



External Relations Department

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SBP issues regulations for Debt Property Swap (DPS)

State Bank of Pakistan with the purpose of ensuring consistency in the banking regulations & practices and to address the emerging challenges in a proactive manner regularly issues instructions to the banks/DFIs. Presently, keeping in view the rising trend in debt property swaps, it was decided to introduce a separate set of Regulations on debt property swap so as to better supervise the exposure of banking industry to real estate sector i.e. Regulations for Debt Property Swap (DPS).

The Regulations are meant to set minimum standards for DPS transactions and minimize risks in the settlement of non-performing loans (NPLs). The DPS Regulations are effective from the date of issuance and transactions in-process shall also be concluded as per these regulations, where applicable. The banks/DFIs lacking appropriate systems and procedures to ensure full compliance with these regulations are being given a time period of three months, from the issuance of the instructions, to streamline and/or develop the required systems and procedures. Those banks/DFIs, which are within the prescribed limits, shall follow the same; while others who have exposure higher than the limits shall approach the State Bank of Pakistan within three months with a well defined plan envisaging compliance of exposure benchmarks within a period of maximum two years. The DPS regulations are in addition to all applicable laws including Financial Institutions (Recovery of Finances) Ordinance, 2001.