



**BOMBAY
CHARTERED
ACCOUNTANTS'
SOCIETY**

Empowering The Profession Across Bharat

ISO 9001:2015 Certified

BCAS/ZFB/62

Date: February 24, 2026

To,

Shri Jeevan Sonparote,
The Executive Director,
Securities and Exchange Board of India
SEBI Bhavan, Plot No. C4-A, 'G' Block
Bandra-Kurla Complex, Bandra (East)
Mumbai - 400 051

CC:
The Research Analyst – Membership Division
BSE Ltd,
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai – 400001

**Subject: Representation regarding Regulatory and Practical Issues in
Registration Process under the Securities and Exchange Board of India
(Research Analysts) Regulations, 2014**

Respected Sir,

The Bombay Chartered Accountants' Society (hereinafter referred to as "BCAS"), a professional body, representing Chartered Accountants providing regulatory compliance and advisory services to entities governed by the Securities and Exchange Board of India, respectfully submits this representation on behalf of entities intending to register as Research Analysts under the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 (hereinafter referred to as "the RA Regulations").

Page 1 of 22

ISO 9001:2015 Certified

This representation has been prepared consequent to receiving inputs from the Chartered Accountants assisting prospective applicants who have encountered significant regulatory and practical challenges during the registration process. The issues raised herein are pertinent to the smooth functioning of the registration framework and warrant the kind consideration of the Board for appropriate clarification and/or regulatory intervention.

INTRODUCTION:

The Bombay Chartered Accountants' Society (BCAS), established on July 6, 1949, stands as India's largest and oldest voluntary professional body of Chartered Accountants. With a robust pan-India presence comprising over 12,500 members across 400 cities, BCAS operates as a principle-centered, non-profit organization dedicated to fostering professional excellence and ethical integrity.

As a vital stakeholder in the financial ecosystem, BCAS serves as an influential think-tank, frequently providing technical representations to various ministries and regulatory bodies to enhance governance and policy framework. Through its BCAS Centre of Excellence and the long-standing BCA Journal, the Society facilitates continuous legal and technical dissemination on subjects of relevance to practicing Chartered Accountants. By bridging the gap between practitioners and regulators, BCAS remains a cornerstone of the profession, committed to "Empowering the Profession Across Bharat".

ISO 9001:2015 Certified

Through its dedicated **Finance, Corporate & Allied Laws Committee**, BCAS disseminates knowledge on topics related to Financial and Capital Markets including the current representation on the practical issue in registration of Research Analysts.

INDEX OF ISSUES

1. Absence of structured migration framework for change in constitution from individual to corporate/LLP entity
2. Clarification required on restriction pertaining to "other employment" of principal officer
3. Inordinate delay in processing of research analyst applications
4. Clarification on appointment of common principal officer for research analyst divisions and other divisions
5. Investor training programs with use of "live market data" and black box Algo strategy to be considered as "Research Analyst" services
6. Clarification required on restriction pertaining to "other activities" of Research Analyst entity its director/ partner
 - A. RA application by authorised person (AP)
 - B. Ra application by corporate entity whose directors/ partners are AMFI registered mutual fund distributor
7. Appointment of chief executive officer as principal officer in non-individual entities



ISSUES FOR CONSIDERATION

1. ABSENCE OF STRUCTURED MIGRATION FRAMEWORK FOR CHANGE IN CONSTITUTION FROM INDIVIDUAL TO CORPORATE/LLP ENTITY

1.1 Background and Regulatory Context

Under the SEBI (Investment Advisers) Regulations, 2013 (hereinafter referred to as "the IA Regulations"), where an Individual Investment Adviser exceeds the prescribed client threshold or fee limit as stipulated under Regulation 6, a clearly defined transition mechanism is provided. The said framework enables the Individual IA to obtain in-principal approval as a Non-Individual IA, during which period continuity of services to existing clients is expressly permitted. Upon completion of requisite formalities, the individual registration is surrendered and final registration is granted to the new entity.

