The International Financial Services Centres Authority Act, 2019

(ACT NO. 50 OF 2019)

[*As on the* 1*st July*, 2026]

LIST OF ABBREVIATIONS USED

G.S.R.	. . .	*for*	General Statutory Rules.
S.O.	. . .	”	Statutory Order.
Notifn.	. . .	”	Notification.

THE INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY ACT, 2019

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THE INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY ACT, 2019

ACT NO 50 OF 2019

[19*th December,* 2019.]

An Act to provide for the establishment of an Authority to develop and regulate the financial services market in the International Financial Services Centres in India and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Seventieth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. Short title and commencement.—(*1*) This Act may be called the International Financial Services Centres Authority Act, 2019.

(*2*) It shall come into force on such date[1] as the Central Government may, by notification in the Official Gazette, appoint; and different dates may be appointed for different provisions of this Act, and any reference in any provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

2. Application.—This Act shall apply to the International Financial Services Centres set up under section 18 of the Special Economic Zones Act, 2005 (28 of 2005).

3. Definitions.—(*1*) In this Act, unless the context otherwise requires,—

(*a*) "appropriate regulator" means any financial sector regulator specified in the First Schedule to this Act;

(*b*) "Authority" means the International Financial Services Centres Authority established under sub-section (*1*) of section 4;

(*c*) "financial institution" means a unit set up in an International Financial Services Centre and which is engaged in rendering financial services in respect of any financial product;

(*d*) "financial product" means—

(*i*) securities;

(*ii*) contracts of insurance;

(*iii*) deposits;

(*iv*) credit arrangements;

(*v*) foreign currency contracts other than contracts to exchange one currency for another that are to be settled immediately; and

(*vi*) any other product or instrument that may be notified by the Central Government from time to time.

(*e*) "financial service" means—

1.27th April, 2020—Sections 1 to 11 (both inclusive), 14, 15, 16, 27, 29, 30 and 34, *vide* notification No. S.O. 1384(E), dated 27th April, 2020, *see* Gazette of India, Extraordinary, Part II, sec. 3(*ii*).

21st August, 2020—Sections 12, 17 to 26 (both inclusive), 28, 31 and 32, *vide* notification No. S.O. 2844(E), dated 21st August, 2020, *see* Gazette of India, Extraordinary, Part II, sec. 3(*ii*).

(*i*) buying, selling, or subscribing to a financial product or agreeing to do so;

(*ii*) acceptance of deposits;

(*iii*) safeguarding and administering assets consisting of financial products, belonging to another person, or agreeing to do so;

(*iv*) effecting contracts of insurance;

(*v*) offering, managing or agreeing to manage assets consisting of financial products belonging to another person;

(*vi*) exercising any right associated with a financial product or financial service;

(*vii*) establishing or operating an investment scheme;

(*viii*) maintaining or transferring records of ownership of a financial product;

(*ix*) underwriting the issuance or subscription of a financial product;

(*x*) providing information about a person's financial standing or creditworthiness; (*xi*) selling, providing, or issuing stored value or payment instruments or providing payment services;

(*xii*) making arrangements for carrying on any of the services in sub-clauses (*i*) to (*xi*);

(*xiii*) rendering or agreeing to render advice on or soliciting for the purposes of—

(*A*) buying, selling, or subscribing to, a financial product; or

(*B*) availing any of the services in sub-clauses (*i*) to (*xi*); or

(*C*) exercising any right associated with a financial product or any of the services in clauses (*i*) to (*xi*);

(*xiv*) any other service that may be notified by the Central Government from time to time; (*f*) "foreign currency" shall have the meaning assigned to it in clause (*m*) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999);

(*g*) "International Financial Services Centre" means an International Financial Services Centre set up, before or after the commencement of this Act, under section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*h*) "Member" means a Member of the Authority and includes the Chairperson;

(*i*) "notification" means a notification published in the Official Gazette, and the expressions "notified" and "notify" shall be construed accordingly;

(*j*) "prescribed" means prescribed by rules made by the Central Government under this Act; (*k*) "regulations" means the regulations made by the Authority under this Act.

