/DF1/CIR/P/2020/157 dated August 27, 2020.

¹⁰ Reference: Circular No. SEBI/HO/MIRSD/MIRSD-SEC-3/P/CIR/2024/34 dated May 2, 2024

¹¹ SECC Regulations- Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018

¹² RAASB- Research Analyst Administration and Supervisory Body

¹³ IAASB- Investment Adviser Administration and Supervisory Body

¹⁴ RA Regulations- SEBI (Research Analysts) Regulations, 2014

¹⁵ IA Regulations- SEBI (Investment Advisers) Regulations, 2013

effective date of this circular are specified in the enclosed framework at Annexure C.

Operationalization of RAASB and IAASB framework

- 3.3. Based on fulfillment of the criteria specified in Annexure C, a stock exchange shall be granted recognition as RAASB and IAASB. To begin with, in order to ensure efficiency in the system and economies of scale, RAASB and IAASB shall be one and the same stock exchange.

Timeline for implementation

- 3.4. The above provisions have become effective on July 25, 2024 (ninetieth day from the date of publication in the Official Gazette of the amendments to RA Regulations made vide the SEBI (Research Analysts) (Amendment) Regulations, 2024 and the amendments to IA Regulations made vide the SEBI (Investment Advisers) (Amendment) Regulations, 2024).

4. Recognition of BSE Limited as Research Analyst Administration and Supervisory Body (RAASB) and Investment Adviser Administration and Supervisory Body (IAASB)¹⁶

- 4.1. In pursuance of SEBI circular no. SEBI/HO/MIRSD/MIRSD-SEC-3/P/CIR/2024/34, dated May 2, 2024, BSE Limited, has been granted recognition under Regulation 14 of the 'RA Regulations' and 'IA Regulations' for administration and supervision of Research Analysts ('RAs') and Investment Advisers ('IAs') respectively as RAASB and IAASB for a period of five years starting from July 25, 2024.

Formulation of bye-laws, SOPs, FAQs etc. by RAASB/IAASB

- 4.2. BSE shall formulate bye-laws with respect to its activities as RAASB and IAASB and shall issue circulars, Standard Operating Procedures (SOPs),

¹⁶ Reference: Circular No. SEBI/HO/MIRSD/MIRSD-POD-1/P/CIR/2024/101 dated July 12, 2024

Frequently Asked Questions (FAQs), etc. to provide guidance and ensure smooth adoption of the RAASB and IAASB framework by RAs and IAs.

Administrative fees payable to RAASB/IAASB

- 4.3. Applicants seeking registration/renewal as RA/IA shall be liable to pay administrative fees, as specified by RAASB/IAASB.
- 4.4. The fees payable to SEBI by RAs/applicants seeking registration as RA have been revised by way of amendment to the RA Regulations, coming into effect from July 25, 2024. Details of the same are available on at https://www.sebi.gov.in/web/?file=https://www.sebi.gov.in/sebi_data/attachdocs/a_pr-2024/1714381081645.pdf#page=1&zoom=page-width,-16,842.
- 4.5. The total fees payable by an applicant/RA towards application, registration and renewal to SEBI and administrative fees to RAASB for the respective period shall not exceed the total fees payable prior to abovementioned amendment. The fee structure shall thus be fee neutral to the applicants/RAs.
- 4.6. In respect of grant of registration as RA for applications received before July 25, 2024, the registration fee shall be received by SEBI as per the erstwhile fee structure.
- 4.7. The other terms and conditions as specified in the SEBI circular SEBI/HO/MIRSD/MIRSD-SEC-3/P/CIR/2024/34 dated May 2, 2024 shall continue to apply.

III. INVESTOR COMPLAINTS

5. Grievance Resolution between listed entities and proxy advisers¹⁷

¹⁷ Reference: Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/119 dated August 04, 2020

- 5.1. Regulation 4(2)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations') casts certain obligations on listed entities to protect and facilitate the exercise of the rights of shareholders, including:
- a) right to participate in, and to be sufficiently informed of, decisions concerning fundamental corporate changes,
 - b) opportunity to participate effectively and vote in general shareholder meetings,
 - c) effective shareholder participation in key corporate governance decisions, such as the nomination and election of members of board of directors and
 - d) exercise of ownership rights by all shareholders, including institutional investors.
- 5.2. Proxy advisors, over the past few years, have played a key role in enabling shareholders to effectively participate in corporate governance decisions and thus, furthering the achievement of the above objectives. Proxy advisors provide advice to institutional investors / shareholders of a listed entity, in relation to exercise of their rights in the company including voting recommendation on agenda items. However, due to the inherent nature of the work, it is probable that proxy advisors and listed entities may have different views on any agenda item of the listed entity leading to grievances.
- 5.3. In order to facilitate resolution of such grievances of listed entities against SEBI registered proxy advisors, the listed entities may approach SEBI. SEBI will examine the matter for non-compliance by proxy advisors with the provisions of the Code of Conduct under regulation 24(2) read with regulation 23(1) of the Regulations and the procedural guidelines for proxy advisors as mentioned at clause 2.1.
- 5.4. The provisions under this clause became applicable with effect from January

01, 2021.¹⁸

6. Redressal of investor grievances through SEBI Complaints Redress system (SCORES) Platform and Online Dispute Resolution (ODR) Platform ¹⁹

- 6.1. SEBI has been taking various measures to create awareness among investors about grievance mechanisms available to them through workshops as well as through print and electronic media.
- 6.2. As an additional measure and for information of all investors who deal/ invest/ transact in the market, the research analysts shall prominently display in their offices the following information about the grievance redressal mechanism available to investors.

Dear Investor,

In case of any grievance / complaint against the research analyst:

- Please contact Compliance Officer of the research analyst (Name and Address) / email-id (xxx.@email.com) and Phone No. - 91-XXXXXXXXXX.
- You may also approach CEO / Partner / Proprietor (Name) / email- id (xxx.@email.com) and Phone No. - 91-XXXXXXXXXX.
- If not satisfied with the response of the research analyst you can lodge your grievances with SEBI at <http://scores.gov.in> or you may also write to any of the offices of SEBI. For any queries, feedback or assistance, please contact SEBI Office on Toll Free Helpline at 1800 22 7575 / 1800 266 7575.

¹⁸ Reference: Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/159 dated August 27, 2020.

¹⁹ Reference: Circular No. CIR/MIRSD/3/2014 dated August 28, 2014, SEBI/HO/OIAE/IGRD/P/CIR/2022/0150 dated November 07, 2022, SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023 and SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated July 31, 2023 (updated as on December 28, 2023)

6.3. Research analysts are also advised to refer to the following circulars on the redressal of investor grievances through the SEBI Complaints Redressal System (SCORES) platform and Online Dispute Resolution (ODR) Platform.

i. Circular No. SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023 issued by SEBI on the 'Redressal of investor grievances through the SEBI Complaint Redressal(SCORES) Platform and linking it to Online Dispute Resolution platform' at the following link:

https://www.sebi.gov.in/legal/circulars/sep-2023/redressal-of-investor-grievances-through-the-sebi-complaint-redressal-scores-platform-and-linking-it-to-online-dispute-resolution-platform_77159.html

ii. Master Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated December 20, 2023 issued by SEBI on 'Online Resolution of Disputes in the Indian Securities Market' at the following link:

https://www.sebi.gov.in/legal/master-circulars/dec-2023/master-circular-for-online-resolution-of-disputes-in-the-indian-securities-market_80236.html

7. Investor Charter for Research Analysts²⁰

7.1. Investor charter for Research Analysts is placed at **Annexure D**. All research analysts are required to bring the investor charter to the notice of their clients.

7.2. BSE Limited (presently recognized as RAASB) has been directed to advise Research Analysts to bring the Investor Charter to the notice of their clients (existing as well as new clients) through disclosing the Investor Charter on their respective websites and mobile applications (if any), making them available at prominent places in the office, provide a copy of Investor Charter as a part of client on-boarding process, through e-mails/ letters etc.

²⁰ Reference: Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/81 dated June 02, 2025

- 7.3. Additionally, in order to ensure transparency in the Investor Grievance Redressal Mechanism, all the Research Analysts shall continue to disclose on their respective websites and mobile applications (if any), the data on complaints received against them or against issues dealt by them and redressal thereof, latest by 7th of succeeding month, as per the format enclosed at **Annexure E** to this circular.

IV. TECHNOLOGY RELATED

8. Advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions²¹

- 8.1. Ministry of Electronics & Information Technology, Govt. of India ('MEITY'), has informed SEBI that the financial sector institutions are availing or thinking of availing Software as a Service (SaaS) based solution for managing their Governance, Risk & Compliance (GRC) functions so as to improve their cyber Security Posture. As observed by MEITY, though SaaS may provide ease of doing business and quick turnaround, but it may bring significant risk to health of financial sector as many a time risk and compliance data of the institution moves beyond the legal and jurisdictional boundary of India due to nature of shared cloud SaaS, thereby posing risk to the data safety and security.
- 8.2. In this regard, Indian Computer Emergency Response Team (CERT-in) has issued an advisory for Financial Sector organizations. The advisory has been forwarded to SEBI for bringing the same to the notice of financial sector organization. The advisory can be viewed at **Annexure F**.
- 8.3. It is advised to ensure complete protection and seamless control over the critical systems at your organizations by continuous monitoring through

²¹ Reference: Circular No. SEBI/HO/MIRSD2/DOR/CIR/P/2020/221 dated November 03, 2020

direct control and supervision protocol mechanisms while keeping the critical data within the legal boundary of India.

- 8.4. The compliance of the advisory shall be reported half yearly by research analysts to SEBI with an undertaking, "Compliance of the SEBI circular for Advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions has been made."

V. MISCELLANEOUS

9. Procedure for seeking prior approval for change in control²²

- 9.1. Regulation 24(3) of the Regulations provide that research analyst or research entity shall obtain prior approval of SEBI in case of change in control.
- 9.2. To streamline the process of providing approval to the proposed change in control of research analyst or research entity (hereinafter referred as intermediary or applicant), it has been decided as under:
- i) The Intermediary shall make an online application to RAASB/SEBI for prior approval.
 - ii) The online application shall be accompanied by the following information/declaration/undertaking about itself, the acquirer(s)/the person(s) who shall have the control and the directors/partners of the acquirer(s)/ the person(s) who shall have the control:
 - a. Current and proposed shareholding pattern of the applicant.
 - b. Whether any application was made in the past to SEBI seeking registration in any capacity but was not granted? If yes, details

²² Reference: Circular No. SEBI/HO/MIRSD/ MIRSD-PoD-2/P/CIR/2022/163 dated November 28, 2022

thereof.

