NISM-Series-XV — Research Analyst

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LEARNING SESSIONS

CH-1 Introduction to Research Analyst Profession

Topic 1 — Research Analyst: Meaning and Legal Definition

A **research analyst** studies securities, issuers and markets and turns that study into views investors can act on.

- **Research analyst (RA)** — A person who, for consideration, is engaged in the business of providing research services; a part-time RA is included.
- **Research services** — Preparing or publishing research reports, giving buy, sell or hold calls, price targets, trading calls and model portfolios.
- **Research report** — Any written or electronic communication that contains research analysis or a research recommendation on securities.
- **Trading calls** — Intraday, very short-duration or non-delivery recommendations (other than for hedging) that are not personalised to a client.
- **Consideration** — Fee-based research needs registration; the label used, such as 'tips' or 'signals', does not change the position.
- **Governing law** — SEBI (Research Analysts) Regulations, 2014, as amended up to October 2026, read with SEBI's Master Circular for RAs of 6 Feb 2026.

Communications that are NOT research reports

Excluded communication	Reason it is outside the definition
Comments on general market trends or broad-based indices	No specific security is analysed or recommended
Commentary on economic, political or market conditions	Macro view, not a security recommendation
Periodic reports to MF unit holders, AIF investors or PMS and advisory clients	Reporting on an existing portfolio, governed by other rules
Internal communications not given to current or prospective clients	Not published to investors
Offer documents issued under SEBI rules	Regulated separately as disclosure documents
Statistical summaries of company financial data	Data compilation without analysis or a recommendation
Technical analysis of demand and supply in a sector or index	No call on an individual security

Remember this

- General market or index commentary is not a research report. A buy, sell or hold call or price target on a named security is.

Topic 2 — Role of a Research Analyst in the Securities Market

Markets price securities well only when information is gathered, checked and interpreted. The research analyst performs this function for investors.

Role	How it helps the market	Indian illustration
Information intermediary	Converts annual reports, filings and industry data into usable views	An RA explains a bank's asset-quality trend from its quarterly results
Price discovery	Estimates fair value, so prices move towards fundamentals	A target price below the market price signals overvaluation
Reducing information asymmetry	Narrows the gap between insiders and small investors using public data	A retail investor reads a free initiation report on a mid-cap
Capital allocation	Directs money to firms with better prospects	Positive coverage helps a growing company raise QIP funds
Governance watchdog	Questions related-party deals, pledges and audit remarks	An RA flags rising promoter pledge in a report
Liquidity and coverage	Wider coverage attracts more investors and trading interest	A small-cap gains institutional interest after coverage starts

- **Efficiency** — Many analysts competing to find mispricing make prices reflect public information faster.
- **Investor education** — Reports explain business models, risks and valuation, raising investor awareness.
- **Limits** — An RA gives views on securities; it does not manage money or execute trades for clients.

Topic 3 — Types of Research Analysts

By employer and user of research

Basis	Sell-side analyst	Buy-side analyst	Independent analyst
Employer	Broker or investment bank	Mutual fund, insurer, PMS or AIF	Own firm, or an individual
Main users	Broker's clients; research is widely distributed	Fund manager of the same house	Paying subscribers
Paid through	Brokerage and institutional relationships	Salary from the fund house	Subscription fees
Typical conflict	Investment-banking or brokerage pressure	Pressure to support existing holdings	Pressure to sell subscriptions with bold calls

Regulatory forms under the RA Regulations

Form	Meaning
Individual RA	A person registered in his own name who provides research services
Part-time RA	An individual or partnership firm that also has other business activity or employment; at most 75 clients at any time
Non-individual RA	Body corporate, LLP or partnership firm; acts through a principal officer and employed RAs
Research entity	A SEBI-registered intermediary in merchant banking, investment banking, broking or underwriting that also issues research in its own name
Proxy adviser	Advises institutional investors or shareholders on voting at company meetings; registered under the same Regulations

- **Principal officer** — In a research-only firm, the managing director, designated director or managing partner; in a multi-business firm, the head of the research unit.
- **Associated persons** — Partners, directors, employees and client-facing staff such as sales and relationship managers who work in research services.

LEARNING SESSIONS

Topic 4 — Registration, Qualification and Certification

- **Registration** — No person may act as, or hold itself out as, an RA or research entity without a SEBI certificate of registration (Reg 3).
- **Exempt entities** — Investment advisers, credit rating agencies, AMCs and fund managers that issue research need not register, but must follow Chapter III.
- **Associated persons** — Principal officers, associated persons and partners of a registered RA need no separate registration, but must meet Reg 7.
- **Foreign research** — A foreign person issuing research on listed or to-be-listed Indian securities must act through an agreement with a registered RA (Reg 4).