(*2*) Words and expressions used and not defined in this Act but defined in the Acts specified under column (*3*) of the First Schedule to this Act shall have the meanings respectively assigned to them in those Acts.

CHAPTER II
ESTABLISHMENT OF AUTHORITY

4. Establishment and incorporation of Authority.—(*1*) The Central Government shall, by notification, for the purposes of this Act, establish an Authority by the name of the International Financial Services Centres Authority.

(*2*) The Authority shall be a body corporate having perpetual succession and a common seal, and subject to the provisions of this Act, with power to enter into and execute contracts, acquire, hold and dispose of property, both movable and immovable, and shall, by the said name, sue and be sued.

(*3*) The head office of the Authority shall be at such place as the Central Government may, by notification, decide.

(*4*) The Authority may, with the prior approval of the Central Government, establish its offices at other places in India or outside India.

5. Composition of Authority.—(*1*) The Authority shall consist of the following Members, to be appointed by the Central Government, namely:—

(*a*) a Chairperson;

(*b*) one Member each to be nominated by—

(*i*) the Reserve Bank of India, *ex officio;*

(ii) the Securities and Exchange Board of India, *ex officio;*

(iii) the Insurance Regulatory and Development Authority of India, *ex officio;* and

(*iv*) the Pension Fund Regulatory and Development Authority, *ex officio;*

(*c*) two Members, from amongst the officials of the Ministry dealing with Finance, to be nominated by the Central Government, *ex officio;* and

(*d*) two other Members to be appointed by the Central Government on the recommendation of a Selection Committee.

(*2*) The Chairperson shall be a whole-time Member and other Members referred to in clause (*d*) of sub-section (*1*) may be appointed as whole-time or part-time Members as the Central Government may deem fit.

(*3*) The Members shall be persons of ability, integrity and standing who have shown capacity in dealing with matters relating to financial sectors or have special knowledge or experience of law, finance, economics, accountancy, administration or in any other discipline which in the opinion of the Central Government, shall be useful to the Authority.

(*4*) The Selection Committee referred to in clause (*d*) of sub-section (*1*) shall consist of such Members and constituted by the Central Government in such manner as may be prescribed.

6. Terms of office and conditions of service of Chairperson and other Members.—(*1*) The Chairperson and a Member shall hold office for a term of three years from the date on which he enters upon his office and shall be eligible for re-appointment:

Provided that no person shall hold office as a Chairperson after he has attained the age of sixty-five years or as a whole-time member after he has attained the age of sixty-two years.

(*2*) The salaries and allowances payable to, and other terms and conditions of service of, the Members, other than *ex officio* Members, shall be such as may be prescribed.

(*3*) Notwithstanding anything in sub-section (*1*), a Member may—

(*a*) resign from his office by giving in writing to the Central Government a notice of not less than three months; or

(*b*) be removed from his office in accordance with the provisions of section 7.

(*4*) No Member, other than *ex officio* Member, shall, for a period of two years from the date on which they cease to hold office as such, except with the previous approval of the Central Government, accept—

(*a*) any employment either under the Central Government or under any State Government; or (*b*) appointment in any financial institution in the International Financial Services Centres.

7. Removal of Member from office.—The Central Government may remove from office a Member, who—

(*a*) is, or at any time has been, adjudged as insolvent; or

(*b*) has become physically or mentally incapable of acting as a Member; or

(*c*) has been convicted of an offence which in the opinion of the Central Government involves moral turpitude; or

(*d*) has acquired such financial or other interest as is likely to affect prejudicially his functions as a Member; or

(*e*) has so abused his position so as to render his continuance in office detrimental to public interest:

Provided that no Member shall be removed from office under clause (*d*) or clause (*e*) unless he has been given a reasonable opportunity of being heard in the matter.

