

Proposal to designate a Research Analyst Administration & Supervisory Body to administer and supervise the RAs

SEBI Consultation Paper dated 22.08.2023

Background of the present Consultation Paper

Under the Investment Advisors Regulations,

- SEBI after seeking interest of eligible stock exchanges, recognized an Investment Adviser Administration and Supervisory Body (IAASB) for administration and supervision of Investment Advisors (IAs)
- BSE Administration & Supervision Limited, a WOS of BSE Ltd. was recognized as IAASB for a period of three years from 1st June, 2021.

Now, on similar lines, following are proposed by SEBI.

Proposals in the present Consultation Paper

- SEBI may designate a Research Analyst Administration & Supervisory Body ('RAASB') to administer and supervise the Research Analysts (RAs)
- Membership of RAASB is proposed to be made one of the eligibility criteria for consideration of grant of certificate of registration as RAs
- The application fee & registration fee as specified in the RA Regulations is proposed to be rationalised to ensure no additional financial burden on member RAs

Who are research analysts?

Reg. 2(1)(u) of RA Reg. defines RAs as a person who is primarily responsible for,

- preparation or publication of the content of the research report; or
- providing research report; or
- making 'buy/sell/hold' recommendation; or
- giving price target; or
- offering an opinion concerning public offer,

with respect to securities that are listed or to be listed in a stock exchange, whether or not any such person has the job title of 'research analyst' and includes any other entities engaged in issuance of research report or research analysis.

It also includes any associated person who reports directly or indirectly to such a research analyst in connection with activities provided above

Potential questions-

Will the existing RAs be also required to take the membership of RAASB?

- Since the existing [Investment Advisors](#) as well as new applicants were required to take the membership of IAASB, similar requirement should also be there in case of Research Analysts.

What could be the rationale behind the proposal?

- As evident from the nomenclature, present proposals are considered for administering and supervising the working of research analysts.

Will proxy advisors also be covered?

- Pursuant to reg. 23(1) of RA Regulations, since the provision of RA Reg. *mutatis mutandis* apply to proxy advisors, requirement of taking membership of RAASB should also be required in case of proxy advisors.

Who shall be the RAASB?

- A body/ body corporate shall be recognised by the SEBI in this regard.

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