This mechanism ensures preservation of business continuity, seamless servicing of existing clients, orderly transfer of obligations, and avoidance of unnecessary operational disruption, while maintaining regulatory oversight and investor protection.

1.2 Present Position under RA Regulations

In contrast, the RA Regulations do not presently contain any explicit provision addressing migration or change in constitution from Individual to Corporate/LLP entity. In practice, the process necessitates fresh

ISO 9001:2015 Certified

registration in the new entity and surrender of the existing registration, without any defined transition window or clarity on treatment of existing clients and historical track record.

1.3 Practical Challenges Encountered

The absence of a structured migration framework has resulted in significant operational difficulties, particularly in cases where:

- Conversion is undertaken for legitimate business reasons such as governance strengthening, operational scalability, or compliance with regulatory thresholds;
- The promoter, control, Principal Officer, and research team remain substantially unchanged, and the transition is driven by business expansion rather than any change in ownership or management;
- Temporary discontinuity in services adversely impacts existing clients and disrupts research coverage;
- Mandatory re-execution of agreements, duplication of Know Your Client (KYC) processes, and repetitive compliance formalities impose avoidable administrative burden on both intermediaries and investors;
- Ambiguity persists regarding the permissibility and manner of disclosure of historical performance track record maintained by the individual entity, which is critical for investor assessment and decision-making.

1.4 Representation and Request

ISO 9001:2015 Certified

Given that SEBI has already recognised the importance of a structured transition mechanism in the IA framework to ensure investor protection and regulatory continuity, we respectfully submit that a similar provision be considered for Research Analysts under the RA Regulations.

A possible framework may include the following elements:

- Application for in-principal approval for migration/change in constitution, accompanied by appropriate disclosures and undertakings;
- Defined transition period during which the applicant may continue to service existing clients under the existing registration while the new application is under processing;
- Transfer of client relationships to the new entity with proper disclosure and explicit consent from clients, ensuring transparency and informed decision-making;
- Explicit permission to carry forward and disclose historical track record maintained under the individual registration, subject to suitable disclaimer and disclosure regarding change in constitution;
- Surrender of existing registration upon grant of final approval to the new entity, thereby ensuring seamless regulatory transition without any gap in compliance or oversight.

Such regulatory alignment with continuity in SEBI registration number would enhance consistency across intermediary frameworks, reduce operational disruption, strengthen investor protection, and maintain strict

ISO 9001:2015 Certified

compliance standards while enabling genuine business evolution and growth.

2. CLARIFICATION REQUIRED ON RESTRICTION PERTAINING TO "OTHER EMPLOYMENT" OF PRINCIPAL OFFICER

2.1 Regulatory Provision and Intent

The definition of "Principal Officer" under Regulation 2(1)(oa) of the RA Regulations, as amended, provides specific criteria for appointment of Principal Officer in case of non-individual Research Analysts. The relevant extract is reproduced herein below for ready reference:

"principal officer" in case of non-individual research analyst engaged –

(i) solely in providing research services, shall mean the managing director or designated director or managing partner or executive chairman of the board or equivalent management body who is responsible for the overall function of the business and operations of non-individual research analyst;

(ii) in activities other than research services through separate departments/divisions, may be the person at the management level who is a business head or unit head, responsible for the overall function of the business and operations related to research services:



ISO 9001:2015 Certified

It is respectfully submitted that the BSE has been rejecting Research Analyst applications in cases where the Principal Officer of a non-individual Research Analyst is a director or partner in other entities, including in group entities. This appears to arise from a misinterpretation of the phrase "research analyst engaged solely in providing research services" contained in sub-clause (i) of the definition of Principal Officer.

The expression "solely" in the aforesaid provision has been construed to mean that the Principal Officer should not be holding any other position whatsoever. However, with respect, this interpretation does not accord with the plain language and scheme of the Regulations when read harmoniously.