8. Meetings of Authority.—(*1*) The Authority shall meet at such times and places, and shall observe such rules of procedure in regard to the transaction of business at its meetings (including quorum at such meetings) as may be specified by regulations.

(*2*) The Chairperson, if for any reason, he is unable to attend a meeting of the Authority, any other Member chosen by the Members present from amongst themselves at the meeting shall preside at the meeting.

(*3*) All questions which come up before any meeting of the Authority shall be decided by a majority of votes of the Members present and voting, and, in the event of an equality of votes, the Chairperson, or in his absence, the person presiding, shall have a casting vote.

(*4*) Any Member who has any direct or indirect interest in any matter likely to come up for consideration at a meeting of the Authority shall, as soon as possible after the relevant circumstances have come to his

knowledge, disclose in writing, the nature of his interest at such meeting and such disclosure shall be recorded in the proceedings of the Authority and such Member shall not take part in any deliberation or decision of the Authority with respect to that matter.

9. Vacancies etc., not to invalidate proceedings of Authority.—No act or proceeding of the Authority shall be invalid merely by reason of,—

(*a*) any vacancy or defect, in the constitution of the Authority; or

(*b*) any defect in the appointment of a person as a member of the authority.

10. Administrative powers of Chairperson.—the Chairperson shall have the powers of general superintendence and direction in respect of all administrative matters of the Authority.

11. Offices and other employees of Authority.—(*1*) the Authority may appoint such officers and other employees as it considers necessary for the efficient discharge of its functions under this act.

(*2*) the salaries and allowances payable to, and other terms and conditions of service of, officers and other employees of the Authority appointed under sub-section (*1*) shall be such as may be specified by regulations.

CHAPTER III

POWERS AND FUNCTIONS OF AUTHORITY

12. Functions of Authority.—(*1*) Subject to the provisions of this Act, it shall be the duty of the Authority to develop and regulate the financial products, financial services and financial institutions in the International Financial Services Centres, by such measures as it deems fit.

(*2*) Without prejudice to the generality of the provisions in sub-section (*1*), the powers and functions of the Authority shall include—

(*a*) regulating the financial products, financial services and financial institutions in an International Financial Services Centre which have been permitted, before the commencement of this Act, by any regulator for any International Financial Services Centre;

(*b*) regulating such other financial products, financial services or financial institutions in the International Financial Services Centres as may be notified by the Central Government from time to time;

(*c*) recommending to the Central Government such other financial products, financial services and financial institutions which may be permitted in an International Financial Services Centre by the Central Government;

(*d*) perform such other functions as may be prescribed.

13. Powers of Authority in relation to financial products, financial services and financial institutions.—(*1*) Notwithstanding anything contained in any other law for the time being in force, all powers exercisable by an appropriate regulator, specified under column (*2*) of the First Schedule, under the respective Acts as specified in the corresponding entry under column (*3*) of the said Schedule shall, in the International Financial Services Centres, be exercised by the Authority in so far as it relates to the regulation of the financial products, financial services or financial institutions, as the case may be.

(*2*) The Central Government may, by notification, amend the First Schedule by including therein any financial sector regulator and the law administered by it, or omitting therefrom any financial sector regulator or any law specified therein, and on the publication of such notification, such regulator and the law shall be deemed to be included in, or omitted from, the First Schedule.

(*3*) Every notification issued under sub-section (*2*) shall be laid before each House of Parliament.

(*4*) For the purposes of sub-section (*1*), the provisions of the respective Acts specified under column (*3*) of the First Schedule relating to—

(*a*) the manner of filing an application for recognition or registration or withdrawal of recognition or registration or furnishing of information or reports;

(*b*) the procedure of inspection, investigation or prosecution of offences, settlement of civil and administrative proceedings, compounding or adjudication of any offence or penalty, or actions to be taken in furtherance of such inspection, investigation, or adjudication or filing of appeals arising therefrom;

(*c*) the determination or settlement, as the case may be, of any fee or fine or penalty or any other sum of amount or punishment for the contravention of any provisions of respective Acts specified in the First Schedule and recovery of such fine or penalty,

shall, *mutatis mutandis,* apply to financial products, financial services and financial institutions under this Act, as they apply to the financial products, financial services and financial institutions under such respective Acts.