- c. Whether any action has been initiated / taken under Securities Contracts (Regulation) Act, 1956 (SCRA)/Securities and Exchange Board of India Act, 1992 (SEBI Act) or rules and regulations made thereunder? If yes, the status thereof along with the corrective action taken to avoid such violations in the future. The acquirer/ the person who shall have the control shall also confirm that it shall honour all past liabilities / obligations of the applicant, if any.
- d. Whether any investor complaint is pending? If yes, steps taken and confirmation that the acquirer/ the person who shall have the control shall resolve the same.
- e. Details of litigation(s), if any.
- f. Confirmation that all the fees due to SEBI/IAASB have been paid.
- g. Declaration cum undertaking of the applicant and the acquirer/ the person who shall have the control (in a format enclosed at **Annexure G**), duly stamped and signed by their authorized signatories that:
 - (i) there will not be any change in the Board of Directors of incumbent, till the time prior approval is granted;
 - (ii) pursuant to grant of prior approval by SEBI, the incumbent shall inform all the existing investors/ clients about the proposed change prior to effecting the same, in order to enable them to take informed decision regarding their continuance or otherwise with the new management; and
 - (iii) the 'fit and proper person' criteria as specified in Schedule II of SEBI (Intermediaries) Regulations, 2008 are complied with.
- h. In case the incumbent is a registered stock broker, clearing member, depository participant, in addition to the above, it shall obtain

approval/NOC from all the stock exchanges/clearing corporations/depositories, where the incumbent is a member/depository participant and submit self-attested copy of the same to SEBI.

iii) The prior approval granted by SEBI shall be valid for a period of six months from the date of such approval within which the applicant shall file application for fresh registration pursuant to change in control.

9.3. To streamline the process of providing approval to the proposed change in control of an intermediary in matters which involve scheme(s) of arrangement which needs sanction of the National Company Law Tribunal (NCLT) in terms of the provisions of the Companies Act, 2013, the following has been decided:

- i) The application seeking approval for the proposed change in control of the intermediary shall be filed with SEBI prior to filing the application with NCLT.
- ii) Upon being satisfied with compliance of the applicable regulatory requirements, an in-principle approval will be granted by SEBI;
- iii) The validity of such in-principle approval shall be three months from the date issuance, within which the relevant application shall be made to NCLT.
- iv) Within 15 days from the date of order of NCLT, the intermediary shall submit an online application in terms of clause 9.2 along with the following documents to SEBI for final approval:
 - a. Copy of the NCLT Order approving the scheme;
 - b. Copy of the approved scheme;
 - c. Statement explaining modifications, if any, in the approved scheme vis-à-vis the draft scheme and the reasons for the same; and

- d. Details of compliance with the conditions/ observations, if any, mentioned in the in-principle approval provided by SEBI.

10. Prior approval for change in control: Transfer of shareholdings among immediate relatives and transmission of shareholdings and their effect on change in control²³

The following is clarified with respect to transfer of shareholding among immediate relatives and transmission of shareholding in respect of investment advisers:

10.1. Transfer /transmission of shareholding in case of unlisted body corporate intermediary:

In following scenarios, change in shareholding of the intermediary will not be construed as change in control:

- a) Transfer of shareholding among immediate relatives shall not result into change in control. Immediate relative shall be construed as defined under Regulation 2(1)(l) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 which inter-alia includes any spouse of that person, or any parent, brother, sister or child of the person or of the spouse;
- b) Transfer of shareholding by way of transmission to immediate relative or not, shall not result into change in control.

10.2. Transfer /transmission of shareholding in case of a proprietary firm type intermediary:

In case of an intermediary being a proprietary concern, the transfer or bequeathing of the business/capital by way of transmission to another person is a change in the legal formation or ownership and hence by the definition of change in control, such transmission or transfer shall be considered as change in control. The legal heir / transferee in such cases is

²³ Reference: Circular No. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2024/164 dated December 27, 2024

required to obtain prior approval and thereafter fresh registration shall be obtained in the name of legal heir/transferee.

10.3. Transfer /transmission of ownership interest in case of partnership firm type intermediary:

Change in partners and their ownership interest of the partnership firm type intermediary shall be dealt in following manner:

a. **Transfer of ownership interest in case of partnership firm:** In case a SEBI registered entity is registered as a partnership firm with more than two partners, then inter-se transfer amongst the partners shall not be construed to be change in control. Where the partnership firm consists of two partners only, the same would stand as dissolved upon the death of one of the partners. However, if a new partner is inducted in the firm, then the same would be considered as a change in control, requiring fresh registration and prior approval of SEBI.

b. **Transmission of ownership interest in case of partnership firm:** Where the partnership deed contains a clause that in case of death of a partner, the legal heir(s) of deceased partner be admitted, then the legal heir(s) may become the partner (s) of the partnership firm. In such scenario the partnership firm is reconstituted. Bequeathing of partnership right to legal heir(s) by way of transmission shall not be considered as change in control.

10.4. Incoming entities/ shareholders becoming part of controlling interest in the intermediary pursuant to transfer of shares from immediate relative / transmission of shares (immediate relative or not), need to satisfy the fit and proper person criteria stipulated in Schedule II of SEBI (Intermediaries) Regulations, 2008.

11. Advertisement code and usage of brand name/trade name ²⁴

11.1. Research Analysts shall ensure compliance with the advertisement code as prescribed below:

a. Forms of communication:

- i. Advertisement shall include all forms of communications, issued by or on behalf of RA, that may influence investment decisions of any investor or prospective investor.
- ii. The forms of communications, to which the advertisement code shall be applicable, shall include pamphlets, circulars, brochures, notices, research reports or any other literature, document, information or material published, or designed for use in any publication or displays (such as newspaper, magazine, sign boards/hoardings at any location), in any electronic, wired or wireless communication (such as electronic mail, text messaging, messaging platforms, social media platforms, radio, telephone, or in any other form over the internet) or over any other audio-visual form of communication (such as television, tape recording, video tape recordings, motion pictures) or in any other manner whatsoever.

b. Information/disclosures in the advertisement:

The information/disclosures that the advertisement shall contain, include the following-

- i. Name of the RA as registered with SEBI, registered office address, SEBI Registration No., logo/brand name/trade name of RA, and CIN of the RA, if applicable.
- ii. Information which is accurate, true and complete in unambiguous and concise language.
- iii. Standard warning in legible fonts (minimum 10 font size) which states “Investment in securities market are subject to market risks. Read all the

²⁴ Reference: Circular Nos. SEBI/HO/MIRSD/ MIRSD-PoD-2/P/CIR/2023/51 dated April 05, 2023 and SEBI/HO/MIRSD/ MIRSD-PoD-2/P/CIR/2023/52 dated April 06, 2023

related documents carefully before investing.”. No addition or deletion of words shall be made to/from the standard warning.

- iv. In audio-visual media based advertisements, the standard warning in visual media based advertisement and accompanying voice over reiteration shall be audible in a clear and understandable manner. For example, in standard warning both the visual and the voice over reiteration containing 20 words running for at least 10 seconds may be considered as clear and understandable.
- v. Whenever the advertisement is being issued in a language other than English, it will be ensured that the standard warning is accurately translated in the language of the advertisement.
- vi. In case the mode of advertisement is SMS/Message/Pop-up, social media etc. and the details such as full name, logo/brand name, full registered office address, SEBI registration number, membership number of a SEBI recognized supervisory body, if any and standard disclaimer are not mentioned, then official website hyperlink should be provided in such SMS/Message/Pop-up, etc. and the website must contain all such details.
- vii. In case any specific security/securities are displayed in the advertisement as examples, disclaimer that "The securities quoted are for illustration only and are not recommendatory" should be mentioned.
- viii. Advertisements and communications/correspondences with clients shall include the disclaimer that “Registration granted by SEBI, enlistment with BSE and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.”

c. Prohibitions in the advertisement:

The advertisement shall not contain:

- i. Anything which is prohibited for publication under the law.

- ii. Statements which are false, misleading, biased or deceptive, based on assumptions or projections.
- iii. Any misleading or deceptive testimonials.
- iv. Statements which, directly or by implication or by omission, may mislead the investor.
- v. Any statement likely to be misunderstood or likely to disguise the significance of the same or any other statement contained in the advertisement.
- vi. Any statement designed to exploit the lack of experience or knowledge of the investors.
- vii. Any statement that is exaggerated or is inconsistent with or unrelated to the nature and risk and return profile of the product.
- viii. Extensive use of technical or legal terminology or complex language and the inclusion of excessive details which may distract the investors.
- ix. Reference to any report, analysis, or service as free, unless it actually is free and without condition or obligation.
- x. Any promise or guarantee of assured or risk free return to the investors.

The advertisement shall not imply any assured returns or minimum returns or target return or percentage accuracy or service provision till achievement of target returns or any other nomenclature that gives the impression to the client that the recommendation of research report is risk-free and/or not susceptible to market risks and/or that it can generate returns with any level of assurance.
- xi. Any statement which directly or indirectly discredits other advertisements or intermediaries or makes unfair comparisons or ascribes any qualitative advantage over other intermediaries directly or indirectly.
- xii. Reference to past performance of the RA.

xiii. Superlative terms such as “Best”, “No. 1”, Top Research Analyst, “Leading”, “One of the best amongst market leaders”, etc. so as to provide any endorsement of quality or standing of the RA. However, factual details of awards received by the RA from independent organizations may be included.

xiv. Advertisements shall not include SEBI Logo.

d. Other compliances/requirements:

i. Prior approval for the advertisement/material shall be obtained from SEBI recognized supervisory body, if any, before issue.

ii. In the event of suspension of any RA by SEBI, the RA so suspended shall not issue any advertisement either singly or jointly with any other RA, during the period of suspension.

iii. The RA shall not engage in games, leagues, schemes, competitions etc. which may involve distribution of prize monies, medals, gifts, etc.

iv. These norms shall be applicable to any other investment/ research/ consultancy agency associated with the RA concerned and issuing advertisement wherein the RA has been named in the advertisement.

v. Copy of the advertisement shall be retained by RA for a period of five years in terms of Regulation 25 (2) of SEBI (Research Analysts) Regulations, 2014.

vi. Any additional guidelines as may be specified by SEBI or SEBI recognized supervisory body, if any, from time to time.

11.2. In order to ensure the transparency in usage of brand name/trade name/logo, RA shall ensure that:

i. The information such as name of the RA as registered with SEBI, its logo, its registration number and its complete address with telephone numbers shall be prominently displayed on portal/web site, if any, notice board, display boards, advertisements, publications, know your client forms and client agreements, if any.

- ii. The information such as name of the RA as registered with SEBI, its logo, its registration number, its complete address with telephone numbers, the name of the compliance officer, his telephone number and e-mail address, the name, telephone number and e-mail address of the grievance officer or the grievance redressal cell shall be displayed prominently in statements or reports or any other form of correspondence with the client.
- iii. Disclaimer that “Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors” shall be mentioned on portal/web site, if any, notice board, display boards, advertisements, publications, know your client forms, client agreements, if any, statements or reports or any other form of correspondence with the client.
- iv. SEBI logo shall not be used by RA.

11.3. The aforesaid provisions on advertisement code and usage of brand name/ trade name became applicable with effect from May 01, 2023.

12. Optional mechanism for fee collection by SEBI registered Investment Advisers (IAs) and Research Analysts (RAs)²⁵

12.1. With growing interest in the securities market, there is a need for a mechanism for an investor to discern whether payment of fees is being made only to a registered IA/RA. In order to create a closed and transparent payment ecosystem, consultations were held with relevant stakeholders on the proposal of a separate centralized mechanism for fee collection by IAs and RAs.