A correct and contextual reading of Regulation 2(1)(oa) demonstrates that the definition seeks to distinguish between two distinct categories of Research Analyst entities, and not to impose restrictions on the Principal Officer holding positions in other entities. The provision may be re-constructed as follows for clarity:

"(i) In case of non-individual research analyst engaged solely in providing research services: "Principal Officer" shall mean the managing director or designated director or managing partner or executive chairman of the board or equivalent management body who is responsible for the overall function of the business and operations of non-individual research analyst;

(ii) In case of non-individual research analyst engaged in activities other than research services through separate departments/divisions: "Principal Officer" may be the person at the management level who is a business head

ISO 9001:2015 Certified

or unit head, responsible for the overall function of the business and operations related to research services.”

When the provision is read in this manner, it becomes evident that the word "solely" qualifies the nature of business activities undertaken by the Research Analyst entity itself (i.e., whether the entity is engaged exclusively in research services or is also engaged in other activities through separate divisions), and does not impose any restriction on the Principal Officer holding directorship or partnership in other entities.

The legislative intent behind the bifurcation is to prescribe different levels of seniority for the Principal Officer depending on the business model of the entity:

- Where the Research Analyst entity is engaged solely in research services (i.e., has no other business divisions), the Principal Officer must be a person at the board or equivalent management level (managing director, designated director, managing partner, executive chairman);
- Where the Research Analyst entity is engaged in multiple activities through separate departments/divisions (such as research, investment advisory, portfolio management), the Principal Officer may be a person at the management level (business head or unit head) responsible specifically for the research division, and need not necessarily be a board-level appointee.

This interpretation is consistent with the principles of statutory construction, whereby every word in a statute must be given meaning and

ISO 9001:2015 Certified

effect, and the provision must be read as a whole in its proper context. The phrase "research analyst engaged solely in providing research services" clearly refers to the business scope of the Research Analyst entity, not to the personal engagements of the Principal Officer.

Further, if the legislative intent was to prohibit the Principal Officer from holding any other position, the Regulations would have expressly so provided. The absence of any such express prohibition cannot be supplied by implication or extended interpretation. It may also be noted that SEBI has not placed any restrictions on holding Directorship in other entities on the Principal Officer or person holding equivalent position in case of any other intermediaries like PMS, Stock Broker, Depository Participants including MIIs like Stock Exchange, Clearing Corporation and Depositories.

2.2 Practical Challenges in Interpretation

However, in practice, particularly in the case of small, closely held, or family-managed entities, it is common for individuals to hold positions such as partner or director in group entities without being engaged in active employment or day-to-day operations. For example:

- A Director or Chief Executive Officer of a holding company may serve as a director on the board of its subsidiary or group company as part of standard corporate governance structure, without having any employer-employee relationship with the subsidiary;
- A partner in a family-owned firm may hold partnership interest in another group entity without being involved in its operational management or receiving any remuneration for services rendered;

ISO 9001:2015 Certified

- A non-executive director may hold board positions across group companies without any active operational engagement, employment contract, or consideration for services beyond nominal sitting fees.

In such situations, the role is structural or supervisory in nature and does not necessarily constitute "employment" in the conventional sense. The term "employment" ordinarily connotes an active employer-employee relationship involving operational engagement and remuneration for services rendered. Mere holding of directorship or partnership, particularly in a non-executive or passive capacity, may not fall within the strict meaning of this term.

2.3 Industry Experience and Concerns

We have been informed by prospective applicants that BSE, during the processing of applications, have rejected instances where the proposed Principal Officer holds non-executive directorships or passive partnership interests in group entities, interpreting the same as "other employment". This interpretation, with respect, appears to be overly restrictive and may not align with the legislative intent.

Further, in smaller Research Analyst entities, the promoter or key managerial person is often the most experienced and accountable individual responsible for business operations, research integrity, and compliance culture. If such individual is required to step aside solely due to holding non-executive positions in group entities, it may result in appointment of a technically qualified but functionally detached Principal Officer only for regulatory formality. This may dilute practical oversight and

ISO 9001:2015 Certified

weaken direct accountability at the operational level, which would be contrary to the regulatory objective of ensuring effective supervision and ethical conduct.