(*5*) The penalties, fines, fees and settlement amounts shall be collected or realised in the foreign currency equivalent of the penalty or fine imposed.

Explanation.—The rate of exchange for computing the foreign currency equivalent to Indian rupees shall be such as are as notified by the Reserve Bank of India on the date of the order imposing the penalty or fine, as the case may be.

(*6*) All sums realised by way of penalties or fines under this Act shall be credited to the Consolidated Fund of India in Indian rupees.

(*7*) The Authority may, in addition to the above, specify by regulations the manner in which the functions may be performed by the Authority for carrying out the provisions of this section.

CHAPTER IV

FINANCE, ACCOUNTS AND AUDIT

14. Grants by Central Government.—The Central Government may, after due appropriation made by Parliament by law in this behalf, make to the Authority grants of such sums of money as the Central Government may think fit for being utilised for the purposes of this Act.

15. Fund of Authority.—(*1*) There shall be constituted a Fund to be called the International Financial Services Centres Authority Fund and there shall be credited thereto—

(*a*) all grants, fees and charges received by the Authority under this Act; and

(*b*) all sums received by the Authority from the sources as may be decided upon by the Central Government.

(*2*) The Fund shall be applied for meeting—

(*a*) the salaries, allowances and other remuneration of Members, officers and other employees of the Authority; and

(*b*) other expenses incurred by the Authority in connection with the discharge of its functions and for the purposes of this Act.

16. Accounts and audit.—(*1*) The Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India.

(*2*) The accounts of the Authority shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the Authority to the Comptroller and Auditor-General of India.

(*3*) The Comptroller and Auditor-General of India and any other person appointed by him in connection with the audit of the accounts of the Authority shall have the same rights and privileges and authority in

connection with such audit as the Comptroller and Auditor-General of India generally has in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Authority.

(*4*) The accounts of the Authority as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament.

17. Performance Review Committee.—(*1*) The Authority shall constitute a Performance Review Committee, consisting of at least two Members of the Authority to review the functioning of the Authority, whether—

(*a*) it has adhered to the provisions of the applicable laws while exercising powers or performing functions under this Act;

(*b*) the regulations made by the Authority to give effect to the provisions of this Act promote transparency and best practices of governance; and

(*c*) the Authority is managing risks to its functioning in a reasonable manner.

(*2*) The Performance Review Committee shall make the review under sub-section (*1*) at least once in every financial year, and submit a report of its findings to the Authority which shall forward a copy thereof along with action taken, if any, pursuant to such report to the Central Government within a period of three months from the date of receipt of the report.

(*3*) The Performance Review Committee shall maintain a system by which any person may submit to the committee, any incidence of—

(*a*) non-adherence of the provisions of any applicable law by the Authority;

(*b*) misappropriation of resources of the Authority by any person;

(*c*) abuse of powers of the Authority by any Member or employee of the Authority; or

(*d*) non-compliance of any decision of the Authority by any Member or employee of the Authority.

(*4*) The Authority shall make regulations governing the information to be provided to the Performance Review Committee, and the provision of adequate resources to enable the committee to discharge its functions under this section.

18. Maintenance of website.—(*1*) The Authority shall maintain such website or any other universally accessible repository of electronic information as may be specified by regulations.

(*2*) All the regulations and orders issued by the Authority shall be published in its website or repository maintained under sub-section (*1*).

(*3*) The Authority shall review the quality of the website or the repository, based on international best practices, once every year and publish the report containing its findings with the annual report.