12.2. Pursuant to public consultation and various discussions with stakeholders, the “Centralized Fee Collection Mechanism for IA and RA” (CeFCoM) is being operationalized to facilitate collection of fees by registered IAs and RAs from their clients

²⁵ Reference: Circular No. SEBI/HO/MIRSD/MIRSD-POD-1/P/CIR/2024/120 dated September 13, 2024

12.3. Under this mechanism, clients shall pay fees to IAs/RAs, through a designated platform/portal administered by recognized Administration and Supervisory Body (ASB).

12.4. The mechanism has been co-created by BSE Limited with the help of various stakeholders. BSE Limited was advised to specify the operational framework for the mechanism on or before September 23, 2024 and make the mechanism operational from October 01, 2024.

12.5. Though the mechanism is optional, ASB, in the interest of investors, shall take steps to encourage clients and the registered IAs and RAs to avail the services of this mechanism. Registered IAs and RAs shall encourage their clients to use this mechanism.

13. Unauthenticated news circulated by SEBI Registered Market Intermediaries through various modes of communication²⁶

13.1. Due to lack of proper internal controls and poor training, employees of intermediaries are sometimes not aware of the damage which can be caused by circulation of unauthenticated news or rumours. It is a well established fact that market rumours can do considerable damage to the normal functioning and behaviour of the market and distort the price discovery mechanisms.

13.2. In view of the above facts, SEBI Registered Market Intermediaries are directed that:

- i. Proper internal code of conduct and controls should be put in place.
- ii. Employees/temporary staff/voluntary workers etc. employed/working in the Offices of market intermediaries do not encourage or circulate rumours or unverified information obtained from client, industry, any trade or any other sources without verification.

²⁶ Reference: Circular No. CIR/ISD/1/2011 dated March 23, 2011

- iii. Access to Blogs/Chat forums/Messenger sites etc. should either be restricted under supervision or access should not be allowed.
- iv. Logs for any usage of such Blogs/Chat forums/Messenger sites (called by any nomenclature) shall be treated as records and the same should be maintained as specified by the respective Regulations which govern the concerned intermediary.
- v. Employees should be directed that any market related news received by them either in their official mail/personal mail/blog or in any other manner, should be forwarded only after the same has been seen and approved by the concerned Intermediary's Compliance Officer. If an employee fails to do so, he/she shall be deemed to have violated the various provisions contained in SEBI Act/Rules/Regulations etc. and shall be liable for action. The Compliance Officer shall also be held liable for breach of duty in this regard²⁷.

14. Guidelines on Outsourcing of Activities by Intermediaries²⁸

- 14.1. SEBI Regulations for various intermediaries require that they shall render at all times high standards of service and exercise due diligence and ensure proper care in their operations.
- 14.2. It has been observed that often the intermediaries resort to outsourcing with a view to reduce costs, and at times, for strategic reasons.
- 14.3. Outsourcing may be defined as the use of one or more than one third party – either within or outside the group - by a registered intermediary to perform the activities associated with services which the intermediary offers.
- 14.4. Principles for Outsourcing
 - i. The risks associated with outsourcing may be operational risk, reputational risk, legal risk, country risk, strategic risk, exit-strategy risk,

²⁷ Circular No. CIR/ISD/2/2011 dated March 24, 2011.

²⁸ Circular No. CIR/MIRSD/24/2011 dated December 15, 2011.

counter party risk, concentration and systemic risk. The principles for outsourcing are given below in **Annexure H**.

14.5. Activities that shall not be Outsourced:

- i. The intermediaries desirous of outsourcing their activities shall not, however, outsource their core business activities and compliance functions. An example of core business activity may be – execution of orders and monitoring of trading activities of clients in case of stock brokers. Regarding Know Your Client (KYC) requirements, the intermediaries shall comply with the provisions of SEBI {KYC (Know Your Client) Registration Agency} Regulations, 2011 and Guidelines issued thereunder from time to time.

14.6. Other Obligations:

Reporting to Financial Intelligence Unit (FIU) - The intermediaries shall be responsible for reporting of any suspicious transactions / reports to FIU or any other competent authority in respect of activities carried out by the third parties.

15. Framework for Regulatory Sandbox²⁹

15.1. The Objective of Regulatory Sandbox is to grant certain facilities and flexibilities to the entities regulated by SEBI so that they can experiment with FinTech solutions in a live environment and on limited set of real users for a limited time frame.

15.2. The guidelines pertaining to the functioning of the Regulatory Sandbox are provided vide SEBI Circular No. SEBI/HO/ITD/ITD/CIR/P/2021/575 dated June 14, 2021 and SEBI/HO/MIRSD/MIRSD_IT/P/CIR/2021/0000000658 dated November 16, 2021 which are available at the links below:

²⁹ Reference: Circular No. SEBI/HO/ITD/ITD/CIR/P/2021/575 dated June 14, 2021 and SEBI/HO/MIRSD/MIRSD_IT/P/CIR/2021/0000000658 dated November 16, 2021

https://www.sebi.gov.in/legal/circulars/jun-2021/revised-framework-for-regulatory-sandbox_50521.html and https://www.sebi.gov.in/legal/circulars/nov-2021/framework-for-regulatory-sandbox_53982.html

16. General Guidelines for dealing with Conflicts of Interest of intermediaries and their Associated Persons in Securities Market.³⁰

16.1. All intermediaries are presently governed by the provisions for avoidance of conflict of interest as mandated in the regulations read with relevant circulars issued from time to time by SEBI. On the lines of Principle 8 of the International Organisation of Securities Commissions (IOSCO) Objectives and Principles of Securities Regulations, it has been decided to put in place comprehensive guidelines to collectively cover such intermediaries, for elimination of their conflict of interest, as detailed hereunder.

16.2. Intermediaries shall adhere to these guidelines for avoiding or dealing with or managing conflict of interest. They shall be responsible for educating their associated persons for compliance of these guidelines.

16.3. For the purpose of these guidelines "associated persons" shall have the same meaning as defined in Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007.

16.4. Intermediaries and their associated persons shall,

- i. lay down, with active involvement of senior management, policies and internal procedures to identify and avoid or to deal or manage actual or potential conflict of interest, develop an internal code of conduct governing operations and formulate standards of appropriate conduct in the performance of their activities, and ensure to communicate such policies, procedures and code to all concerned;
- ii. at all times maintain high standards of integrity in the conduct of their

³⁰ Reference: Circular CIR/MIRSD/5/2013 dated August 27, 2013.

business;

- iii. ensure fair treatment of their clients and not discriminate amongst them;
 - iv. ensure that their personal interest does not, at any time conflict with their duty to their clients and client's interest always takes primacy in their advice, investment decisions and transactions;
 - v. make appropriate disclosure to the clients of possible source or potential areas of conflict of interest which would impair their ability to render fair, objective and unbiased services;
 - vi. endeavor to reduce opportunities for conflict through prescriptive measures such as through information barriers to block or hinder the flow of information from one department/ unit to another, etc.;
 - vii. place appropriate restrictions on transactions in securities while handling a mandate of issuer or client in respect of such security so as to avoid any conflict;
 - viii. not deal in securities while in possession of material non published information;
 - ix. not to communicate the material non published information while dealing in securities on behalf of others;
 - x. not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities;
 - xi. not have an incentive structure that encourages sale of products not suiting the risk profile of their clients;
 - xii. not share information received from clients or pertaining to them, obtained as a result of their dealings, for their personal interest;
- 16.5. The Boards of intermediaries shall put in place systems for implementation of the aforementioned guidelines and provide necessary guidance enabling

identification, elimination or management of conflict of interest situations.
The Boards shall review the compliance of the above guidelines periodically.

16.6. The said guidelines shall be in addition to the provisions, if any, contained in respective regulations/ circulars issued by the Board from time to time regarding dealing with conflict of interest, in respect of intermediaries.

17. Approach to securities market data access and terms of usage of data provided by data sources in Indian securities market³¹

17.1. Research Analysts are advised to make note of the following:

“As far as the data provided by various data sources in Indian securities markets pursuant to regulatory mandates for reporting and disclosure in public domain are concerned, such data should be made available to users, ‘free of charge’ both for ‘viewing’ the data as also for download in the format as specified by regulatory mandate for reporting, as well as their usage for the value addition purposes.”

17.2. Further, apart from the data made available free of cost, data which is chargeable should be appropriately identified as such in public domain.

18. Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under

Research Analysts are advised to refer to the master circular on ‘Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under’. The Master Circular issued on June 06, 2024 available at the following link:
<https://www.sebi.gov.in/legal/master-circulars/jun-2024/guidelines-on-anti->

³¹ Reference: Circular SEBI/HO/DEPA-III/DEPA-III_SSU/P/CIR/2022/25 dated Feb 25,2022

[money-laundering-aml-standards-and-combating-the-financing-of-terrorism-cft-obligations-of-securities-market-intermediaries-under-the-prevention-of-money-laundering-act-2002-a- 83942.html](http://www.sebi.gov.in/legal/circulars/oct-2023/master-circular-on-know-your-client-kyc-norms-for-the-securities-market_77945.html)

19. Know Your Client (KYC) Requirements

RAs are advised to refer to the following circular (s)/ master circular (s) for KYC norms:

- i. Master Circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated October 12, 2023 on 'Know Your Client (KYC) norms for securities market' available on SEBI website at: https://www.sebi.gov.in/legal/master-circulars/oct-2023/master-circular-on-know-your-client-kyc-norms-for-the-securities-market_77945.html
- ii. Circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2024/79 dated June 06, 2024 on 'Uploading of KYC information by KYC Registration Agencies (KRAs) to Central KYC records Registry (CKYCRR)' available at: https://www.sebi.gov.in/legal/circulars/jun-2024/uploading-of-kyc-information-by-kyc-registration-agencies-kras-to-central-kyc-records-registry-ckycrr_84006.html
- iii. Circular No. SEBI/HO/MIRSD/SECFATF/P/CIR/2025/74 dated May 23, 2025 on 'Accessibility and Inclusiveness of Digital KYC to Persons with Disabilities' available at: https://www.sebi.gov.in/legal/circulars/may-2025/accessibility-and-inclusiveness-of-digital-kyc-to-persons-with-disabilities_94096.html

20. Association of persons regulated by the Board and their agents with certain persons³²

- 20.1. RAs shall comply with the provisions on association of persons regulated by the Board and their agents with certain persons.

³² [SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2024/143](https://www.sebi.gov.in/legal/circulars/oct-2024/sebi-ho-mirsd-mirsd-pod-1-p-cir-2024-143) dated October 22, 2024 and [SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2025/11](https://www.sebi.gov.in/legal/circulars/jan-2025/sebi-ho-mirsd-mirsd-pod-1-p-cir-2025-11) dated January 29, 2025

20.2. Securities and Exchange Board of India (Intermediaries) (Amendment) Regulations, 2024, Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Fourth Amendment) Regulations, 2024 and Securities and Exchange Board of India (Depositories and Participants) (Second Amendment) Regulations, 2024 have been notified by SEBI on August 29, 2024.

20.3. These regulations inter alia provide that persons regulated by the Board (including recognised stock exchanges, clearing corporations and depositories), and agents of such persons shall not have any direct or indirect association with another person who-

- (i) provides advice or any recommendation, directly or indirectly, in respect of or related to a security or securities, unless the person is registered with or otherwise permitted by the Board to provide such advice or recommendation; or
- (ii) makes any claim, of returns or performance expressly or impliedly, in respect of or related to a security or securities, unless the person has been permitted by the Board to make such a claim.

