

# Bill Summary

## The International Financial Services Centres Authority Bill, 2019

- The International Financial Services Centres Authority Bill, 2019 was introduced in Rajya Sabha by the Minister of Finance, Mr. Piyush Goyal, on February 12, 2019. The Bill provides for the establishment of an authority to develop and regulate the financial services market in the International Financial Services Centres set up in Special Economic Zones in India. Key features of the Bill include:
  - **Coverage:** The Bill will apply to all International Financial Services Centres (IFSC) set up under the Special Economic Zones Act, 2005.
  - **Constitution of the International Financial Services Centres Authority:** The Bill provides for the establishment of the International Financial Services Centres Authority. The Authority will consist of nine members, appointed by the central government. These posts will have a term of three years, subject to reappointment. Members of the Authority will include: (i) the Chairperson, (ii) four members to be nominated from the Reserve Bank of India, the Securities Exchange Board of India, the Insurance Regulatory and Development Authority of India, and the Pension Fund Regulatory and Development Authority, (iii) two members from amongst officials of the Ministry of Finance, and (iv) two members to be appointed on the recommendation of a Selection Committee.
  - **Functions of the Authority:** Functions of the Authority include: (i) regulating financial products, financial services, and financial institutions in an IFSC which have been approved by any regulator (such as the RBI or SEBI), before the enactment of the Bill, (ii) regulating any other financial products, services, or institutions in an IFSC, which may be notified by the central government, and (iii) recommending to the central government, any other financial services, products, or institutions which may be permitted in an IFSC.
- Further, all powers relating to regulation of financial products, services, and institutions in IFSCs, which were previously exercised by the respective regulators will be exercised by the Authority. All processes and procedures to be followed by the Authority in respect of such regulation (such as, procedures for investigation of offences) will be identical to the provisions for these processes under the respective laws of the regulators.
- **Performance Review Committee:** Under the Bill, the Authority will constitute a Performance Review Committee to review the functioning of the Authority. The Committee will consist of at least two members of the Authority. The Committee will review whether: (i) the Authority has complied with the provisions of the applicable laws while exercising powers or performing functions, (ii) the regulations made by the Authority to promote transparency and best practices of governance, and (iii) the Authority is managing risks to its functioning in a reasonable manner.
- **Transaction in foreign currency:** As per the Bill, all transactions of financial services in IFSCs will be in such foreign currency as specified by the Authority, in consultation with the central government.
- **International Financial Services Centres Authority Fund:** The Bill sets up the International Financial Services Centres Authority Fund. The following amounts will be credited to the Fund: (i) all grants, fees and charges received by the Authority, and (ii) all sums received by the Authority from various sources, as decided by the central government.

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