

January 7, 2014

**State Bank of Pakistan Issued “Code of Conduct” For Treasuries of Banks, DFIs and PDs**

State Bank of Pakistan today has issued “Code of Conduct” for the treasuries of Banks, DFIs and PDs. The size of Pakistan’s Interbank Market, its diversity and complexity have grown over the years. Therefore, the need of adopting highest ethical conduct and uniform practices has become essential for smooth functioning of the market.

This ‘Code of Conduct’ has an important role to play in promoting ethical behavior and standards of conduct; affirming the use of sound dealing practices and procedures; supporting robust and efficient front and back office operations; and mitigating risks from the point of execution to settlement. The application of this ‘Code of Conduct’ is expected to address weaknesses in business practices with a view to foster stronger market resilience.

The objective of introducing this ‘Code of Conduct’ is to foster high standard of business conduct, adopt good market practices and ensure equitable and healthy relationships among market participants. The recommendations contained in the recognized codes like “ACI Model Code of Conduct” and “Singapore Guide to Conduct & Market Practices for Treasury Activities” were considered in compiling this ‘Code of Conduct’. Further, stakeholders in the Inter-bank market have also been consulted through the forum of Financial Markets Association of Pakistan (FMAP).

All Banks, DFIs and PDs have been advised to implement this Code of Conduct in their treasuries and ensure its meticulous compliance which will also be checked by the SBP inspection teams during on-site inspections. Further, Risk and Compliance Department of the each Bank/DFI/PD, has been advised to submit a quarterly report to their senior management regarding compliance to this ‘Code of Conduct’, which should be discussed and documented along with all exceptions and breaches.