The aforesaid provisions are not applicable in respect of an association through a “specified digital platform”.

The person regulated by the Board (including recognised stock exchanges, clearing corporations and depositories) is required to ensure that any person associated with it or its agent does not engage in the activities mentioned in clauses (i) or (ii) above without the necessary permission.

20.4. In terms of these regulations, a “specified digital platform” shall mean digital platform as specified by the Board, which has a mechanism in place to take preventive as well as curative action, to the satisfaction of the Board, to ensure that such a platform is not used for indulging in any activity as referred to in clauses (i) or (ii) of paragraph 20.3 above.

20.5. It has been clarified that the term “another person” shall not include a person who is engaged in investor education, provided that such a person does not,

directly or indirectly, indulge in any activity as referred to in clauses (i) or (ii) of paragraph 20.3 above.

20.6. While the guidelines on the preventive and curative measures for the digital platforms for their recognition as specified digital platform are being specified separately, the persons regulated by the Board (including recognised stock exchanges, clearing corporations and depositories), and their agents have been advised to terminate their existing contracts, if any, with persons engaged in the activities mentioned in clauses (i) or (ii) of paragraph 20.3 above, by January 21, 2025.

20.7. To provide guidance for compliance to persons regulated by the Board, MIIs, and their agents on their association with another person, the details/clarifications on the provisions are provided in the form of frequently asked questions in circular No. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2025/11 dated January 29, 2025 on 'Details/clarifications on provisions related to association of persons regulated by the Board, MIIs, and their agents with persons engaged in prohibited activities' available at: https://www.sebi.gov.in/legal/circulars/jan-2025/details-clarifications-on-provisions-related-to-association-of-persons-regulated-by-the-board-miis-and-their-agents-with-persons-engaged-in-prohibited-activities_91356.html.

21. Recognition and operationalization of Past Risk and Return Verification Agency (PaRRVA)

Regulation 16D and 16E of the 'Securities and Exchange Board of India (Intermediaries) Regulations, 2008' ("Intermediaries Regulations"), provide for verification of risk and return metrics by a Past Risk and Return Verification Agency ("PaRRVA"). In this regard, RAs are advised to refer to Circular no. SEBI/HO/MIRSD/MIRSD-POD/P/CIR/2025/51 dated April 4, 2025 on 'Recognition and operationalization of Past Risk and Return Verification Agency (PaRRVA)' available at: <https://www.sebi.gov.in/legal/circulars/apr-2025/recognition-and-operationalization-of-past-risk-and-return-verification-agency-parrva-93321.html>

22. Cybersecurity and Cyber Resilience Framework (CSCRF)

RAs are advised to refer to the following circulars for compliance with respect to Cybersecurity and Cyber Resilience Framework (CSCRF):

- i. Circular No. SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024 on 'Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities(REs)' available at: <https://www.sebi.gov.in/legal/circulars/aug-2024/cybersecurity-and-cyber-resilience-framework-cscrf-for-sebi-regulated-entities-res-85964.html>
- ii. Circular No. SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2024/184 dated December 31, 2024 on 'Clarifications to Cybersecurity and Cyber Resilience Framework (CSCRF)for SEBI Regulated Entities (REs)' available at: <https://www.sebi.gov.in/legal/circulars/dec-2024/clarifications-to-cybersecurity-and-cyber-resilience-framework-cscrf-for-sebi-regulated-entities-res-90401.html>
- iii. Circular No. SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2025/45 dated March 28, 2025 on 'Extension towards Adoption and Implementation of Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)' available at: <https://www.sebi.gov.in/legal/circulars/mar-2025/extension-towards-adoption-and-implementation-of-cybersecurity-and-cyber-resilience-framework-cscrf-for-sebi-regulated-entities-res-93146.html>
- iv. Circular No. SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2025/60 dated April 30, 2025 on 'Clarifications to Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)' available at: <https://www.sebi.gov.in/legal/circulars/apr-2025/clarifications-to-cybersecurity-and-cyber-resilience-framework-cscrf-for-sebi-regulated-entities-res-93734.html>

23. Norms for sharing of real time price data to third parties

IAs are advised to refer to circular no. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/56 dated May 24, 2024 on 'Norms for sharing of real time price data to third parties' available at:

https://www.sebi.gov.in/legal/circulars/may-2024/norms-for-sharing-of-real-time-price-data-to-third-parties_83572.html

24. Adoption of Standardised, Validated and Exclusive UPI IDs for Payment Collection by SEBI Registered Intermediaries from Investors

IAs are advised to refer circular no. SEBI/HO/DEPA-II/DEPA-II_SRG/P/CIR/2025/86 dated June 11, 2025 on 'Adoption of Standardised, Validated and Exclusive UPI IDs for Payment Collection by SEBI Registered Intermediaries from Investors' available at:

https://www.sebi.gov.in/legal/circulars/jun-2025/adoption-of-standardised-validated-and-exclusive-upi-ids-for-payment-collection-by-sebi-registered-intermediaries-from-investors_94535.html

VI. REPORTING REQUIREMENTS

1. Periodic reporting by RAs³³:

Research analysts and proxy advisers are required to submit the periodic report in the specified format. Research analysts shall submit the period report to RAASB in a format as notified by RAASB in consultation with SEBI. Proxy advisers shall submit the periodic report in a format provided at **Annexure I**.

RAs/PAs shall submit periodic report for half-yearly periods ending on September 30 and March 31 of every financial year, within 30 days from the end of the

³³ Reference: Circular No. [SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/148](https://www.sebi.gov.in/legal/circulars/oct-2024/sebi-ho-mirsd-mirsd-pod1-p-cir-2024-148) dated October 25, 2024

respective half-yearly period for which details are to be furnished³⁴.

2. Undertaking on compliance of the advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions to be submitted half yearly:

The compliance of the advisory shall be reported by research analysts to SEBI with an undertaking, “Compliance of the SEBI circular for Advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions has been made.”

3. Annual audit report and adverse findings, if any:

In terms of regulation 25(3) of RA Regulations, research analyst or research entity shall conduct annual audit in respect of compliance with RA regulations and circulars issued thereunder from a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India within six months from the end of each financial year and submit a compliance audit report to RAASB/SEBI within a period of one month from the date of the audit report but not later than October 31st of each year for the previous financial year. RA/research entity shall publish the status of the compliance audit report on its website and shall also publish the adverse findings of audit, if any, along with the action taken thereof on its website. RA/research entity shall provide the compliance audit report to its clients.

³⁴ Note: Timeline for submission of periodic report for half-yearly period ending March 31, 2025 has been extended till July 31, 2025

VII. ANNEXURES

ANNEXURE-A

Guidelines for recommendation of 'model portfolio' by Research Analysts

Research Analyst or research entity recommending the model portfolio shall ensure compliance with the following guidelines on 'model portfolio':

1. Definitions

The following terms used in the guidelines on the 'model portfolio' shall have the meaning as mentioned below.

- i. **Model Portfolio:** A 'model portfolio' shall mean a basket of securities for which a research report is issued by a RA recommending the relevant weightages for one or more securities mentioned therein.

Explanation: If the research report does not ascribe weightages to the components of basket of securities, then merely a summary or consolidated presentation of securities recommended shall not be regarded as a "model portfolio".

- ii. **Disclosures:** Means the minimum set of disclosures as specified in this model portfolio framework to be mandatorily included in a model portfolio report, in order to ensure that all the relevant facts and information which could impact the investment decision of a potential investor are adequately made known to the investors.
- iii. **Launch Date:** Means the date on which model portfolio report was issued by the RA.
- iv. **Update Date:** Each model portfolio should clearly list the dates and/or intervals at which model portfolio shall be reviewed and updated by RA and the launch date of each such updated model portfolio shall be deemed to be the "Update Date".

2. Model Portfolio Framework

- i. **Model portfolio report:** Model portfolio shall be issued through a research report with all constituent securities being recommended to be covered in the

research report and rebalancing to be done at such intervals as the RA deems appropriate. The opinion of the RA on any constituent securities forming part of the model portfolio shall not be contrary to its opinion on each of such securities individually.

Model portfolio report shall include a 'factsheet' setting out the basic information on the model portfolio. A model portfolio report must contain disclosures, rationale, methodology, launch date, update date and type of model portfolio contained therein.

- ii. **Methodology:** Model portfolio report shall define and discuss the framework including underlying universe for stock selection and shall be labelled to indicate the type of underlying universe of securities (such as large caps, mid-caps, multi caps, etc.) or an underlying theme (such as Make in India, Defence, etc.) or a sector (such as Auto, Textile, etc.). Model portfolio report shall define and discuss in detail the methodology for selection of constituent securities in the model portfolio such as fundamental analysis, technical analysis etc. and the parameters therein.
- iii. **Labelling:** Model portfolio should be 'true to label' and should be named in a manner which clearly states the type of portfolio being created along with a one-line description of the theme or investment objective of the model portfolio for ease of understanding for all clients.
- iv. **Investment Horizon:** Model portfolio report should specify the investment horizon of the model portfolio so that the investor can match that to their investment period.
- v. **Frequency of portfolio review and update:** Whether the model portfolio would be updated and at what intervals must be predefined in the report. The rebalancing, if any, of the constituent securities in the model portfolio shall be done within the overall framework of the model portfolio and shall be communicated to the clients along with the underlying rationale.
- vi. **Risk disclosures:** Model portfolio risk should be clearly mentioned in model portfolio report.

- vii. **Benchmarking:** Each model portfolio shall disclose performance duly validated by agency/body as specified by SEBI over different time periods, and should be benchmarked with appropriate and relevant index.

For example, Model portfolio for auto stocks can be benchmarked with Nifty Auto Index, Mid cap model portfolio can be benchmarked with BSE Midcap Index, thematic portfolios with thematic indices, etc.

Every model portfolio report shall contain disclosure on the benchmark index which should be clearly defined and should be used consistently.

- viii. **Audit Requirements:** Compliance with audit requirement under regulation 25(3) of the RA Regulations shall also cover compliance with obligations set out under the model portfolio guidelines.

ANNEXURE-B

Disclosure of minimum mandatory terms and conditions to clients

RAs shall disclose to the client the terms and conditions of the research services offered including rights and obligations. RAs shall ensure that neither any research service is rendered nor any fee is charged until consent is received from the client on the terms and conditions.

1. **Availing the research services:** By accepting delivery of the research service, the client confirms that he/she has elected to subscribe the research service of the RA at his/her sole discretion. RA confirms that research services shall be rendered in accordance with the applicable provisions of the RA Regulations.
2. **Obligations on RA:** RA and client shall be bound by SEBI Act and all the applicable rules and regulations of SEBI, including the RA Regulations and relevant notifications of Government, as may be in force, from time to time.
3. **Client Information and KYC:** The client shall furnish all such details in full as may be required by the RA in its standard form with supporting details, if required, as may be made mandatory by RAASB/SEBI from time to time.

RA shall collect, store, upload and check KYC records of the clients with KYC Registration Agency (KRA) as specified by SEBI from time to time.