Qualification and certification (Reg 7, substituted 25 Nov 2025)

Point	Requirement
Who must comply	Individual RAs, principal officers of non-individual RAs, individuals employed as RAs, partners engaged in research and persons associated with research services
Minimum qualification	Graduate degree in any discipline from a recognised university or institution, or a CFA Charter, plus the relevant NISM certification
Alternative route	NISM's Post Graduate Program in the Securities Market (Research Analysis)
Validity of NISM certificate	3 years; revalidated through a fresh exam or NISM's continuing professional education (CPE)
Renewal timing	Fresh certification before the existing one expires, or within 3 years of registration

Deposit in place of net worth (Reg 8; lien in favour of RAASB)

Number of clients	Deposit required
Up to 150	₹1 lakh
151 to 300	₹2 lakh
301 to 1,000	₹5 lakh
Above 1,000	₹10 lakh

- **RAASB** — BSE is the Research Analyst Administration and Supervisory Body, recognised for 5 years from 25 Jul 2024.
- **Website** — Every RA must maintain a functional website with the details SEBI specifies (Reg 19A).
- **Name** — Correspondence must use 'research analyst', or 'part-time research analyst' where applicable (Reg 13).

Remember this

- Deposit: ₹1 lakh (≤150 clients), ₹2 lakh (151–300), ₹5 lakh (301–1,000), ₹10 lakh (>1,000). NISM certificate valid 3 years.

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Topic 5 — Primary Responsibilities of a Research Analyst

Responsibility	What it involves	Output
Information gathering	Reading filings, results, concalls, industry and government data	Fact base and data files
Industry analysis	Demand drivers, competition, regulation, cycles	Industry view and key metrics
Company analysis	Business model, management, governance, financial statements	Strengths, risks and forecasts
Financial modelling	Projecting revenue, margins, cash flows and balance sheet	Earnings model with assumptions
Valuation	DCF, multiples and sum-of-the-parts methods	Fair value and target price
Recommendation	Rating with a time horizon, upside and key risks	Buy, hold or sell call
Monitoring	Tracking results, corporate actions and news; revising views	Result updates and rating changes
Compliance	Disclosures, records, client KYC and grievance handling	Audit-ready records kept for 5 years

- **Documentary support** — Every report must rest on adequate documentary support (Reg 18(7)).
- **Reliable facts** — Facts must come from reliable information; terms must be defined and used consistently (Reg 20(1)).
- **Rating definitions** — Any rating scale must define each rating, its time horizon and benchmark (Reg 20(2)).
- **Price chart** — Where a rating or target has existed for at least a year, the report shows a daily closing-price chart for that period or 3 years, whichever is shorter.
- **Corroboration** — Recommendations must be corroborated by relevant data and analysis (Reg 20(4)).

Topic 6 — The Research Process

- 1. Select the coverage universe and the question to be answered.
- 2. Collect public data: annual reports, exchange filings, results and industry statistics.
- 3. Analyse the economy and industry for demand, pricing and regulatory trends.
- 4. Analyse the company: business model, management, governance and financials.
- 5. Build the forecast model and test it with sensitivity analysis.
- 6. Value the security and compare the fair value with the market price.
- 7. Write the report with rating, target, risks and mandatory disclosures.
- 8. Pass compliance review, then release to all entitled clients at the same time.
- 9. Monitor and update the view after results or material events.

Example: An analyst at Vindhya Research Pvt Ltd covers Kaveri Cement Ltd. She reads the annual report and dealer surveys and builds a five-year model. Valuation shows a fair value of ₹2,450 against a market price of ₹2,100, an upside of about 16.7%. She rates the stock 'Buy' over 12 months and lists fuel-cost and demand risks. Compliance checks the disclosures before release to all clients together.

Remember this

- Process: data → economy and industry → company → model → valuation → report → compliance review → simultaneous release → monitoring.

Topic 7 — Basic Principles of Interaction with Companies

An RA meets managements, attends analyst meets and visits plants. These contacts help research but carry the risk of insider information and pressure.

- **Public information only** — Seek and use only information that is, or will at the same time be, generally available.
- **UPSI received** — If unpublished price-sensitive information reaches the RA, he must not trade or publish on it and must inform compliance.
- **Mosaic analysis** — Combining public data with non-material, non-public details to reach a conclusion is legitimate research.
- **Fair disclosure by companies** — Listed companies disclose analyst-meet schedules and presentations; audio recordings within 24 hours and transcripts within 5 working days.
- **No favourable-review promise** — An RA may not promise a favourable report to win business or compensation (Reg 18(8)).
- **No deal marketing** — An RA may not join sales pitches or deal road shows for investment banking or broking business (Reg 18(4)).
- **Own view** — An RA may not issue a report that conflicts with his own opinion of the subject company (Reg 18(9)).
- **No inducements** — Gifts, travel or favours from the subject company that could affect objectivity must be declined.

