



## External Relations Department

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### **SBP strengthens Corporate Governance Regulatory Framework for Banks and DFIs**

The State Bank of Pakistan (SBP) today issued the revised 'Corporate Governance Regulatory Framework' with the objective to further strengthen the corporate governance regime of banks and DFIs and to align the same with international standards and best practices. The framework, which has been developed in consultation with key stakeholders, covers Fit & Proper Test (FPT) Criteria and other Corporate Governance regulatory requirements for the sponsor shareholders and beneficial owners, members of the Board of Directors, Presidents and CEOs and key executives of banks and DFIs. All the existing regulatory requirements related to corporate governance have been consolidated and rationalized in this framework to improve consistency, understanding and usability for stakeholders. It may be noted that last such amendments were introduced in 2007.

Among other changes made in the framework, the board is now required to collectively have adequate knowledge, expertise and skill-mix related to the business model, overall size, complexity and risk profile of the bank and DFI. Moreover, the board should have at least one female director who should not be a family member of any other director or sponsor shareholder of the bank or DFI. Further, maximum age of a President or CEO has been reduced from 70 years to 65 years. This change in age will be applicable to new Presidents or CEOs. The existing Presidents or CEOs will continue till the completion of their current tenures irrespective of their age and may also be considered for another term till the age of 70 years.

Complete Corporate Governance Regulatory Framework is available at following link:

<https://www.sbp.org.pk/bprd/2021/C5.htm>

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