

9<sup>th</sup> June, 2006

**SBP IMPOSES 50% CASH MARGIN REQUIREMENT ON ADVANCES  
AGAINST SECURITY OF BOTH RAW AND REFINED SUGAR STOCKS**

With a view to discourage hoarding of sugar and to ensure its price stability, the State Bank of Pakistan has with immediate effect imposed a 50% cash margin requirement on all fresh advances/disbursements by banks against the sugar stocks. The SBP has also prohibited the banks from financing the cash margin requirement themselves.

The State Bank has also directed the banks to fully adjust all previous advances against the security of sugar stocks latest by 31<sup>st</sup> July, 2006. It asked the banks to ensure that renewals/fresh disbursements of such advances are made only after a clean up period of at least one month with a 50% cash margin requirement.

The State Bank will monitor the situation closely and for this purpose the banks have been asked to report all such advances to it (SBP) on fortnightly basis as per prescribed format.

BPD Circular No. 4 dated the 9<sup>th</sup> June, 2006 issued in this regard to the presidents/chief executives of all banks is enclosed.

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