Quiet periods for an RA whose firm manages or co-manages an issue (Reg 18)

Event	No research report on the issuer for
IPO	40 days after the day the securities are priced
Further public offer (FPO)	10 days after the day the securities are priced
Lock-up agreement	15 days before entering it and 15 days after its expiry, waiver or termination

Remember this

- Quiet periods: IPO 40 days, FPO 10 days after pricing; lock-up 15 days either side. Exceptions need prior written approval of legal or compliance.

Topic 8 — Basic Principles of Interaction with Clients

- **KYC first** — Complete client KYC and keep the records before providing paid research services.
- **Terms and conditions** — Share the SEBI-mandated terms of service and obtain the client's consent before charging fees.
- **Fee cap** — For individual and HUF clients, fees may not exceed ₹1,51,000 per family a year; SEBI revises the cap every 3 years by the Cost Inflation Index.
- **Advance fee** — At most one year's fee may be collected in advance, and only if the client agrees; no breakage fee is allowed.
- **Family** — 'Family of client' covers the individual client, dependent spouse, dependent children and dependent parents.
- **No assured returns** — An RA may not promise or guarantee returns or profit from a recommendation.
- **Equal access** — Reports may not be given selectively to internal traders or chosen clients before other entitled clients (Reg 22(1)).
- **Confidentiality** — Client data is kept confidential; an RA using AI tools is solely responsible for client-data security and for AI-based research.

Disclosures to clients (Reg 19)

Disclosure	Detail
Financial interest	Any financial interest in the subject company, by the RA or associates
Holding	Actual or beneficial ownership of 1% or more of the subject company's securities
Compensation	Compensation from the subject company in the past 12 months; managing its public offer in that period
Role in company	Whether the RA has been an officer, director or employee of the subject company
Market making	Whether the firm has done market making in the subject company's securities
Artificial intelligence	Extent of use of AI tools in providing research services (Reg 19(vii))

- **Grievances** — Complaints must be resolved promptly and within 21 calendar days (Reg 26B); unresolved ones go to SCORES and then online dispute resolution.
- **Segregation** — An individual RA cannot provide distribution services; his family may not distribute to his research clients (Reg 26C).
- **Records** — Records, including records of client interactions such as call recordings, are kept for at least 5 years (Reg 25(2)); from 8 Nov 2026 calls with institutional investors need not be recorded.

Remember this

- Fee cap ₹1,51,000 per family a year; advance up to 1 year; grievance within 21 calendar days; records 5 years; disclose holdings of 1% or more.

Topic 9 — Managing Conflicts of Interest

- **Internal policies** — Written policies must control RA trading in subject companies and keep research independent of other business (Reg 15).
- **Trading blackout** — An RA and his associates may not trade in a covered security from 30 days before to 5 days after publishing a report (Reg 16(2)).
- **No contrary trades** — Trading against one's own recommendation is barred (Reg 16(3)).
- **Pre-IPO shares** — Buying pre-IPO shares of a company in the sector the RA covers is barred (Reg 16(4)).
- **Exceptions** — Significant news or an unforeseen personal financial need allows a trade only with prior written approval (Reg 16(6)).
- **Compensation** — RA pay may not be tied to specific investment-banking or broking transactions (Reg 17).
- **Information barriers** — Research is separated from investment banking and proprietary trading in multi-business firms.

Example: An RA publishes a report on Godavari Pharma Ltd on 15 Dec 2026. He and his associates may not deal in its shares from 15 Nov 2026 to 20 Dec 2026. A sale on 18 Dec 2026 needs prior written approval from compliance under the exception for significant news or a personal financial need.

Remember this

- Blackout: 30 days before to 5 days after a report. Never trade against your own recommendation.