2.4 Regulatory Precedent in Other Intermediary Categories

It may be noted that in case of other SEBI-regulated intermediaries such as Stock Brokers, Depository Participants, and Portfolio Managers, holding of non-executive directorships or passive positions in group entities is generally permitted, subject to appropriate disclosure and management of conflicts of interest. A similar approach may be considered for Research Analysts to ensure regulatory consistency and practical feasibility.

2.5 Representation and Request

Based on the foregoing analysis, particularly the correct interpretation of Regulation 2(1)(oa) as set out in Section 2.1 above, we respectfully submit that the restriction on "other employment" of the Principal Officer, as currently being applied by BSE, lacks statutory basis and is founded on a misreading of the legislative intent.

The Regulations do not prohibit the Principal Officer from holding directorship or partnership positions in other entities. The word "solely" in the provision pertains to the business activities of the Research Analyst entity, and not to the personal or professional engagements of the Principal Officer.

In view of the above, we humbly request SEBI to issue a clarification to provide that:

ISO 9001:2015 Certified

A Principal Officer may be permitted to hold directorship or partnership in other entities, provided such role is non-executive in nature and does not involve active employment, operational management, or day-to-day engagement;

Such entities are not engaged in securities market intermediary activities or other businesses that may result in conflict of interest with Research Analyst services;

Full disclosure of all such positions is made to SEBI at the time of application and updated periodically, and appropriately disclosed to clients where required under the RA Regulations;

The Research Analyst entity maintains a documented conflict-of-interest management framework in accordance with Regulation 15 of the RA Regulations, and obtains annual declarations from the Principal Officer confirming absence of conflict and continued compliance with regulatory requirements.

Such an approach would preserve the regulatory objective of independence and conflict management while accommodating legitimate corporate and family business structures prevalent in India, particularly among small and medium-sized enterprises.

3. INORDINATE DELAY IN PROCESSING OF RESEARCH ANALYST APPLICATIONS

It is respectfully submitted that SEBI, in exercise of its powers under the RA Regulations, has delegated the administration, supervision, and

ISO 9001:2015 Certified

regulation of Research Analysts to BSE Limited (hereinafter referred to as "BSE") as a recognised body corporate. Whilst the delegation of such functions to a Self-Regulatory Organisation (SRO) is intended to enhance efficiency and reduce the administrative burden on the regulator, the practical implementation of this arrangement has given rise to significant concerns regarding processing timelines.

3.1 Issue Encountered

Prior to the delegation of registration functions to BSE, applications for grant of certificate of registration as Research Analyst were processed directly by SEBI. Based on industry experience and feedback received from applicants, the average processing time for Research Analyst applications during the period when SEBI handled the process internally ranged between 15 (fifteen) to 45 (forty-five) days from the date of submission of complete application, subject to clarifications and additional information sought by the Board.

The current processing timelines, subsequent to the delegation of these functions to BSE, has increased substantially as the application are being processed at two stages – First by BSE and then by SEBI.

3.2 Representation and Request

In light of the foregoing, we respectfully submit that the present situation requires urgent attention and intervention by SEBI to ensure that the delegation of registration functions to BSE does not result in undue

ISO 9001:2015 Certified

hardship to bonafide applicants or undermine the efficiency and effectiveness of the registration framework.

4. CLARIFICATION ON APPOINTMENT OF COMMON PRINCIPAL OFFICER FOR RESEARCH ANALYST DIVISIONS AND OTHER DIVISIONS

4.1 Regulatory Position

The definition of "Principal Officer" under Regulation 2(1)(oa)(ii) of the RA Regulations expressly contemplates that in case of entities engaged in activities other than research services through separate departments/divisions, the Principal Officer may be a person at the management level who is a business head or unit head responsible for the overall function of the business and operations related to research services.

4.2 Inconsistent Interpretation

However, during the processing of Research Analyst applications, certain BSE officials have taken the position that a single individual cannot act as Principal Officer for Research Analyst division and other divisions, and that separate individuals are required for each division. This interpretation appears to be inconsistent with the plain language of the Regulations.