4. **Standard Terms of Service:** The consent of client shall be taken on the following understanding:

“I / We have read and understood the terms and conditions applicable to a research analyst as defined under regulation 2(1)(u) of the SEBI (Research Analyst) Regulations, 2014, including the fee structure.

I/We are subscribing to the research services for our own benefits and consumption, and any reliance placed on the research report provided by research analyst shall be as per our own judgement and assessment of the conclusions contained in the research report.

I/We understand that –

- i. Any investment made based on the recommendations in the research report are subject to market risk.*
- ii. Recommendations in the research report do not provide any assurance of returns.*
- iii. There is no recourse to claim any losses incurred on the investments made based on the recommendations in the research report.”*

Declaration of the RA that:

- i. It is duly registered with SEBI as an RA pursuant to the SEBI (Research Analysts) Regulations, 2014 and its registration details are: (registration number, registration date);*
- ii. It has registration and qualifications required to render the services contemplated under the RA Regulations, and the same are valid and subsisting;*
- iii. Research analyst services provided by it do not conflict with or violate any provision of law, rule or regulation, contract, or other instrument to which it is a party or to which any of its property is or may be subject;*

- iv. *The maximum fee that may be charged by RA is ₹1.51 lakhs per annum per family of client.*
- v. *The recommendations provided by RA do not provide any assurance of returns.*

Additionally, if RA is an individual, declaration that:

- i. *It is not engaged in any additional professional or business activities, on a whole-time basis or in an executive capacity, which interfere with/influence or have the potential to interfere with/influence the independence of research report and/or recommendations contained therein.*
5. **Consideration and mode of payment:** The client shall duly pay to RA, the agreed fees for the services that RA renders to the client and statutory charges, as applicable. Such fees and statutory charges shall be payable through the specified manner and mode(s)/ mechanism(s).
 6. **Risk factors:** (A statement covering the standard risks associated with investment in securities to be added under this clause by the RA)
 7. **Conflict of interest:** The RA shall adhere to the applicable regulations/ circulars/ directions specified by SEBI from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. (A statement covering the mandatory disclosures to be added under this clause by the RA.)
 8. **Termination of service and refund of fees:** Disclosure that the RA may suspend or terminate rendering of research services to client on account of suspension/ cancellation of registration of RA by SEBI and shall refund the residual amount to the client.

In case of suspension of certificate of registration of the RA for more than 60 (sixty) days or cancellation of the RA registration, RA shall refund the fees, on a pro rata basis for the period from the effective date of cancellation/ suspension to end of the subscription period.

9. **Grievance redressal and dispute resolution:** Any grievance related to (i) non-receipt of research report or (ii) missing pages or inability to download the entire report, or (iii) any other deficiency in the research services provided by RA, shall be escalated promptly by the client to the person/employee designated by RA, in this behalf (RA to provide name and e-mail ID of the designated person/employee).

The RA shall be responsible to resolve grievances within 7 (seven) business working days or such timelines as may be specified by SEBI under the RA Regulations.

RA shall redress grievances of the client in a timely and transparent manner.

Any dispute between the RA and his client may be resolved through arbitration or through any other modes or mechanism as specified by SEBI from time to time.

10. **Additional clauses:** All additional voluntary clauses added by the RA should not be in contravention with rules/ regulations/ circulars of SEBI. Any changes in such voluntary clauses/document(s) shall be preceded by a notice of 15 days.
11. **Mandatory notice:** Clients shall be requested to go through Do's and Don'ts while dealing with RA as specified in SEBI master circular no. SEBI/HO/MIRSD-POD-1/P/CIR/2024/49 dated May 21, 2024 or as may be specified by SEBI from time to time.
12. **Most Important Terms and Conditions (MITC):** RA shall also disclose MITC as specified below to their clients. (MITC have been standardized by Industry Standards Forum (ISF) in consultation with SEBI and RAASB).
- i. These terms and conditions, and consent thereon are for the research services provided by the Research Analyst (RA) and RA cannot execute/carry out any trade (purchase/sell transaction) on behalf of, the client. Thus, the clients are advised not to permit RA to execute any trade on their behalf.
 - ii. The fee charged by RA to the client will be subject to the maximum of amount prescribed by SEBI/ Research Analyst Administration and Supervisory Body (RAASB) from time to time (applicable only for Individual and HUF Clients).

- a. The current fee limit is Rs 1,51,000/- per annum per family of client for all research services of the RA.
- b. The fee limit does not include statutory charges.
- c. The fee limits do not apply to a non-individual client / accredited investor.
- iii. RA may charge fees in advance if agreed by the client. Such advance shall not exceed the period stipulated by SEBI; presently it is one quarter. In case of premature termination of the RA services by either the client or the RA, the client shall be entitled to seek refund of proportionate fees only for unexpired period.
- iv. Fees to RA may be paid by the client through any of the specified modes like cheque, online bank transfer, UPI, etc. Cash payment is not allowed. Optionally the client can make payments through Centralized Fee Collection Mechanism (CeFCoM) managed by BSE Limited (i.e. currently recognized RAASB).
- v. The RA is required to abide by the applicable regulations/ circulars/ directions specified by SEBI and RAASB from time to time in relation to disclosure and mitigation of any actual or potential conflict of interest. The RA will endeavor to promptly inform the client of any conflict of interest that may affect the services being rendered to the client.
- vi. Any assured/guaranteed/fixed returns schemes or any other schemes of similar nature are prohibited by law. No scheme of this nature shall be offered to the client by the RA.
- vii. The RA cannot guarantee returns, profits, accuracy, or risk-free investments from the use of the RA's research services. All opinions, projections, estimates of the RA are based on the analysis of available data under certain assumptions as of the date of preparation/publication of research report.
- viii. Any investment made based on recommendations in research reports are subject to market risks, and recommendations do not provide any assurance of returns. There is no recourse to claim any losses incurred on the investments made based on the recommendations in the research report. Any reliance placed on the research report provided by the RA shall be as per the client's own judgement and assessment of the conclusions contained in the research report.

- ix. The SEBI registration, Enlistment with RAASB, and NISM certification do not guarantee the performance of the RA or assure any returns to the client.
 - x. For any grievances,
 - Step 1: the client should first contact the RA using the details on its website or following contact details: (RA to provide details as per 'Grievance Redressal / Escalation Matrix')
 - Step 2: If the resolution is unsatisfactory, the client can also lodge grievances through SEBI's SCORES platform at www.scores.sebi.gov.in
 - Step 3: The client may also consider the Online Dispute Resolution (ODR) through the Smart ODR portal at <https://smartodr.in>
 - xi. Clients are required to keep contact details, including email id and mobile number/s updated with the RA at all times.
 - xii. The RA shall never ask for the client's login credentials and OTPs for the client's Trading Account Demat Account and Bank Account. Never share such information with anyone including RA.
13. **Optional Centralised Fee Collection Mechanism:** RA Shall provide the guidance to their clients on an optional 'Centralised Fee Collection Mechanism for IA and RA' (CeFCoM) available to them for payment of fees to RA.

ANNEXURE C

Detailed framework for RAASB and IAASB

1. Criteria for grant of recognition as RAASB and IAASB:

- 1.1. The recognition of a recognised stock exchange as RAASB and IAASB under regulation 14 of RA Regulations and IA Regulations respectively shall be based on the following eligibility criteria:

- (i) Minimum number of years of existence as recognised stock exchange: 15 years;
- (ii) Minimum net worth of recognised stock exchange: INR 200 crores;
- (iii) Stock exchange having nation-wide terminals;
- (iv) Investor grievance redressal mechanism including Online Dispute Resolution Mechanism;
- (v) Capacity for investor service management gauged through reach of Investor Service Centers (ISCs): Stock exchange having ISCs in at least 20 cities.

2. Setting up of requisite systems by stock exchange recognised as RAASB/ IAASB:

2.1. The stock exchange recognised as RAASB/IAASB shall include in its Memorandum of Association, Articles of Association and bye-laws, requisite provisions to fulfil the role and responsibilities specified in para 3 below.

2.2. The stock exchange recognised as RAASB/IAASB shall maintain necessary infrastructure like adequate office space, equipment and manpower to effectively discharge the responsibilities of RAASB/ IAASB. Infrastructure may be shared with other group entities where required.

2.3. The stock exchange recognised as RAASB/IAASB shall put in place systems/ processes for maintaining database of RAs/IAs, sharing of information with SEBI and discharging the responsibilities of RAASB/ IAASB.

2.4. RAASB and IAASB shall constitute an internal committee to oversee the activities of administration and supervision of RAs and IAs. The committee shall periodically review the performance of the stock exchange as RAASB/ IAASB and make recommendations to SEBI. The constitution of the committee shall be as follows:

- (i) Public Interest Directors shall form the majority of the committee;

- (ii) A maximum of two key management personnel of the stock exchange can be on the committee;
- (iii) The committee shall also include independent external persons representing RAs, IAs and proxy advisors, with minimum one representative for each segment.

3. Responsibilities of SEBI and RAASB/ IAASB:

3.1. The core functions relating to registration, enforcement action and disciplinary or penal action shall remain with SEBI and SEBI shall continue to register IAs and RAs as per the mandate given under the Securities and Exchange Board of India Act, 1992. The following functions as specified in the table below shall be performed concurrently by SEBI and RAASB or IAASB, as the case may be.

SEBI	Proposed RAASB/IAASB
1. Approval of registration applications of RAs/IAs – fresh registration as well as application made pursuant to change in control 2. Approval for post-registration applications such as – a. Change of name	<p><u>Activities pertaining to administration:</u></p> 1. Initial scrutiny of registration applications for ensuring completeness of submission of information/ documents along with recommendation on the applications to SEBI 2. Initial scrutiny of post-registration applications illustrated below for ensuring completeness of submission of information/ documents along with recommendation on the applications to SEBI: a. Change of name b. Change of address

	<p>b. Change of address</p> <p>c. Change of compliance officer/ principal officer/ director/ associated person, contact details, etc.</p> <p>d. Change in shareholding</p> <p>e. Merger/ amalgamation/ takeover/ change in control of RA/IA</p> <p>f. Surrender of registration</p> <p>g. NOC for establishing wholly owned subsidiary/ joint venture in foreign jurisdiction, etc.</p> <p>3. Supervision of RAs/IAs</p> <p>4. Taking enforcement action suo moto or otherwise</p> <p>5. Taking disciplinary/ penal action including levying penalty on</p>	<p>c. Change of compliance officer/ principal officer/ director/ associated person, contact details, etc.</p> <p>d. Change in shareholding</p> <p>e. Merger/amalgamation/takeover/change in control of RA/IA</p> <p>f. Surrender of registration</p> <p>g. NOC for establishing wholly owned subsidiary/ joint venture in foreign jurisdiction, etc.</p> <p>3. Approval of advertisements of RAs/IAs as per Advertisement Code issued by SEBI</p> <p>4. Maintenance of database of RAs/IAs</p> <p>5. Enlisting RAs/IAs in the proposed RAASB/IAASB</p> <p>6. Issuance of circulars/instructions/standard operating procedures, etc. to RAs/IAs for implementation of provisions of SEBI regulations/ circulars</p> <p>7. Submission of periodical reports to SEBI</p> <p>8. Collection and administration of fees.</p> <p><u>Activities pertaining to supervision:</u></p> <p>9. Monitoring the activities of RAs/IAs by obtaining Annual Compliance Audit Report and other periodic/ad-hoc reports covering</p>
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<p>recommendation of proposed body</p> <p>6. Grievance redressal</p>	<p>general details of RAs/IAs, details of customer complaints, details of clients, etc.</p> <p>10. Monitoring compliance of regulations/circulars by Ras/IAs</p> <p>11. Grievance redressal and Arbitration/ Online Dispute Resolution (ODR)</p> <p>12. Taking administrative action including imposition of penalties and issuing warning/caution letter</p> <p>13. Referring to SEBI for enforcement action against RAs/IAs.</p> <p>In addition to the above, the recognised RAASB/IAASB may be assigned with on-site/offsite inspection of RAs/IAs, to be done on behalf of/concurrently with SEBI and any other activity as may be specified by SEBI.</p>
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4. Enlistment of RAs/IAs with RAASB/IAASB:

4.1. Amendments have been made to RA/IA Regulations to provide for 'enlistment' of RAs/IAs with RAASB/IAASB in place of the earlier provision of 'membership' of RAs/IAs with RAASB/IAASB. Under the amended regulations, an applicant seeking registration as RA./IA shall be required to 'enlist' with RAASB/IAASB.

