

17<sup>th</sup> September, 2003

**STATE BANK AND SEC SIGN MOU FOR  
EFFICIENT MONITORING OF BANKS/DFIs/NBFCs**

The State Bank of Pakistan and the Securities and Exchange Commission of Pakistan have signed a Memorandum of Understanding (MOU) for a better coordination and efficient monitoring of the financial sector institutions in Pakistan. The State Bank Governor, Dr. Ishrat Husain and the SEC Chairman, Dr. Tariq Hassan signed the document on behalf of their respective organizations at SBP, Karachi today.

According to the MOU, which has come into force with immediate effect, both the SBP and SEC will share information and work towards the holistic development of the financial sector in supervision of banks/DFIs and NBFCs operating in Pakistan.

Both the SBP and SEC agreed to provide to each other any information material necessary for consideration for the grant of authorization; assist each other by verifying or supplementing any information submitted by or to any bank/DFI/NBFC and keep themselves informed from time to time about the nature of their regulatory system and the manner and extent to which they would like to conduct consolidated supervision over any group of banks/financial institutions having common management and ownership control.

With a view to strengthen the supervisory and other skills, the SBP/SEC will provide, on request, necessary personnel, on secondment basis for a term not exceeding two years in each case and that such transfers shall be governed by the Staff Regulations and rules governing deputation of the lending party.

SBP also agreed to provide staff to SEC in the areas of on-site inspection and off-site monitoring. The persons for such operations shall be selected by SBP & SEC in consultation with each other on the basis of competence and expertise in relevant area.

Regarding the ongoing supervision of banks/DFIs/NBFCs, the State Bank and SEC agreed to provide, on request, relevant information regarding material developments or supervisory concerns in respect of the operations of a bank/DFI/NBFC and respond to requests for information on regulatory systems and inform each other about significant changes, particularly those, which have a material bearing on the activities of a Bank/DFI/NBFC.