

CHAPTER II
AMENDMENT TO THE RESERVE BANK OF INDIA ACT, 1934

2. After Chapter IIID of the Reserve Bank of India Act, 1934, the following Chapter shall be inserted, namely:—

"CHAPTER III
JOINT MECHANISM

45Y. (1) Notwithstanding anything contained in this Act or the Securities and Exchange Board of India Act, 1992 or any other law for the time being in force, if any difference of opinion arises as to whether—

(i) any instrument, being derivative referred to in clause (a) or money market instrument referred to in clause (b) or repo referred to in clause (c) or reverse repo referred to in clause (d) or securities referred to in clause (e) of section 45U of this Act, or

(ii) any instrument, being policy of life insurance under the Insurance Act, 1938, or the rules or regulations made thereunder, or scrips or any other securities referred to in sub-clauses (i), (ia), (ib), (ic), (id), (ie), (ii), (iia) and (iib) of clause (h) section 2 of the Securities Contract (Regulation) Act, 1956,

is hybrid or composite instrument, having a component of money market investment or securities market instrument or a component of insurance or any other instrument referred to in clause (i) or clause (ii) and falls within the jurisdiction of the Reserve Bank of India or the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 or the Insurance Regulatory and Development Authority established under section 3 of the Insurance Regulatory and Development Authority Act, 1999 or the Pension Fund Regulatory and Development Authority constituted by the Resolution of the Government of India number P.No. 1(5)2007-PR, dated the 14th November, 2008 or the Central Government, such difference of opinion shall be referred to a Joint Committee consisting of the following, namely:—

- (a) the Union Finance Minister - *ex officio* Chairperson;
- (b) the Governor, Reserve Bank of India - *ex officio* Member;
- (c) the Finance Secretary in the Ministry of Finance, Government of India - *ex officio* Member;
- (d) the Secretary (Financial Services) in the Ministry of Finance, Government of India - *ex officio* Member;
- (e) the Chairperson, Insurance Regulatory and Development Authority - *ex officio* Member;
- (f) the Chairman, Securities and Exchange Board of India - *ex officio* Member;
- (g) the Chairperson, Pension Fund Regulatory and Development Authority - *ex officio* Member.

(2) The Secretary (Financial Services) in the Ministry of Finance, Government of India shall be the convener of the meetings of the Joint Committee referred to in sub-section (1).

Insertion of
new Chapter
III E in Act 2 of
1934.

Joint
Mechanism.

15 of 1992

4 of 1938

42 of 1956

15 of 1992

41 of 1999

(3) In case of any difference of opinion referred to in sub-section (1), any Member of the Joint Committee may make a reference to the Joint Committee.

(4) The Joint Committee shall follow such procedure as it may consider expedient and give, within a period of three months from the date of reference made under sub-section (3), its decisions thereon to the Central Government.

(5) The decision of the Joint Committee shall be binding on the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority and the Pension Fund Regulatory and Development Authority."

CHAPTER III

AMENDMENT TO THE INSURANCE ACT, 1938

3. In the Insurance Act, 1938, in section 2, after clause (11), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 9th day of April, 2010, namely:—

Amendment of section 2 of Act 4 of 1938.

Explanation.— For the removal of doubts, it is hereby declared that "life insurance business" shall include any unit linked insurance policy or scrips or any such instrument or unit, by whatever name called, which provides a component of investment and a component of insurance issued by an insurer referred to in clause (9) of this section."

CHAPTER IV

AMENDMENT TO THE SECURITIES CONTRACTS (REGULATION) ACT, 1956

4. In the Securities Contracts (Regulation) Act, 1956, in section 2, in clause (h), after sub-clause (ii), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 9th day of April, 2010, namely:—

Amendment of section 2 of Act 42 of 1956

Explanation.— For the removal of doubts, it is hereby declared that "securities" shall not include any unit linked insurance policy or scrips or any such instrument or unit, by whatever name called, which provides a combined benefit risk on the life of the persons and investment by such persons and issued by an insurer referred to in clause (9) of section 2 of the Insurance Act, 1938."

4 of 1938.

CHAPTER V

AMENDMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

5. In the Securities and Exchange Board of India Act, 1992, in section 12, in sub-section (1B), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 9th day of April, 2010, namely:—

Amendment of section 12 of Act 15 of 1992.

Explanation.— For the removal of doubts, it is hereby declared that, for the purposes of this section, a collective investment scheme or mutual fund shall not include any unit linked insurance policy or scrips or any such instrument or unit, by whatever name called, which provides a component of investment besides the component of insurance issued by an insurer."

CHAPTER VI
MISCELLANEOUS

Validation

6. Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, the provisions of section 2 of the Insurance Act, 1938 or section 2 of the Securities Contracts (Regulation) Act, 1956 or section 12 of the Securities and Exchange Board of India Act, 1992, as amended by this Ordinance, shall have and shall be deemed to always have effect for all purposes as if the provisions of the said Acts, as amended by this Ordinance, had been in force at all material times and accordingly any unit linked insurance policy or scrips or any such instrument or unit, by whatever name called, issued or purported to have been issued at any time before the 9th day of April, 2010, shall be deemed and always deemed to have been validly issued and shall not be called in question in any court of law or other authority solely on the ground that it was issued without a certificate of registration under any law for the time being in force or without following any procedure under any law for the time being in force, by an insurer or any other person.

4 of 1938
42 of 1956
15 of 1992

PRATIBHA DEVISINGH PATIL,
President.

V. K. BHASIN,
Secy. to the Govt. of India.