



External Relations Department

ERD/M&PRD/PR/01/2017-53

May 26, 2017

SECP-SBP establish the Council of Regulators to strengthen Financial Stability

The State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) today (Friday) signed a letter of Understanding (LOU) to establish a Council of Regulators to mitigate systemic risk. Mr. Riaz Riazuddin, Acting Governor, SBP, and Mr. Zafar Hijazi, the SECP Chairman, signed the letter in a ceremony held at the SECP's head office in Islamabad.

The Council will provide a forum for deliberating issues related to systemic risk, particularly those having cross market and stability implications. It will suggest possible arrangements for crisis preparedness and come up with a coordinated response. The Council will comprise of top officials of the two regulators; SBP will be represented by the Governor, a Deputy Governor, and an Executive Director. SECP will be represented by the Chairman, a Commissioner, and an Executive Director.

The formation of the Council is aligned with international practices. Since the global financial crisis, maintaining financial stability has emerged as a key objective for central banks, financial regulatory authorities and respective governments. To keep pace with global developments and enhance focus on promoting and ensuring financial stability, both SBP and SECP have joined hands for strengthening financial system stability and managing systemic risk.

The SBP has identified strengthening of the financial stability regime as one of the key goals under the "SBP Vision 2020". Similarly, management of systemic risk has been set as a regulatory responsibility of the SECP under the SECP Act 1997. The establishment of the Council will not only facilitate SBP and SECP in achieving their statutory and strategic objectives but also further enhance their collaboration for promoting the stability of the financial system in the country.

The Council is a significant step forward to bring Pakistan in line with developed countries in risk management and to protect the integrity of our financial system.