4.3 Request for Clarification

We respectfully request SEBI to issue a clarification confirming that an entity having separate divisions for Research Analyst activity and other activities is permitted to appoint the same individual as Principal Officer

for all divisions, as contemplated under the Regulation 2(1)(oa)(ii) of the RA Regulations.

5. INVESTOR TRAINING PROGRAMMES WITH USE OF “LIVE MARKET DATA” AND BLACK BOX ALGO STRATEGY TO BE CONSIDERED AS “RESEARCH ANALYST” SERVICES

5.1 Background

In certain cases, applicants intending to conduct investor training programs with live market data or providing black box algorithmic trading strategy have sought Research Analyst registration to ensure that their activity is undertaken within a regulated and compliant framework. SEBI vide its circular No. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2025/11 dated January 29, 2025 issued FAQs on – “Details/clarifications on provisions related to association of persons regulated by the Board, MIIs, and their agents with persons engaged in prohibited activities”. The FAQ No. 8 prohibits use of recent market data upto immediately preceding 3 months for education or training purpose unless the person/ entity conducting such training is registered as Research Analyst. The FAQ is reproduced for your ready reference:

“8. What distinguishes education and advice/recommendation?”

A person engaged solely in education shall mean that such person is not engaged in any of the two prohibited activities. Such person should not be using the market price data of the preceding three months to speak/talk/display the name of any security including using any code name

ISO 9001:2015 Certified

of the security in his/her talk/speech, video, ticker, screen share etc. indicating the future price, advice or recommendation related to security or securities.”

A trainer, who may not necessarily provide advice on stock but using recent three months market data is now mandatorily required to be registered as RA to comply with the regulatory guidelines.

Technology Vendors who provide Algo strategies to investor for trading on stock exchange and categorized as “Black Box” are required to be registered as Research Analyst. However where the vendor is a pure technology company and Algo strategy offering is one of the product offered by them from their technology stack, their business plan do not provide for issuing a Research Report.

5.2 Issue Encountered

However, BSE has observed that as per Regulation 2(1)(wa) of the RA Regulations, the definition of "research services" does not explicitly mention - investor training programs or providing Black Box Algo strategies in the list of Research Services. Consequently, applicants have been advised to revise their business plans to exclude reference to above activities and mandatorily directed to include issuing a research report in their business plan being submitted at the time of RA registration.

5.3 Representation and Request

We submit that genuine investor training programs conducted with live data, may not provide any investment advice or specific stock



ISO 9001:2015 Certified

recommendations but use market data purely for illustrative and academic purposes, and hence should be permitted to be registered as Research Analyst activities, subject to appropriate disclosure and compliance framework.

We request SEBI to consider issuing appropriate clarification permitting registration as Research Analyst for entities exclusively engaged in investor training purpose using live data and for vendors providing Back Box Algo strategies.

6. CLARIFICATION REQUIRED ON RESTRICTION PERTAINING TO "OTHER ACTIVITIES" OF RESEARCH ANALYST ENTITY ITS DIRECTOR/ PARTNER

A. RA Application by Authorised Person (AP)

6.1 Issue

In certain cases, BSE has rejected application of Research Analyst who are also registered with stock exchanges as Authorised Person (AP) on the grounds that the Research Analyst is engaged in other activities.

6.2 Interpretation and Request

The SEBI RA Regulations 2(1)(u) defines "*research analyst means a person who, for consideration, is engaged in the business of providing research services and includes a part-time research analyst*". Regulations 2(1)(fa) defines "*consideration means any form of economic benefit including non-cash benefit, received or receivable, directly or indirectly,*

ISO 9001:2015 Certified

in any form whether from client or otherwise for providing research services.”

In view of this an AP engaged in providing research services (recommendation) shall be required to be registered as RA despite the fact that they may not be charging for their research services since they indirectly receive consideration by way of commissions for the trades executed by their clients based on their advice/ recommendations.