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Topic 10 — Important Qualities of a Research Analyst

Quality	Why it matters	In practice
Integrity	Clients rely on honest views	Rates a stock 'Sell' even if the company is a prospective banking client
Objectivity and independence	Bias destroys the value of research	Ignores pressure from management or sales teams
Analytical skill	Research is built on numbers and logic	Builds models, reads cash flows and tests assumptions
Professional scepticism	Managements present the best picture	Checks guidance against order books and cash conversion
Domain knowledge	Each sector has its own drivers	Knows NIM and GNPA for banks, realisation per tonne for cement
Communication	A view must be understood to be useful	Writes clear reports with the thesis on page one
Diligence and timeliness	Stale research misleads	Updates the view on results day
Ethics and compliance	Regulatory breaches harm clients and the firm	Follows blackout periods and makes full disclosures

- **Curiosity** — Keeps asking why margins, market share or cash flows have changed.
- **Humility** — Accepts errors quickly and revises the call when facts change.
- **Technology use** — Uses data tools and AI with care, and discloses the extent of AI use to clients.

Topic 11 — Code of Conduct for Research Analysts

The Third Schedule to the RA Regulations sets eight principles of conduct that apply to every RA and research entity.

Principle	What it requires
Honesty and good faith	Act honestly and in good faith in all dealings
Diligence	Act with due skill, care and diligence; base views on thorough analysis
Conflict of interest	Avoid conflicts, or disclose and manage them fairly
Insider trading and front running	Never trade on UPSI or ahead of one's own research
Confidentiality	Do not disclose confidential client or research information without authority
Professional standards	Maintain high standards of competence and ethics
Compliance	Follow all laws, regulations and SEBI circulars
Responsibility of senior management	Senior management ensures the code is followed across the firm

Remember this

- Eight principles: honesty, diligence, conflict of interest, no insider trading or front running, confidentiality, professional standards, compliance, senior-management responsibility.

NISM-Series-XV | Module A | CH-1 | MCQs

Q1. Rohan runs a paid messaging channel where subscribers get intraday buy and sell calls on named stocks for ₹999 a month. He is not registered with SEBI. Which statement is correct? *[Ref: Topic 1, p. 2]*

(a) He needs no registration because intraday calls are not research reports
(b) He provides research services for a fee and needs RA registration
(c) He needs registration only if he has more than 75 subscribers
(d) He needs only a NISM certificate, not SEBI registration

Q2. Which of the following communications is a research report under the RA Regulations? *[Ref: Topic 1, p. 2]*

(a) A weekly commentary on the direction of the Nifty 50
(b) A statistical summary of a company's last five years' financial data
(c) A 'Buy' note on a listed cement company with a 12-month target
(d) A periodic portfolio statement sent by a PMS to its clients

Q3. A part-time RA has 72 clients and wants to accept 6 new clients next week, keeping all existing ones. What should he do? *[Ref: Topic 3, p. 2]*

(a) Accept at most 3, since a part-time RA may not exceed 75 clients at any time
(b) Accept all 6, as the limit is 75 new clients a year
(c) Accept all 6 after raising his deposit to ₹2 lakh
(d) Accept all 6, as the limit applies only to individual clients, not HUFs

Q4. An individual RA expects to serve 420 clients this year. What deposit must he maintain, with a lien in favour of RAASB? *[Ref: Topic 4, p. 3]*

(a) ₹2 lakh (b) ₹10 lakh (c) ₹1 lakh (d) ₹5 lakh

Q5. Which of the following persons meets the minimum qualification under the substituted Regulation 7, assuming a valid NISM RA certificate where needed?
(i) A B.Tech graduate from a recognised university
(ii) A CFA Charter holder
(iii) A holder of NISM's PG Program in the Securities Market (Research Analysis) *[Ref: Topic 4, p. 3]*

(a) (i) and (ii) only, since the PG route is not recognised
(b) (ii) and (iii) only
(c) (iii) only
(d) (i), (ii) and (iii)

Q6. An RA publishes a report on a stock on 20 July. Within which window are he and his associates barred from dealing in that stock, unless an exception is approved? *[Ref: Topic 9, p. 4]*

(a) From 20 June to 25 July (b) From 20 June to 20 July only
(c) From 20 July to 20 August (d) From 5 July to 20 August

Q7. Sahyadri Securities Ltd is a co-manager of an IPO priced on 1 August. Its research desk wants to publish a report on the issuer. Absent approval under the exception, what does Reg 18 require? *[Ref: Topic 7, p. 4]*

(a) No report until 10 days after the pricing date
(b) No report until 25 days after listing
(c) No report until 40 days after the pricing date
(d) No restriction, since the desk is separate from the banking team

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Q8. During a plant visit, a CFO tells an RA that the board will approve a large buyback next week. This has not been announced. What should the RA do? *[Ref: Topic 7, p. 4]*
(a) Publish it at once to all clients together, so there is no selective disclosure
(b) Not trade or publish on it, and report the matter to compliance
(c) Use it only in his own model, without mentioning it in the report
(d) Trade only after informing his clients, so he does not front-run them

