

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:5053
ANSWERED ON:20.12.2002
REGISTRATION OF ANALYSIS IN STOCK MARKET
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Government have any proposal to register analysts operating in the stock and shares sector;
- (b) if so, whether some experts have suggested formulation of some such regulation for Analysts;
- (c) if so, whether the Government have examined the working of analysts in the New York Stock Exchange and other well established stock exchanges;
- (d) if so, the findings thereof with the legal position and responsibilities of analysts; and
- (e) the steps proposed to bring analysts within some kind of regulation to enhance investor protection?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) to (d): The Securities and Exchange Board of India (SEBI) has intimated that the Research Analysts operating in the Stock and shares sector are neither registered nor regulated by SEBI. Further, no such suggestion has been received by SEBI.

(e) Model Code of Conduct for Prevention of Insider Trading for various entities set out in the SEBI (Prohibition of Insider Trading) Regulations, 1992, covers analysts also. The code of conduct provides that:

(i) Analysts, if any, employed by any organisation/firm for preparing a research report shall disclose their shareholding/interest in the company to the compliance officer of that firm/organisation.

(ii) Analysts preparing research reports of listed company shall not trade in securities of that company for 30 days from the date of preparation of such reports.

The SEBI (Investment advice by Intermediaries) Regulations, 2001 also provide that:

(a) An intermediary or any of his employees shall not render, directly or indirectly, any investment advice about any security in the publicly accessible media, whether real-time or non-real time, unless a disclosure of his interest including his long and short position in the security has been made while rendering such advice

(b) In case, an employee of the intermediary is rendering such advice, he shall also disclose the interest of his dependent family members and the employer including their long or short position in the said security, while rendering such advice.