

DRAFT CIRCULAR FOR PUBLIC COMMENTS

Investor Charter for Research Analysts

Background

1. In order to facilitate investor awareness about various activities which an investor deals with while availing the services provided by research analysts, SEBI vide circular SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021 issued Investor Charter for research analysts inter-alia detailing the services provided to Investors, their rights, dos and don'ts, responsibilities and investor grievance handling mechanism, etc.
2. In a move to enhance financial consumer protection alongside enhanced financial inclusion and financial literacy, and in view of the recent developments in the securities market including introduction of Online Dispute Resolution (ODR) platform and SCORES 2.0, it is felt necessary to review the investor charter for Research Analysts.

Public Comments:

Draft circular on "Investor Charter for Research Analysts" is placed at **Annexure**. The comments/ suggestions should be submitted latest by **May 2, 2025**, through the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

In case of any technical issue in submitting your comment through web based public comments form, you may write to consultationMIRSD@sebi.gov.in with the subject: "Public comments on Investor Charter for Research Analysts".

DRAFT CIRCULAR

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

DD-MM-YYYY

To,

All Research Analysts

Research Analyst Administration and Supervisory Body (RAASB)

Madam / Sir,

Sub: Investor Charter for Research Analysts

1. SEBI, vide Circular no. SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021 (hereinafter mentioned as 'Circular') and Clause 5 of Master Circular for Research Analyst dated May 21, 2024 (hereinafter mentioned as 'Master Circular'), inter alia, issued Investor charter for Research Analysts.
2. In a move to enhance financial consumer protection alongside enhanced financial inclusion and financial literacy and in view of the recent developments in the securities market including introduction of Online Dispute Resolution (ODR) platform and SCORES 2.0, it has been decided to modify the investor charter for Research Analysts.
3. In view of the above and based on consultation with Industry Standards Forum (ISF) for Research Analysts, updated investor charter for Research Analysts is placed at **Annexure A**.
4. In this regard, BSE Limited (presently recognized as RAASB) is 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.
5. 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 'B'** to this circular.

6. The provisions of this circular shall come into force with immediate effect.
7. With the issuance of this circular, SEBI, Circular No. SEBI/HO/IMD/IMD-II CIS/P/CIR/2021/0685 dated December 13, 2021 stands rescinded and Clause 5 of Master Circular for Research Analysts dated May 21, 2024 stands amended as per this circular.
8. This circular is issued in exercise of powers conferred under Section 11(1) of Chapter IV of the Securities and Exchange Board of India Act, 1992 read with Regulation 24(9) of the SEBI (Research Analysts) Regulations, 2014 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets and shall come into effect from the date of this circular.
9. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars

INVESTOR CHARTER IN RESPECT OF 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/ marketing/ promotional material 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 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 investors unless such information is required to be provided in furtherance of discharging legal obligations or investors have 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
- 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
- Right to enforceability and holding the Research Analyst responsible for monitoring, enforcing investor rights.

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.
- 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.

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 | | | | | | |

* 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.