

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3038  
ANSWERED ON:02.08.2002  
ANALYSTS FOR STOCK MARKET  
UMMAREDDY VENKATESWARLU

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government have considered steps to register analysts operating in the stock and shares sector;
- (b) if so, the details thereof;
- (c) whether many newspapers and experts have suggested some regulations for analysts;
- (d) if so, whether the Government have examined the locus standi of analysts in the New York Stock Exchange and other well established stock exchanges;
- (e) if so, the findings thereof on the legal position and responsibilities of analysts; and
- (f) the steps proposed to bring analysts within some kind of regulation to enhance investor protection?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI ANANT G. GEETE)

(a)&(b): The Securities and Exchange Board of India (SEBI) has intimated that the issue of registering stock market analysts is under examination by SEBI.

(c) to (e): SEBI has intimated that no specific proposal has been received by it for regulation of analysts.

(f): 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 long or short position in the said 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.