



## External Relations Department

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### **SBP issues Revised Instructions on Independent Directors**

Since last financial crisis most of the countries have revised their regulatory instructions particularly focusing on the enhanced role of Independent Directors in the ever-changing pace of the financial markets. Accordingly, SBP has also issued revised instructions on Independent Directors of the banks/Development Finance Institutions; highlights of the same are as follow:

Revision of the definition of Independent Director has been made, keeping in view the domestic regulatory/legal regime and international best practices. New definition is somewhat more stringent than the previous one. Thus it will help in identifying and preventing conflict of interest situation to a greater extent. Minimum number of Independent Directors has been increased from 25% to 33% of the total Board members with effect from March 31, 2018. Separate meeting of the Independent Directors of a bank/DFI has been suggested at least once in a year.

It is the core responsibility of State Bank of Pakistan (SBP) to ensure financial stability of the banking industry by providing continuous supervisory support and guidance. For the purpose, SBP endeavors to strengthen the good governance regime in the banking industry through continuously reviewing and updating its regulatory instructions to cope with the domestic challenges as well as to stay in line with the international best practices and standards.

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