19. Returns and reports.—(*1*) The Authority shall furnish to the Central Government at such time and in such form and manner as may be prescribed or as the Central Government may direct, such returns and statements and such particulars with regard to any proposed or existing programme for the development and regulation of the units in the International Financial Services Centres, as the Central Government may, from time to time, require.

(*2*) Without prejudice to the provisions of sub-section (*1*), the Authority shall, within ninety days after the end of each financial year, submit to the Central Government, a report in such form, as may be prescribed, giving a true and full account of its activities, policies and programmes during the previous financial year.

(*3*) A copy of the report received under sub-section (*2*) shall be laid, as soon as may be after it is received, before each House of Parliament.

CHAPTER V

FOREIGN EXCHANGE TRANSACTIONS

20. Transactions in foreign currency.—Every transaction of financial services in an International Financial Services Centre shall be in such foreign currency as may be specified by regulations in consultation with the Central Government.

CHAPTER VI

MISCELLANEOUS

21. Power to issue directions.—(*1*) Without prejudice to the foregoing provisions of this Act, the Authority shall, in exercise of its powers or the performance of its functions under this Act, be bound by such directions on questions of policy as the Central Government may give in writing to it from time to time:

Provided that the Authority shall, as far as practicable, be given an opportunity to express its views before any direction is given under this sub-section.

(*2*) The decision of the Central Government, whether a question is one of policy or not, shall be final.

22. Power of Central Government to supersede Authority.—(*1*) If at any time the Central Government is of the opinion that—

(*a*) on account of circumstances beyond the control of the Authority, it is unable to discharge the functions or perform the duties imposed on it by or under this Act; or

(*b*) the Authority has persistently defaulted in complying with any direction given by the Central Government under this Act or in the discharge of the functions or performance of the duties imposed on it by or under this Act and as a result of such default the financial position of the Authority or the administration of the Authority has deteriorated; or

(*c*) circumstances exist which render it necessary in the public interest so to do,

the Central Government may, by notification and for reasons to be specified therein, supersede the Authority for such period, not exceeding six months, as may be specified in the notification:

Provided that before issuing any such notification, the Central Government shall give a reasonable opportunity to the Authority to make representations, if any, of the Authority.

(*2*) Upon the publication of a notification under sub-section (*1*) superseding the Authority,—

(*a*) the Chairperson and other Members shall, as from the date of supersession, vacate their offices as such;

(*b*) all the powers, functions and duties which may, by or under this Act, be exercised or discharged by or on behalf of the Authority shall, until the Authority is reconstituted under sub-section (*3*), be exercised and discharged by such person or persons as the Central Government may direct; and

(*c*) all properties owned or controlled by the Authority shall, until the Authority is reconstituted under sub-section (*3*), vest in the Central Government.

(*3*) On or before the expiration of the period of supersession specified in the notification issued under sub-section (*1*), the Central Government shall reconstitute the Authority by a fresh appointment of its Chairperson and other Members and in such case any person who had vacated his office under clause (*a*) of sub-section (*2*) shall not be deemed to be disqualified for reappointment.

(*4*) The Central Government shall, as soon as may be, cause a copy of the notification issued under sub-section (*1*) and a full report to any action taken by it, to be laid before each House of Parliament.

23. Delegation of powers.—(*1*) The Authority may, by general or special order in writing, delegate to any Member or officer of the Authority subject to such conditions, if any, as may be specified in the order, such of its powers and functions under this Act (except the powers under section 28) as it may deem necessary.

form committees of the Members and delegate to them the powers and functions of the Authority, as may be specified by regulations.

24. Members, officers and employees of the Authority to be public servants.—The Members, officers and employees of the Authority shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Act, to be public servants within the meaning of section 21 of the Indian Penal Code (45 of 1860).

25. Protection of action taken in good faith.—No suit, prosecution or other legal proceedings shall lie against the Central Government or the Authority or its Members, officers or other employees, for anything which is done, or intended to be done, in good faith under this Act.