We request that SEBI extend Research Analyst (RA) registration eligibility to Authorized Persons (APs), consistent with the current policy that permits Stock Brokers to hold RA registration.

B. RA Application by Corporate Entity whose Directors/ Partners are AMFI registered Mutual Fund Distributor

6.3 Issue

Application by a corporate Research Analyst firm is rejected if its Directors or Partners are AMFI-registered mutual fund distributors (even if they are not the Principal Officer), on the grounds that the Director/ Partner of the Research Analyst is engaged in another business activity. Alternatively, BSE has been insisting on surrender of AMFI registration by the Partner/ Director of corporate RA.

6.4 Interpretation and Request

The SEBI RA Regulations has no express restriction on the activities prohibited by the Director/ Partner of the corporate entity as far as they

ISO 9001:2015 Certified

are not designated as Principal Officer of the RA division. Further the SEBI RA Regulations envisages that corporate RA could be engaged in activities other than Research Services as is evident from the definition of "Principal Officer" under Regulation 2(1)(oa)(ii) of the RA Regulations which expressly contemplates that in case of entities engaged in activities other than research services through separate departments/divisions, the Principal Officer may be a person at the management level who is a business head or unit head responsible for the overall function of the business and operations related to research services.

Your attention is drawn to RA Regulation 26C which expressly permits non-individual RA to provide "Distribution Service" either through an Associate or a separately identified division, subject to fulfillment of certain conditions.

In view of this there are no justifiable reasons to insist upon the Partner or Director of corporate RA applicant to surrender its AMFI registration for Mutual Fund Distribution or reject its RA application.

We request that SEBI clarify and permit the grant of Research Analyst (RA) registration to corporate entity whose Director/ Partner may hold AMFI registration in their personal capacity for Mutual Fund Distribution and as far as they are not appointed as Principal Officer.

7. APPOINTMENT OF CHIEF EXECUTIVE OFFICER AS PRINCIPAL OFFICER IN NON-INDIVIDUAL ENTITIES

7.1 Issue Raised

Certain applicants have sought clarification on whether a non-individual entity applying for registration is permitted to appoint a Principal Officer who is a senior employee (and not a director or partner of the entity) but who has been formally appointed as Chief Executive Officer by the Board of Directors or Partners, as applicable, and entrusted with overall responsibility for management and conduct of the regulated activities.

7.2 Interpretation and Request

The definition of Principal Officer under Regulation 2(1)(oa)(i) & (ii) contemplates appointment of "managing director or designated director or managing partner or executive chairman of the board or equivalent management body" who is "responsible for the overall function of the business and operations". A Chief Executive Officer who has been formally appointed and vested with overall responsibility for the business may be considered as falling within the expression "equivalent management body" responsible for overall functions.

We request SEBI to clarify whether such appointment is permissible, subject to appropriate Board resolution, disclosure in Form A, and demonstration that the individual possesses requisite qualifications, experience, and authority to discharge the responsibilities of Principal Officer under the RA Regulations.



**BOMBAY
CHARTERED
ACCOUNTANTS'
SOCIETY**

Empowering The Profession Across Bharat

ISO 9001:2015 Certified

CONCLUSION AND PRAYER

The Bombay Chartered Accountants Society is committed to ensuring strict compliance with applicable regulatory frameworks while simultaneously addressing practical challenges that may impede legitimate business activities. The issues raised in this representation are based on genuine difficulties encountered by prospective applicants during the registration process and warrant the kind attention of SEBI for appropriate clarification and/or regulatory intervention.

We earnestly request SEBI to kindly consider the representations made herein and issue appropriate clarifications, guidelines, or amendments to the RA Regulations as may be deemed fit and appropriate in the interest of the securities market and investor protection.

We remain available for any further information, clarification, or personal representation that SEBI may require in this matter.

For BOMBAY CHARTERED ACCOUNTANTS SOCIETY

**CA Zubin F. Billimoria
President**

**CA Naushad Panjwani
Chairman
Finance, Corporate & Allied Laws Committee**

**CA Anand Bathiya
Co-Chairman**