4.2. Further, in order to provide ease of doing business and to ensure smooth operationalization of RAASB and IAASB framework and to prevent disruption for existing RAs and IAs registered with SEBI, the following has been provided for:

- (i) Existing RAs registered with SEBI shall be deemed to be enlisted with RAASB. Existing IAs registered with SEBI who are also members of IAASB shall be deemed to be enlisted with the IAASB recognised under this framework.
- (ii) Applications for registration as RA received and under process with SEBI up to the effective date of operationalization of RAASB framework shall continue to be processed by SEBI. Such RAs shall be deemed to be enlisted with RAASB once registration is granted by SEBI.
- (iii) Applications for registration as IA pending with SEBI/IAASB at the time of operationalization of IAASB framework shall continue to be processed by SEBI/IAASB. Once registration is granted by SEBI, such IAs shall be deemed to be enlisted with the IAASB recognised under this framework.
- (iv) New applications received from the effective date of operationalization of RAASB/IAASB framework shall be routed through RAASB/IAASB. In such cases, enlistment with RAASB/ IAASB shall be a pre-requisite for grant of certificate of registration as RA/ IA by SEBI.
- (v) With reference to the RAs/IAs/applicants referred in point (i) to (iii) above, it is clarified that no additional documentation shall be required to be submitted by such RAs/IAs/applicants for enlistment with RAASB or IAASB as the case may be.

5. Measures for promoting efficiency

6.1 To begin with, in order to ensure efficiency in the system and economies of scale, RAASB and IAASB shall be one and the same stock exchange.

6.2 In cases where a person has registration as both RA as well as IA, in the interest of efficiency, a single window clearance of various approvals shall be adopted. Details in this regard shall be specified by the recognised RAASB and IAASB.

6. Submission of Periodic Reports

7.1 Pursuant to operationalization of RAASB/ IAASB framework, all registered RAs/ IAs shall submit periodic reports to RAASB/ IAASB in the manner specified by SEBI.

7. Monitoring of RAASB/IAASB

8.1 SEBI shall monitor RAASB and IAASB through periodical reports and inspection regarding administration and supervision of RAs and IAs.

ANNEXURE D

INVESTOR CHARTER FOR RAs

A. Vision and Mission Statements for investors

- Vision
Invest with knowledge & safety.
- Mission
Every investor should be able to invest in right investment products based on their needs, manage and monitor them to meet their goals, access reports and enjoy financial wellness.

B. Details of business transacted by the Research Analyst with respect to the investors

- To publish research report based on the research activities of the RA
- To provide an independent unbiased view on securities.
- To offer unbiased recommendation, disclosing the financial interests in recommended securities.
- To provide research recommendation, based on analysis of publicly

available

information and known observations.

- To conduct audit annually
- To ensure that all advertisements are in adherence to the provisions of the Advertisement Code for Research Analysts.
- To maintain records of interactions, with all clients including prospective clients (prior to onboarding), where any conversation related to the research services has taken place.

C. Details of services provided to investors (No Indicative Timelines)

- Onboarding of Clients
 - Sharing of terms and conditions of research services
 - Completing KYC of fee paying clients
- Disclosure to Clients:
 - To disclose, information that is material for the client to make an informed decision, including details of its business activity, disciplinary history, the terms and conditions of research services, details of associates, risks and conflicts of interest, if any
 - To disclose the extent of use of Artificial Intelligence tools in providing research services
 - To disclose, while distributing a third party research report, any material conflict of interest of such third party research provider or provide web address that directs a recipient to the relevant disclosures
 - To disclose any conflict of interest of the activities of providing research services with other activities of the research analyst.
- To distribute research reports and recommendations to the clients without discrimination.
- To maintain confidentiality w.r.t publication of the research report until made

available in the public domain.

- To respect data privacy rights of clients and take measures to protect unauthorized use of their confidential information
- To disclose the timelines for the services provided by the research analyst to clients and ensure adherence to the said timelines
- To provide clear guidance and adequate caution notice to clients when providing recommendations for dealing in complex and high-risk financial products/services
- To treat all clients with honesty and integrity
- To ensure confidentiality of information shared by clients unless such information is required to be provided in furtherance of discharging legal obligations or a client has provided specific consent to share such information.

D. Details of grievance redressal mechanism and how to access it

1. Investor can lodge complaint/grievance against Research Analyst in the following ways:

Mode of filing the complaint with research analyst

In case of any grievance / complaint, an investor may approach the concerned Research Analyst who shall strive to redress the grievance immediately, but not later than 21 days of the receipt of the grievance.

Mode of filing the complaint on SCORES or with Research Analyst

Administration and Supervisory Body (RAASB)

- i. SCORES 2.0 (a web based centralized grievance redressal system of SEBI for facilitating effective grievance redressal in time-bound manner)
(<https://scores.sebi.gov.in>)

Two level review for complaint/grievance against Research Analyst:

- First review done by designated body (RAASB)

- Second review done by SEBI
- ii. Email to designated email ID of RAASB
- 2. If the Investor is not satisfied with the resolution provided by the Market Participants, then the Investor has the option to file the complaint/ grievance on SMARTODR platform for its resolution through online conciliation or arbitration.

With regard to physical complaints, investors may send their complaints to:

**Office of Investor Assistance and Education,
Securities and Exchange Board of India,
SEBI Bhavan, Plot No. C4-A, 'G' Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051**

E. Rights of investors

- Right to Privacy and Confidentiality
- Right to Transparent Practices
- Right to fair and Equitable Treatment
- Right to Adequate Information
- Right to Initial and Continuing Disclosure
 - Right to receive information about all the statutory and regulatory disclosures
- Right to Fair & True Advertisement
- Right to Awareness about Service Parameters and Turnaround Times
- Right to be informed of the timelines for each service
- Right to be Heard and Satisfactory Grievance Redressal
- Right to have timely redressal
- Right to Exit from Financial product or service in accordance with the terms and conditions agreed with the research analyst

- Right to receive clear guidance and caution notice when dealing in Complex and High-Risk Financial Products and Services
- Additional Rights to vulnerable consumers
 - Right to get access to services in a suitable manner even if differently abled
- Right to provide feedback on the financial products and services used
- Right against coercive, unfair, and one-sided clauses in financial agreements

F. Expectations from the investors (Responsibilities of investors)

- **Do's**

- i. Always deal with SEBI registered Research Analyst.
- ii. Ensure that the Research Analyst has a valid registration certificate.
- iii. Check for SEBI registration number.

Please refer to the list of all SEBI registered Research Analyst which is available on SEBI website in the following link:
<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=14>)

- iv. Always pay attention towards disclosures made in the research reports before investing.
- v. Pay your Research Analyst through banking channels only and maintain duly signed receipts mentioning the details of your payments. You may make payment of fees through Centralized Fee Collection Mechanism (CeFCoM) of RAASB if research analyst has opted for the mechanism. (Applicable for fee paying clients only)
- vi. Before buying/ selling securities or applying in public offer, check for the research recommendation provided by your Research Analyst.
- vii. Ask all relevant questions and clear your doubts with your Research Analyst before acting on recommendation.

- viii. Seek clarifications and guidance on research recommendations from your Research Analyst, especially if it involves complex and high risk financial products and services.
 - ix. Always be aware that you have the right to stop availing the service of a Research Analyst as per the terms of service agreed between you and your Research Analyst.
 - x. Always be aware that you have the right to provide feedback to your Research Analyst in respect of the services received.
 - xi. Always be aware that you will not be bound by any clause, prescribed by the research analyst, which is contravening any regulatory provisions.
 - xii. Inform SEBI about Research Analyst offering assured or guaranteed returns.
- **Don'ts**
 - i. Do not provide funds for investment to the Research Analyst.
 - ii. Don't fall prey to luring advertisements or market rumors.
 - iii. Do not get attracted to limited period discount or other incentive, gifts, etc. offered by Research Analyst.
 - iv. Do not share login credential and password of your trading, demat or bank accounts with the Research Analyst.

ANNEXURE E

COMPLAINT DATA TO BE DISPLAYED BY RAs

Formats for investors complaints data to be disclosed monthly by RAs on their website/mobile application:

Data for the month ending - _____

Sr. No.	Received from	Pending at the end of last month	Received	Resolved*	Total Pending#	Pending complaints > 3months	Average Resolution time^ (in days)
1	Directly from Investors						
2	SEBI (SCORES)						
3	Other Sources (if any)						
	Grand Total						

Number of complaints received during month against the RA due to impersonation by some other entity:

Note: *In case of any complaints received against the RA due to impersonation of the RA by some other entity, the RA may adjust the number of such complaints from total number of received/resolved complaints while preparing the above table. Further, RA must close such impersonation related complaints after following the due process as specified by SEBI/ RAASB.*

* Inclusive of complaints of previous months resolved in the current month.

Inclusive of complaints pending as on the last day of the month.

^ Average Resolution time is the sum total of time taken to resolve each complaint, in days, in the current month divided by total number of complaints resolved in the current month.

Trend of monthly disposal of complaints

Sr. No.	Month	Carried forward from previous month	Received	Resolved*	Pending#
1	April, YYYY				
2	May, YYYY				
3	June, YYYY				
4				
5	March, YYYY				
	Grand Total				

* Inclusive of complaints of previous months resolved in the current month.

Inclusive of complaints pending as on the last day of the month.

Trend of annual disposal of complaints

Sr. No.	Year	Carried forward from previous year	Received	Resolved*	Pending#
1	2021-22				
2	2022-23				
3	2023-24				
4	20XX-XX				
	Grand Total				

* Inclusive of complaints of previous years resolved in the current year.

Inclusive of complaints pending as on the last day of the year.

ANNEXURE F

ADVISORY FOR FINANCIAL SECTOR ORGANIZATIONS REGARDING SOFTWARE AS A SERVICE (SaaS) BASED SOLUTION

TLP:AMBER

CERT-Fin Advisory- 201155100308

Advisory for Financial Sector Organisations - RBI and SEBI

Overview

It has been learnt that some of the financial sector institutions are availing or thinking of availing Software as a Service (SaaS) based solution for managing their Governance, Risk & compliance (GRC) functions so as to improve their cyber security posture. Many a time the risk & compliance data of the institution moves cross border beyond the legal and jurisdictional boundary of India due to the nature of shared cloud SaaS. While SaaS may provide ease of doing business and quick turnaround, it also brings significant risk to the overall health of India's financial sector with respect to data safety and security.

