

International Financial Services Centres authority Bill 2019

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Source: PIB & PRS India

Recently Cabinet approved the introduction of International Financial Services Centres Authority Bill, 2019 in Lok Sabha, after withdrawal from Rajya Sabha.

Earlier the Bill, was introduced in Rajya Sabha by the Minister of Finance in February 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

- **Application:** 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.
- **Composition of the 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:**
 1. The Chairperson
 2. 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

3. Two members from amongst officials of the Ministry of Finance, and
4. Two members to be appointed on the recommendation of a Selection Committee.

▪ Functions of the Authority:

1. 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
2. Regulating any other financial products, services, or institutions in an IFSC, which may be notified by the central government, and
3. Recommending to the central government, any other financial services, products, or institutions which may be permitted in an IFSC.

- Further, all powers relating to the regulation of financial products, services, and institutions in IFSCs, which were previously exercised by the respective regulators will be exercised by the Authority.

- **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.

- **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:**

1. All grants, fees and charges received by the Authority, and

2. All sums received by the Authority from various sources, as decided by the central government