



Bill Summary

The Securities and Insurance Laws (Amendment and Validation) Bill, 2010

The Securities and Insurance Laws (Amendment and Validation) Bill, 2010 was introduced on July 27, 2010 in the Lok Sabha by the Minister of Finance, Shri Pranab Mukherjee. The Bill replaces an Ordinance promulgated on June 18, 2010. It was passed by the Lok Sabha on August 2, 2010 and the Rajya Sabha on August 12, 2010.

- The Ordinance specifies that unit linked insurance policies will be covered by provisions of the Insurance Act, 1938. Such policies are no longer ‘securities’ or ‘collective investment schemes’, as defined under the the Securities Contracts (Regulation) Act, 1956 or the SEBI Act, 1992.
- The Bill provides for a joint committee, chaired by the Finance Minister, to resolve disputes between regulators

over ‘hybrid’ or composite instruments. Such instruments are those which involve investments in the money market or the securities market, or have a component of insurance and which fall within the ambit of (a) Reserve Bank of India (b) SEBI (c) IRDA or (d) Pension Fund Regulatory and Development Authority.

- In addition to the Finance Minister, the committee shall consist of the heads of each the regulators specified above, as well as the Secretary (Department of Economic Affairs), and the Secretary (Financial Services) of the government.
- Differences of opinion over hybrid instruments can be referred to the committee by any of the regulators on it. The committee must reach a decision in three months and is binding on all the regulators.

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