Description

If the following data sets fall in the hands of an adversary/cyber attacker, it may lead to unprecedented increase in the attack surface area and weakening of Indian financial sector infrastructure's overall resilience.

- Credit Risk Data
- liquidity Risk Data
- Market Risk Data
- System & Sub-System Information
- Internal & Partner IP Schema
- Network Topography & Design
- Audit/Internal Audit Data
- System Configuration Data
- System Vulnerability Information
- Risk Exception Information
- Supplier Information & it's dependencies related Data

Solution

The Financial Sector organisations may be advised to protect such critical data using layered defence approach and seamless protection against external or insider threat. The organisations may also be advised to ensure complete

protection & seamless control over their critical system by continuous monitoring through direct control and supervision protocol mechanisms while keeping such critical data within the legal boundary of India.

The organisations may also be requested to report back to their respective regulatory authority regarding compliance to this advisory.

It is requested that you may kindly keep CERT-In informed of the actions taken and periodically provide the updated compliance to this advisory.

(It may be noted that TLP Amber means: limited disclosure, restricted to participants' organizations.

When should be used: Sources may use TLP:AMBER when information requires support to be effectively acted upon, yet carries risks to privacy, reputation, or operations if shared outside of the organizations involved.

How may it be shared: Recipients may only share TLP:AMBER information with members of their own organization, and with clients or customers who need to know the information to protect themselves or prevent further harm. Sources are at liberty to specify additional intended limits of the sharing: these must be adhered to.)

ANNEXURE G

DECLARATION CUM UNDERTAKING FOR SEEKING PRIOR APPROVAL FOR CHANGE IN CONTROL

We M/s. *(Name of the intermediary/the acquirer/person who shall have the control)*, hereby declare and undertake the following with respect to the application for prior approval for change in control of *(name of the intermediary along with the SEBI registration no.)*:

1. The applicant/intermediary (Name) and its principal officer, the directors or

managing partners, the compliance officer and the key management persons and the promoters or persons holding controlling interest or persons exercising control over the applicant, directly or indirectly (in case of an unlisted applicant or intermediary, any person holding twenty percent or more voting rights, irrespective of whether they hold controlling interest or exercise control, shall be required to fulfill the 'fit and proper person' criteria) are fit and proper person in terms of Schedule II of SEBI (Intermediaries) Regulations, 2008.

2. We bear integrity, honesty, ethical behaviour, reputation, fairness and character.
3. We do not incur following disqualifications mentioned in Clause 3(b) of Schedule II of SEBI (Intermediaries) Regulations, 2008 i.e.
 - (i) No criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2 of 1974) has been filed against us by the Board and which is pending.
 - (ii) No charge sheet has been filed against us by any enforcement agency in matters concerning economic offences and is pending.
 - (iii) No order of restraint, prohibition or debarment has been passed against us by the Board or any other regulatory authority or enforcement agency in any matter concerning securities laws or financial markets and such order is in force.
 - (iv) No recovery proceedings have been initiated by the Board against us and are pending.
 - (v) No order of conviction has been passed against us by a court for any offence involving moral turpitude.
 - (vi) No winding up proceedings have been initiated or an order for winding up has been passed against us.
 - (vii) We have not been declared insolvent.
 - (viii) We have not been found to be of unsound mind by a court of competent jurisdiction and no such finding is in force.

- (ix) We have not been categorized as a wilful defaulter.
 - (x) We have not been declared a fugitive economic offender.
 - 4. We have not been declared as not 'fit and proper person' by an order of the Board.
 - 5. No notice to show cause has been issued for proceedings under SEBI(Intermediaries) Regulations, 2008 or under section 11(4) or section 11B of the SEBI Act during last one year against us.
 - 6. It is hereby declared that we and each of our promoters, directors, principal officer, compliance officer and key managerial persons are not associated with vanishing companies.
 - 7. We hereby undertake that there will not be any change in the Board of Directors of incumbent, till the time prior approval is granted.
 - 8. We hereby undertake that pursuant to grant of prior approval by SEBI, the incumbent shall inform all the existing investors/ clients about the proposed change prior to effecting the same, in order to enable them to take informed decision regarding their continuance or otherwise with the new management.
- The said information is true to our knowledge.
- (stamped and signed by the Authorised Signatories)

ANNEXURE H

PRINCIPLES FOR OUTSOURCING FOR INTERMEDIARIES

- 1. **An intermediary seeking to outsource activities shall have in place a comprehensive policy to guide the assessment of whether and how those activities can be appropriately outsourced. The Board / partners (as the**

case may be) {hereinafter referred to as the “the Board”} of the intermediary shall have the responsibility for the outsourcing policy and related overall responsibility for activities undertaken under that policy.

1.1. The policy shall cover activities or the nature of activities that can be outsourced, the authorities who can approve outsourcing of such activities, and the selection of third party to whom it can be outsourced. For example, an activity shall not be outsourced if it would impair the supervisory authority’s right to assess, or its ability to supervise the business of the intermediary. The policy shall be based on an evaluation of risk concentrations, limits on the acceptable overall level of outsourced activities, risks arising from outsourcing multiple activities to the same entity, etc.

1.2. The Board shall mandate a regular review of outsourcing policy for such activities in the wake of changing business environment. It shall also have overall responsibility for ensuring that all ongoing outsourcing decisions taken by the intermediary and the activities undertaken by the third-party, are in keeping with its outsourcing policy.

2. The intermediary shall establish a comprehensive outsourcing risk management programme to address the outsourced activities and the relationship with the third party.

2.1. An intermediary shall make an assessment of outsourcing risk which depends on several factors, including the scope and materiality of the outsourced activity, etc. The factors that could help in considering materiality in a risk management programme include-

2.1.1. The impact of failure of a third party to adequately perform the activity on the financial, reputational and operational performance of the intermediary and on the investors / clients;

2.1.2. Ability of the intermediary to cope up with the work, in case of non performance or failure by a third party by having suitable back-up arrangements;

- 2.1.3. Regulatory status of the third party, including its fitness and probity status;
 - 2.1.4. Situations involving conflict of interest between the intermediary and the third party and the measures put in place by the intermediary to address such potential conflicts, etc.
 - 2.2. While there shall not be any prohibition on a group entity / associate of the intermediary to act as the third party, systems shall be put in place to have an arm's length distance between the intermediary and the third party in terms of infrastructure, manpower, decision-making, record keeping, etc. for avoidance of potential conflict of interests. Necessary disclosures in this regard shall be made as part of the contractual agreement. It shall be kept in mind that the risk management practices expected to be adopted by an intermediary while outsourcing to a related party or an associate would be identical to those followed while outsourcing to an unrelated party.
 - 2.3. The records relating to all activities outsourced shall be preserved centrally so that the same is readily accessible for review by the Board of the intermediary and / or its senior management, as and when needed. Such records shall be regularly updated and may also form part of the corporate governance review by the management of the intermediary.
 - 2.4. Regular reviews by internal or external auditors of the outsourcing policies, risk management system and requirements of the regulator shall be mandated by the Board wherever felt necessary. The intermediary shall review the financial and operational capabilities of the third party in order to assess its ability to continue to meet its outsourcing obligations.
3. **The intermediary shall ensure that outsourcing arrangements neither diminish its ability to fulfill its obligations to customers and regulators, nor impede effective supervision by the regulators.**
 - 3.1. The intermediary shall be fully liable and accountable for the activities that are being outsourced to the same extent as if the service were provided in-house.

- 3.2. Outsourcing arrangements shall not affect the rights of an investor or client against the intermediary in any manner. The intermediary shall be liable to the investors for the loss incurred by them due to the failure of the third party and also be responsible for redressal of the grievances received from investors arising out of activities rendered by the third party.
- 3.3. The facilities / premises / data that are involved in carrying out the outsourced activity by the service provider shall be deemed to be those of the registered intermediary. The intermediary itself and Regulator or the persons authorized by it shall have the right to access the same at any point of time.
- 3.4. Outsourcing arrangements shall not impair the ability of SEBI/SRO or auditors to exercise its regulatory responsibilities such as supervision/inspection of the intermediary.
4. **The intermediary shall conduct appropriate due diligence in selecting the third party and in monitoring of its performance.**
 - 4.1. It is important that the intermediary exercises due care, skill, and diligence in the selection of the third party to ensure that the third party has the ability and capacity to undertake the provision of the service effectively.
 - 4.2. The due diligence undertaken by an intermediary shall include assessment of:
 - 4.2.1. third party's resources and capabilities, including financial soundness, to perform the outsourcing work within the timelines fixed;
 - 4.2.2. compatibility of the practices and systems of the third party with the intermediary's requirements and objectives;
 - 4.2.3. market feedback of the prospective third party's business reputation and track record of their services rendered in the past;
 - 4.2.4. level of concentration of the outsourced arrangements with a single third party; and

4.2.5. the environment of the foreign country where the third party is located.

5. Outsourcing relationships shall be governed by written contracts / agreements / terms and conditions (as deemed appropriate) {hereinafter referred to as “contract”} that clearly describe all material aspects of the outsourcing arrangement, including the rights, responsibilities and expectations of the parties to the contract, client confidentiality issues, termination procedures, etc.

5.1. Outsourcing arrangements shall be governed by a clearly defined and legally binding written contract between the intermediary and each of the third parties, the nature and detail of which shall be appropriate to the materiality of the outsourced activity in relation to the ongoing business of the intermediary.

5.2. Care shall be taken to ensure that the outsourcing contract:

5.2.1. clearly defines what activities are going to be outsourced, including appropriate service and performance levels;

5.2.2. provides for mutual rights, obligations and responsibilities of the intermediary and the third party, including indemnity by the parties;

5.2.3. provides for the liability of the third party to the intermediary for unsatisfactory performance/other breach of the contract

5.2.4. provides for the continuous monitoring and assessment by the intermediary of the third party so that any necessary corrective measures can be taken up immediately, i.e., the contract shall enable the intermediary to retain an appropriate level of control over the outsourcing and the right to intervene with appropriate measures to meet legal and regulatory obligations;

5.2.5. includes, where necessary, conditions of sub-contracting by the third-party, i.e. the contract shall enable intermediary to maintain a similar control over the risks when a third party outsources to

further third parties as in the original direct outsourcing;

5.2.6. has unambiguous confidentiality clauses to ensure protection of proprietary and customer data during the tenure of the contract and also after the expiry of the contract;

5.2.7. specifies the responsibilities of the third party with respect to the IT security and contingency plans, insurance cover, business continuity and disaster recovery plans, force majeure clause, etc.;

5.2.8. provides for preservation of the documents and data by third party;

5.2.9. provides for the mechanisms to resolve disputes arising from implementation of the outsourcing contract;

5.2.10. provides for termination of the contract, termination rights, transfer of information and exit strategies;

5.2.11. addresses additional issues arising from country risks and potential obstacles in exercising oversight and management of the arrangements when intermediary outsources its activities to foreign third party. For example, the contract shall include choice-of-law provisions and agreement covenants and jurisdictional covenants that provide for adjudication of disputes between the parties under the laws of a specific jurisdiction;

5.2.12. neither prevents nor impedes the intermediary from meeting its respective regulatory obligations, nor the regulator from exercising its regulatory powers; and

5.2.13. provides for the intermediary and /or the regulator or the persons authorized by it to have the ability to inspect, access all books, records and information relevant to the outsourced activity with the third party.