26. Exemption from tax.— Nothing contained in any other law or enactment for the time being in force, in relation to taxation, including the Income-tax Act,1961 (43 of 1961), shall make the Authority liable to pay income-tax or any other tax or duty with respect to its income, services or profits or gains.

27. Power to make rules.—(*1*) The Central Government may, by notification, make rules for carrying out the provisions of this Act.

(*2*) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(*a*) the composition and the manner of constitution of the Selection Committee under sub-section (*4*) of section 5;

(*b*) the salaries and allowances and other terms and conditions of service of Members under sub-section (*2*) of section 6;

(*c*) other functions to be performed by the Authority under clause (*d*) of sub-section (*2*) of section 12;

(*d*) the form in which the accounts and other relevant records to be maintained and annual statement of accounts to be furnished under sub-section (*1*) of section 16;

(*e*) the form and manner of furnishing of returns and statements and other particulars under sub-section (*1*) of section 19;

(*f*) the form of annual report of activities, policies and programmes under sub-section (*2*) of section 19;

(*g*) any other matter which is to be, or may be, prescribed.

28. Power to make regulations.— (*1*) The Authority may, by notification, make regulations consistent with this Act and the rules made thereunder for carrying out the provisions of this Act.

(*2*) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(*a*) the time and place of meetings and the rules of procedure in regard to transaction of business at such meetings under sub-section (*1*) of section 8;

(*b*) the salaries and allowances and other terms and conditions of service of officers and other employees of Authority under sub-section (*2*) of section 11;

(*c*) the manner in which the Authority may perform its functions under sub-section (*7*) of section 13;

(*d*) the manner of providing information to the Performance Review Committee under sub-section (*4*) of section 17;

(*e*) the maintenance of the website or any other universally accessible repository of electronic information under sub-section (*1*) of section 18;

(*f*) the foreign currency in which transaction of financial services in International Financial Services Centres may be conducted under section 20;

(*g*) the powers and functions of the Authority which may be delegated under sub-section (*2*) of section 23;

(*h*) any other matter which is required to be or may be, specified by regulations.

29. Rules and regulations to be laid before Parliament.—Every rule and every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

30. Overriding effect.—The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of any law other than this Act.

31. Power to modify provisions of other enactments in relation to International Financial Services Centres.—(*1*) The Central Government may, by notification, direct that any of the provisions of any other Central Act or any rules or regulations made thereunder or any notification or order issued or direction given thereunder (other than the provisions relating to making of the rules or regulations) specified in the notification—

(*a*) shall not apply to financial products, financial services or financial institutions, as the case may be, in an International Financial Services Centre; or

(*b*) shall apply to financial products, financial services or financial institutions, as the case may be, in an International Financial Services Centre with such exceptions, modifications and adaptations, as may be specified in the notification.

(*2*) A copy of every notification proposed to be issued under sub-section (*1*), shall be laid in draft before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in disapproving the issue of the notification or both Houses agree in making any modification in the notification, the notification shall not be issued or, as the case may be, shall be issued only in such modified form as may be agreed upon by both the Houses.

32. Power to remove difficulties.—(*1*) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to be necessary for removing the difficulty:

Provided that no order shall be made under this section after the expiry of five years from the commencement of this Act.

(*2*) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

33. Amendment to certain enactments.—The enactments specified in the Second Schedule shall be amended in the manner specified therein.

34. Savings.—All rules and regulations made or purporting to have been made or all notifications issued or purporting to have been issued under any Central Act relating to the financial products, financial services or financial institutions, as the case may be, shall, in so far as they relate to matters for which provision is made

in this Act or the rules or regulations made or notification issued thereunder and are not inconsistent therewith, be deemed to have been made or issued under this Act as if this Act had been in force on the date on which such rules were made or notifications were issued and shall continue to be in force unless and until they are superseded by any rules or regulations made or notifications issued under this Act.