Q9. An RA combines public data on cement dispatches, rail freight and dealer price checks to conclude that a company's quarterly volumes will beat estimates. Which statement is correct? *[Ref: Topic 7, p. 4]*
(a) This is insider trading because the conclusion has not yet been made public by the company
(b) This is legitimate mosaic analysis using public and non-material data
(c) This is permitted only if the company confirms the conclusion
(d) This is a breach because dealer checks are always UPSI

Q10. An RA owns 1.4% of a listed company and is about to publish a 'Buy' report on it. What is required? *[Ref: Topic 8, p. 4]*
(a) Disclose in the report his ownership of 1% or more of the subject company
(b) Nothing, since disclosure applies only above 5%
(c) Sell the holding before publishing the report
(d) Disclose only if the holding was bought in the last 12 months

Q11. A client complains to an RA on 2 June about a wrong fee deduction. By when must the RA resolve it under the Regulations? *[Ref: Topic 8, p. 4]*
(a) Within 21 calendar days, by 23 June
(b) Within 30 days, by 2 July
(c) Within 15 working days of the complaint
(d) Within 7 days, after which it goes to SCORES automatically

Q12. Meera is an individual RA. She wants to sell mutual fund schemes to her research clients as a distributor. Which statement is correct? *[Ref: Topic 8, p. 4]*
(a) She can, if she discloses the commission she earns in each research report
(b) She can, if she charges no research fee to those clients
(c) She cannot; an individual RA may not offer distribution services
(d) She can, through her dependent spouse acting as distributor

Q13. Which of the following is NOT one of the principles in the RA code of conduct (Third Schedule)? *[Ref: Topic 11, p. 5]*
(a) Honesty and good faith
(b) Responsibility of senior management for compliance
(c) Insider trading and front running
(d) Guaranteeing a minimum return on recommendations

Q14. A research firm uses an AI tool to draft first-cut earnings notes, which analysts then edit. Which statement is correct? *[Ref: Topic 8, p. 4]*
(a) It must stop, since AI tools are prohibited for RAs
(b) It must disclose the extent of AI use and stays responsible for output and data
(c) It need not disclose anything, since qualified analysts review every note before release
(d) Responsibility for errors shifts to the AI vendor under its contract

Q15. Analyst X works for a mutual fund and gives views only to its fund managers. Analyst Y works for a broker whose reports go to thousands of clients. Which statement is correct? *[Ref: Topic 3, p. 2]*
(a) X is a sell-side analyst; Y is a buy-side analyst
(b) Both are independent analysts
(c) X is a buy-side analyst; Y is a sell-side analyst
(d) Both are buy-side analysts, since both serve investors

Answer key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	b	4	d	7	c	10	a	13	d
2	c	5	d	8	b	11	a	14	b
3	a	6	a	9	b	12	c	15	c

CH-2 Introduction to Securities Market (Part 1)

Topic 1 — Meaning of Securities and Basics of the Securities Market

- **Securities** — Under section 2(h) of the Securities Contracts (Regulation) Act, 1956 (SCRA), they include shares, scrips, stocks, bonds, debentures and other marketable securities.
- **Wider list** — The SCRA definition also covers derivatives, units of mutual funds and collective investment schemes, security receipts, Government securities and rights in securities.
- **Not securities** — Bank deposits, insurance policies and loans are financial assets but are not tradable securities.
- **Securities market** — The market in which securities are issued for the first time and later bought and sold.
- **Regulators** — SEBI regulates the securities market; RBI regulates the Government securities, money and foreign exchange markets.
- **Pending law** — The Securities Markets Code Bill, 2025, which would merge the SCRA, SEBI Act and Depositories Act, was still pending on 30 Oct 2026.

Function	What the market does
Mobilising savings	Moves household and institutional savings into companies and governments
Capital allocation	Sends money to issuers with the best risk-return prospects
Price discovery	Sets prices through continuous buying and selling
Liquidity	Lets investors exit by selling to other investors
Risk transfer	Derivatives move price risk to those willing to bear it
Disclosure and governance	Listing rules force regular, public disclosure

Topic 2 — Equity Shares

- **Equity share** — A unit of ownership carrying the residual claim on profits and assets after all other claims are met.
- **Face value** — The nominal value stated in the memorandum, such as ₹1, ₹2, ₹5 or ₹10; the market price may be far higher.
- **Dividend** — Not fixed; declared from distributable profits on the board's recommendation.
- **Voting** — Shareholders elect directors and approve major decisions at general meetings.
- **Limited liability** — A shareholder's loss is limited to the amount paid or payable on the shares.

LEARNING SESSIONS