6. The intermediary and its third parties shall establish and maintain contingency plans, including a plan for disaster recovery and periodic testing of backup facilities.

- 6.1. Specific contingency plans shall be separately developed for each outsourcing arrangement, as is done in individual business lines.
- 6.2. An intermediary shall take appropriate steps to assess and address the potential consequence of a business disruption or other problems at the third party level. Notably, it shall consider contingency plans at the third party; co-ordination of contingency plans at both the intermediary and the third party; and contingency plans of the intermediary in the event of non-performance by the third party.
- 6.3. To ensure business continuity, robust information technology security is a necessity. A breakdown in the IT capacity may impair the ability of the intermediary to fulfill its obligations to other market participants/clients/regulators and could undermine the privacy interests of its customers, harm the intermediary's reputation, and may ultimately impact on its overall operational risk profile. Intermediaries shall, therefore, seek to ensure that third party maintains appropriate IT security and robust disaster recovery capabilities.
- 6.4. Periodic tests of the critical security procedures and systems and review of the backup facilities shall be undertaken by the intermediary to confirm the adequacy of the third party's systems.
- 7. The intermediary shall take appropriate steps to require that third parties protect confidential information of both the intermediary and its customers from intentional or inadvertent disclosure to unauthorised persons.**
 - 7.1. An intermediary that engages in outsourcing is expected to take appropriate steps to protect its proprietary and confidential customer information and ensure that it is not misused or misappropriated.
 - 7.2. The intermediary shall prevail upon the third party to ensure that the employees of the third party have limited access to the data handled and only on a "need to know" basis and the third party shall have adequate checks and balances to ensure the same.
 - 7.3. In cases where the third party is providing similar services to multiple

entities, the intermediary shall ensure that adequate care is taken by the third party to build safeguards for data security and confidentiality.

8. Potential risks posed where the outsourced activities of multiple intermediaries are concentrated with a limited number of third parties.

In instances, where the third party acts as an outsourcing agent for multiple intermediaries, it is the duty of the third party and the intermediary to ensure that strong safeguards are put in place so that there is no co-mingling of information /documents, records and assets.

ANNEXURE I

Periodic Reporting Format for Proxy Advisers (PA)

Details of Proxy Adviser (PA) for the Half year ended on(DD/MM/YYYY)					
Sr. No.	Particulars	Details			
1	Registered Name (As per SEBI registration certificate)				
2	Trade Name/ Brand Name				
3	Permanent Account Number (PAN)				
4	SEBI Registration No.				
5	Logo (if any) Yes/No				
6	Date of Incorporation (Date of Birth for individual PA) (DD/MM/YYYY)				
7	Legal Structure of PA				
8	Registered Office Address				
9	Correspondence Address				
10	Address of Principal place Of business				
11	Number of branches				
12	Addresses of Branches (provide details of all branches)				
13	Total no. of Employees as on last date of the reporting period				
14	Official Website Address				
15	Provide Details of Bank accounts used for receiving fees from clients		Bank Account-1	Bank Account-2	Bank Account-3
		Name as per Bank Account			

	(provide details of all such bank accounts)	Account No.			
		Type of account			
		IFSCCode			
		Bank Name			
		Bank Branch Name			
16	Details of Contact Person	Name			
		Date of Birth (DD/MM/YYYY)			
		Mobile			
		Email id			
17	Details of Compliance Officer	Name			
		Date of Birth (DD/MM/YYYY)			
		Mobile			
		Email id			
18	Details of Managing Director/ Managing Partner	Name			
		PAN			
		Date of Birth (DD/MM/YYYY)			
		DIN (not applicable for partnership)			
		Mobile			
		Email id			
19	Details of other directors/ partners (List of directors/partners)		Director-1/ Partner-1	Director-2/ Partner-2	Director-3/ Partner-3
		Name			
		PAN			
		Date of Birth (DD/MM/YYYY)			
		DIN (not applicable for partnership)			
20	Shareholding Pattern (provide details of shareholders having a holding of 10% or more)		Shareholder-1	Shareholder-2	Shareholder-3
		Name of shareholder			
		No. of shares			
		% of shareholding			
21	Details of last inspection	Date of inspection (DD/MM/YYYY)			
		Period of Inspection			
		Any adverse remarks of inspection			

		Remedial steps taken to address adverse remarks	
22	Number of Advertisements issued during the half year period		
23	Number of agenda items of companies for which voting recommendations were provided		
24	Number of reports issued by PA:		
24.1	Number of reports for general meetings such as AGM, EGM, PB (Postal Ballot) and TCM (Tribunal Convened Meeting)		
24.2	Number of other type of reports such as research report etc.		
25	Number of complaints pending at the beginning of the period		
26	Number of complaints received during the period		
27	Number of complaints resolved during the period		
28	Number of complaints pending at the end of the period		
29	No. of clients/subscribers who received the services of PA during the period		
30	Total amount of fees received during the period		

VIII. APPENDIX: LIST OF CIRCULARS / NOTIFICATIONS/ COMMUNICATIONS

Sr. No.	Circular/ Notification No.	Date	Subject
1	Cir/ ISD/1/2011	23-Mar-11	Unauthenticated news circulated by SEBI Registered Market Intermediaries through various modes of communication
2	CIR/ISD/2/2011	24-Mar-11	Addendum to Circular no. Cir/ISD/1/2011 dated March 23, 2011
3	CIR/MIRSD/24/2011	15-Dec-11	Guidelines on Outsourcing of Activities by Intermediaries

Sr. No.	Circular/ Notification No.	Date	Subject
4	CIR/MIRSD/5/2013	27-Aug-13	General Guidelines for dealing with Conflicts of Interest of Intermediaries and their Associated Persons in Securities Market
5	CIR/MIRSD/3/2014	28-Aug-14	Information regarding Grievance Redressal Mechanism
6	SEBI/HO/IMD/DF1/CIR/P/2020/147	03-Aug-20	Procedural Guidelines for Proxy Advisors
7	SEBI/HO/CFD/CMD1/CIR/P/2020/119	04-Aug-20	Grievance Resolution between listed entities and proxy advisers
8	SEBI/HO/IMD/DF1/CIR/P/2020/157	27-Aug-20	Procedural Guidelines for Proxy Advisors - Extension of implementation timeline
9	SEBI/HO/CFD/CMD1/CIR/P/2020/159	27-Aug-20	Grievance Resolution between listed entities and proxy advisers –Extension of timeline for implementation
10	SEBI/HO/MIRSD2/DOR/CIR/P/2020/221	03-Nov-20	Advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions
11	SEBI/HO/IMD/DF1/CIR/P/2020/256	31-Dec-20	Procedural Guidelines for Proxy Advisors
12	SEBI/HO/IMD/IMD-II/CIS/P/CIR/2021/0685	13-Dec-21	Publishing of Investor Charter and disclosure of Investor Complaints by Research Analysts on their websites/mobile applications
13	SEBI/HO/DEPA-III/DEPA-III_SSU/P/CIR/2022/25	25-Feb-22	Approach to securities market data access and terms of usage of data provided by data sources in Indian securities market
14	SEBI/HO/MIRSD/ MIRSD-PoD-2/P/CIR/2022/163	28-Nov-22	Procedure for seeking prior approval for change in control

Sr. No.	Circular/ Notification No.	Date	Subject
15	SEBI/HO/MIRSD/ MIRSD-PoD-2/P/CIR/2023/51	05-Apr-23	Advertisement code for Investment Advisers (IA) and Research Analysts (RA)
16	SEBI/HO/MIRSD/ MIRSD-PoD-2/P/CIR/2023/52	06-Apr-23	Usage of brand name/trade name by Investment Advisers (IA) and Research Analysts (RA)
17	SEBI/HO/MIRSD/MIRSD-SEC-3/P/CIR/2024/34	02-May-24	Framework for administration and supervision of Research Analysts and Investment Advisers
18	SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/56	24-May-24	Norms for sharing of real time price data to third parties
19	SEBI/HO/MIRSD/SECFAT F/P/CIR/2024/79	06-Jun-24	Uploading of KYC information by KYC Registration Agencies (KRAs) to Central KYC Records Registry (CKYCRR)
20	SEBI/HO/MIRSD/MIRSD-POD-1/P/CIR/2024/101	12-Jul-24	Recognition of BSE Limited as Research Analyst Administration and Supervisory Body (RAASB) and Investment Adviser Administration and Supervisory Body (IAASB)
21	SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2024/113	20-Aug-24	Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities(REs)
22	SEBI/HO/MIRSD/MIRSD-POD-1/P/CIR/2024/120	13-Sep-24	Optional mechanism for fee collection by SEBI registered Investment Advisers (IAs) and Research Analysts (RAs)
23	SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2024/143	22-Oct-24	Association of persons regulated by the Board and their agents with certain persons
24	SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/146	24-Oct-24	Clarification with respect to advertisement code for Research Analysts (RAs)

Sr. No.	Circular/ Notification No.	Date	Subject
25	SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/148	25-Oct-24	Periodic reporting format for Research Analysts and Proxy Advisers
26	SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2024/164	27-Dec-24	Prior approval for change in control: Transfer of shareholdings among immediate relatives and transmission of shareholdings and their effect on change in control
27	SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2024/184	31-Dec-24	Clarifications to Cybersecurity and Cyber Resilience Framework (CSCRF)for SEBI Regulated Entities (REs)
28	SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2025/004	08-Jan-25	Guidelines for Research Analysts
29	SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2025/11	29-Jan-25	Details/clarifications on provisions related to association of persons regulated by the Board, MIs, and their agents with persons engaged in prohibited activities
30	SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/20	17-Feb-25	Most Important Terms and Conditions (MITC) for Research Analysts
31	SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2025/45	28-Mar-25	Extension towards Adoption and Implementation of Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)
32	SEBI/HO/MIRSD/ MIRSD-PoD/P/CIR/2025/48	02-Apr-25	Relaxation of provision of advance fee restrictions in case of Investment Advisers and Research Analysts
33	SEBI/HO/MIRSD/MIRSD-POD/P/CIR/2025/51	4-Apr-25	Recognition and operationalization of Past Risk and Return Verification Agency (PaRRVA)

Sr. No.	Circular/ Notification No.	Date	Subject
34	SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2025/60	30-Apr-25	Clarifications to Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)
35	SEBI/HO/MIRSD/SECFAT F/P/CIR/2025/74	23-May-25	Accessibility and Inclusiveness of Digital KYC to Persons with Disabilities
36	SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/81	02-Jun-25	Investor Charter for Research Analysts
37	SEBI/HO/DEPA-II/DEPA-II_SRG/P/CIR/2025/86	11-Jun-25	Adoption of Standardised, Validated and Exclusive UPI IDs for Payment Collection by SEBI Registered Intermediaries from Investors
