



## External Relations Department

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July 30, 2015

### Press Release

### **SBP issues Draft Framework on “Identification, Regulation/ Supervision of D-SIBs in Pakistan”**

As part of its commitment to ensure stability of financial system and further strengthen the supervisory and regulatory regime, State Bank of Pakistan (SBP) has designed a framework for “Identification, Regulation/ Supervision of Domestic Systemically Important Banks (D-SIBs) in Pakistan”. SBP is seeking comments on this document from the banking industry, academia, economists and other stakeholders before implementation of the framework.

The focus on systemically important financial institutions came in the wake of the recent global financial crisis. In November 2011, Financial Stability Board (FSB)/Basel Committee on Banking Supervision (BCBS) issued a G-SIFIs framework for enhancing resilience of large financial institutions. Later in October 2012 the framework was extended to D-SIBs. Cognizant of the developments in international arena, as well as to better manage build up of systemic exposures in the financial institutions of Pakistan, SBP has designed the framework encompassing; (a) setting criteria for identifying the D-SIBs and (b) way forward on policy implications with respect to D-SIBs to enhance their resilience. The framework adopts the benchmark BCBS methodology for constructing criteria for identifying D-SIBs in Pakistan. Indicators used to gauge systemic importance include: size, interconnectedness, substitutability and complexity. Further, the framework touches upon the matter of possible specific regulations, monitoring, and disclosure requirements for D-SIBs to maintain financial stability and reduce the probability of direct support and implicit Govt. guarantee for managing D-SIBs during crisis.

It is expected that identification of the Domestic-Systemically Important Financial Institutions and future work on development of regulatory and supervisory framework will go a long way in limiting systemic risk and ensuring financials sector stability. The draft framework can be accessed on SBP website at the following link: <http://www.sbp.org.pk/osed/2015/Discussion-Paper-D-SIBs.pdf> and comments may be forwarded to: [Sarwat.amir@sbp.org.pk](mailto:Sarwat.amir@sbp.org.pk), [Rizwana.rifat@sbp.org.pk](mailto:Rizwana.rifat@sbp.org.pk) latest by **August 31, 2015**.

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