THE FIRST SCHEDULE

[*See* sections 3(*1*)(*a*), 13(*1*), (*2*) and (*4*)]

APPROPRIATE REGULATORS

Sl.No.	Appropriate Regulator	Name of Acts
(1)	(2)	(3)
1.	The Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (2 of 1934).	1. The Reserve Bank of India Act, 1934 (2 of 1934). 2. The Banking Regulation Act, 1949 (10 of 1949); 3. The Deposit Insurance and Credit Guarantee Corporation Act, 1961 (47 of 1961); 4. The Foreign Exchange Management Act, 1999 (42 of 1999); 5. The Credit Information Companies (Regulation) Act, 2005 (30 of 2005); 6. The Government Securities Act, 2006 (38 of 2006); 7. The Payment and Settlement Systems Act, 2007 (51 of 2007).
2.	The Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992 (15 of 1992)	1. The Securities Contracts (Regulation) Act, 1956 (42 of 1956); 2. The Securities and Exchange Board of India Act, 1992 (15 of 1992); 3. The Depositories Act, 1996 (22 of 1996).
3.	The Insurance Regulatory and Development Authority of India constituted under the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999).	1. The Insurance Act, 1938 (4 of 1938); 2. The General Insurance Business (Nationalisation) Act, 1972 (57 of 1972); 3. The Insurance Regulatory and Development Authority Act, 1999 (41 of 1999).
4.	The Pension Fund Regulatory and Development Authority constituted under the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013).	The Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013).

THE SECOND SCHEDULE

[*See* section 33]

AMENDMENT TO CERTAIN ENACTMENTS

PART I

AMENDMENT TO THE RESERVE BANK OF INDIA ACT, 1934

(2 OF 1934)

Insertion of new section after section 57.—After section 57, the following section shall be inserted, namely:—

"**57A**. **Powers of Bank not to apply to International Financial Services Centre**.—Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Bank under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.".

PART II

AMENDMENT TO THE INSURANCE ACT, 1938

(4 OF 1938)

Insertion of new section after section 118.—After section 118, the following section shall be inserted, namely:—

"**118A. Powers of Authority not to apply to International Financial Services Centre**.—Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Authority under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.".

PART III

AMENDMENT TO THE BANKING REGULATION ACT, 1949

(10 OF 1949)

Insertion of new section after section 51.—After section 51, the following section shall be inserted, namely:—

"**51A. Powers of Reserve Bank not to apply to International Financial Services Centre**.—Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Reserve Bank under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.".

PART IV

AMENDMENT TO THE SECURITIES CONTRACTS (REGULATION) ACT, 1956

(42 OF 1956)

Insertion of new section after section 29A.—After section 29A, the following section shall be inserted, namely:—

"**29B. Powers of the Securities and Exchange Board of India not to apply to International Financial Services Centre.—**Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Securities and Exchange Board of India under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.".

PART V

AMENDMENT TO THE DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION ACT, 1961

(47 OF 1961)

Insertion of new section after section 43.—After section 43, the following section shall be inserted, namely:—

"**43A.Powers of Reserve Bank not to apply to International Financial Services Centre.—** Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Reserve Bank under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.".

PART VI

AMENDMENT TO THE GENERAL INSURANCE BUSINESS (NATIONALISATION) ACT, 1972

(57 OF 1972)

Insertion of new section after section 38.—After section 38, the following section shall be inserted, namely:—

"**38A. Powers of Insurance Regulatory and Development Authority of India not to apply to International Financial Services Centre**.—Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Insurance Regulatory and Development Authority of India under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.".

PART VII

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

(15 OF 1992)

Insertion of new section after section 28B.—After section 28B, the following section shall be inserted, namely:—

"**28C. Powers of Board not to apply to International Financial Services Centre**.— Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Board under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.".

PART VIII

AMENDMENT TO THE DEPOSITORIES ACT, 1996

(22 OF 1996)

Insertion of new section after section 23F.—After section 23F, the following section shall be inserted, namely:—

"**23G. Powers of Board not to apply to International Financial Services Centre**.—Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Board under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.".

PART IX

AMENDMENT TO THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY ACT, 1999

(41 OF 1999)

Insertion of new section after section 23.—After section 23, the following section shall be inserted, namely:—

"**23A. Powers of Authority not to apply to International Financial Services Centre**.—Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Authority under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.".

PART X

AMENDMENT TO THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999

(42 OF 1999)

Insertion of new section after section 44.—After section 44, the following section shall be inserted, namely:—

"**44A. Powers of Reserve Bank not to apply to International Financial Services Centre**.—Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Reserve Bank under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.".

PART XI

AMENDMENT TO THE CREDIT INFORMATION COMPANIES (REGULATION) ACT, 2005

(30 OF 2005)

Insertion of new section after section 33.—After section 33, the following section shall be inserted, namely:—

"**33A. Powers of Reserve Bank not to apply to International Financial Services Centre**.—Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Reserve Bank under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.".

PART XII

AMENDMENT TO THE GOVERNMENT SECURITIES ACT, 2006

(38 OF 2006)

Insertion of new section after section 31.—After section 31, the following section shall be inserted, namely:—

"**31A. Powers of Bank not to apply to International Financial Services Centre**.—Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Bank under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centre Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.".

PART XIII

AMENDMENT TO THE PAYMENT AND SETTLEMENT SYSTEMS ACT, 2007

(51 OF 2007)

Insertion of new section after section 34A.—After section 34A, the following section shall be inserted, namely:—

"**34B. Powers of Reserve Bank not to apply to International Financial Services Centre**.—Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Reserve Bank under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.".

PART XIV

AMENDMENT TO THE PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY ACT, 2013

(23 OF 2013)

Insertion of new section after section 50.—After section 50, the following section shall be inserted, namely:—

"**50A. Powers of Authority not to apply to International Financial Services Centre**.—Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Authority under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.".

STATEMENT OF OBJECTS AND REASONS

Section 18 of the Special Economic Zones Act, 2005 (28 of 2005) provides that the Central Government may approve the setting up of an International Financial Services Centre in a Special Economic Zone and may prescribe the requirements for setting up and operation of such Centre.

2.The first International Financial Services Centre in India has been set up at GIFT City in Gandhinagar, Gujarat. An International Financial Services Centre enables bringing back the financial services and transactions that are currently carried out in offshore financial centres by Indian corporate entities and overseas branches and subsidiaries of financial institutions to India by offering world class business and regulatory environment. It would enable Indian corporates easier access to global financial markets.

3.Currently, the banking, capital markets and insurance sectors in International Financial Services Centres are regulated by multiple regulators such as theReserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India. These regulators have issued various regulations and guidelines under respective Acts for regulation of banking, capital markets and insurance business in International Financial Services Centres.

4.The development of financial products and services in International Financial Services Centres require focused and dedicated regulatory interventions and require a high level inter-regulatory coordination. It is, therefore, decided to establish a unified financial regulator to provide world class regulatory environment to such financial market participants and promote ease of doing business.

5. Accordingly, the International Financial Services Centres Authority Bill, 2019, *interalia*, provides—

(*a*) for the establishment of the International Financial Services Centres Authority (the Authority) to develop and regulate the financial services market in the International Financial Services Centres in India;

(*b*) that the powers and functions of the financial sector regulators under the respective Acts shall be exercised and performed by the Authority in so far as they relate to the regulation of financial products, financial services and financial institutions in the International Financial Services Centres;

(*c*) that every transaction of financial services in the International Financial Services Centres shall be in such foreign currency as may be specified by the Authority in consultation with the Central Government;

(*d*) for the constitution of a Performance Review Committee consisting of at least two members of the Authority for review of the functioning of the Authority on annual basis;

(*e*) for amendment of certain enactments which are considered necessary for the purposes of proposed legislation.

6. The Notes on clauses explain in detail the various provisions in the Bill.

7. The Bill seeks to achieve the above objects.

PIYUSH GOYAL.

NEW DELHI;
The 7*th February*, 2019.