



SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN



STATE BANK OF PAKISTAN

MEMORANDUM OF UNDERSTANDING

On

Information Sharing and Coordination

BETWEEN

STATE BANK OF PAKISTAN

AND

SECURITIES AND EXCHANGE COMMISSION OF
PAKISTAN

1. Introduction:

The mission of the State Bank of Pakistan (the Bank) is to develop and implement monetary policy, protect the safety and soundness of banking sector, and maintain the financial stability in Pakistan. The mission of the Securities and Exchange Commission of Pakistan (the Commission) is to protect investors, foster the growth of corporate sector including NBFCs and maintain a fair, orderly and efficient securities market.

The Bank and the Commission recognize the need for cooperation and coordination to effectively carry out their respective statutory responsibilities and maintain the highest level of oversight quality, while minimizing duplication of efforts. Accordingly, the Bank and the Commission are entering into this Memorandum of Understanding to establish a framework for collaboration, coordination and sharing of information in areas of common regulatory and supervisory interest.

2. Definitions

For the purposes of this Memorandum of Understanding;

2.1. "Bank" means the State Bank of Pakistan;

2.2. "Commission" means the Securities and Exchange Commission of Pakistan;

2.3. "Financial Conglomerate" means any associated companies or undertakings engaged in any financial or non-financial services regulated or supervised either, directly or indirectly, by the Bank or the Commission, as the case may be, including but not limited to banking, non-banking, securities and insurance business;

2.4. "Party" means the Commission or the Bank, as the case may be;

2.5. "Parties" means the Commission and the Bank, jointly referred;

2.6. "Providing Party" means the party which provides information to the Requesting Party under this MOU;

2.7. "Requesting Party" means the party making a request for information pursuant to this MOU;



3. General Provisions

- 3.1 The MOU is primarily a statement of intent to collaborate, cooperate, and share information in connection with areas of common regulatory and supervisory interest in a manner consistent with, and permitted by, the laws and requirements that govern the parties.
- 3.2 It is anticipated that cooperation will include sharing of information, coordination of examinations, consultations on matters of common regulatory and supervisory interest, periodic meetings, written requests as needed, and other practical arrangements as may be developed by the Bank and the Commission.
- 3.3 This MOU does not create legally binding obligations on either of the parties and does not create any right enforceable against the parties or any of their officers or employees or any other person. The MOU also does not confer upon any third-party the right or ability directly or indirectly to obtain, suppress, or exclude any information, or to challenge the execution of a request under the MOU.
- 3.4 Nothing in this MOU modifies in any way the ability and responsibility of the parties to enforce their respective statutes, rules and regulations.
- 3.5 Nothing in this MOU shall be deemed to obligate the parties to create or maintain any information.

4. Information to be Shared

For the purposes of this MOU:

- 4.1 Without limiting the scope of possible coordination, to the extent practicable and as appropriate under the relevant law and in the particular circumstances, each Party intends to provide, upon request, the following public or non-public types of information:
- (a) Details of periodic returns/ reports submitted/ filed with the Parties;
 - (b) Details of relevant examination reports, inquiry and investigation reports and other examination data and materials available with the Parties;
 - (c) Documents regarding transactions in bank accounts, the beneficial owners of such accounts and related material, as may be available



or obtained;

- (d) Details of shareholding, directors and corporate information about the companies registered with the Commission;
 - (e) Information regarding the financial markets, including the securities financing markets, to assess the conditions in such markets, that may materially affect the operations or financial condition of their respective regulatees;
 - (f) Such information as may be required to set supervisory and regulatory requirements, guidelines or rules in areas like, the capital, liquidity and funding position and resources, risk management systems and controls of the regulated entities;
 - (g) Such information as may be required for supporting effective implementation and enforcement of the Anti Money Laundering regime;
- 4.2 It is anticipated that such requests will relate to information that is not otherwise available to the Requesting Party.

5. Execution of Requests for information

- 5.1 To the extent possible, a request for information should be made in writing, and addressed to the relevant contact person in Appendix A. A request generally should specify the following:
- (a) The information sought by the Requesting Authority;
 - (b) A general description of the purpose for which the information is sought; and
 - (c) The desired time period for reply and, where appropriate, the urgency thereof.
- 5.2 Prior to making a request, the Requesting Party should use reasonable efforts, consistent with the urgency of the request, to obtain through other means any of the information that is publicly and readily available.
- 5.3 Notwithstanding the above, the Parties understand that publicly available information may be requested under this MOU, and parties intend to assist each other to obtain such publicly available information expeditiously.



6. **Permissible Uses and Confidentiality of Information**

- 6.1 To the extent permitted by applicable laws and in accordance with the regulations of the Providing Party, the parties will establish and maintain such safeguards as are necessary and appropriate to maintain the confidentiality of all non-public information obtained under this MOU.
- 6.2 The Receiving Party will not furnish to any third party or make public any portions of the information or make public use of the non-public information obtained under this MOU without prior written approval by the Providing Party;
- 6.3 Receiving Party will notify the Providing Party in writing of any legally enforceable demand or request for the information and also provide the Providing Party a reasonable opportunity to respond to the demand prior to complying with the demand or request.
- 6.4 The parties agree to take all actions reasonably necessary to preserve, protect, and maintain all privileges and claims of confidentiality related to non-public information provided under this MOU, in accordance with applicable laws.
- 6.5 The parties agree that sharing of non-public information with each other pursuant to the terms of the MOU will not constitute public disclosure, nor will it constitute a waiver of confidentiality or any privilege applicable to such information.
- 6.6. The parties reserve all privileges and immunities applicable to the information shared under this MOU.
- 6.7 The parties will not be required to notify their regulatees regarding the information shared about them under this MOU.
- 6.8 Information received under this MOU from the Providing Party may be used by the Receiving Party for or in any enforcement investigation, proceeding, or civil or criminal action only with the written consent of the Providing Party. In considering whether to grant the consent under this paragraph, the parties will take into account, the public interest and the need to protect their respective judgments, analyses, opinions and findings to preserve the integrity of their supervision and examination processes.



7. Coordination on policy changes

- 7.1 Each party will inform the other about any major relevant policy changes and will discuss with the other in advance on any policy changes which are likely to have a bearing on the regulatory responsibilities of the other.
- 7.2 Parties will do their utmost efforts to ensure they have unanimity of views on major policy issues concerning the sectors/areas under their respective jurisdictions while making any representation to the Government.

8. Provision of services

- 8.1 In some cases it is more efficient for a service to be provided by any one of the parties rather than for both parties to meet their own needs separately. Where necessary, service agreements between the two parties will be maintained, setting out the nature of the service to be provided, together with terms of reference and other details.
- 8.2 In some cases it is more appropriate for the parties to carry out an activity jointly instead of separately to achieve uniformity and avoid misunderstanding and duplication of efforts. In such cases, the parties will coordinate to decide the modalities (including inspection, staffing and funding) for joining hands for any purpose of mutual interest.

9. Establishment of Task Force and Periodic Meetings

- 9.1 The parties will, where deemed necessary, form committees and task forces for the achievements of the purposes of the MOU.
- 9.2 Representatives from both the parties will meet regularly on quarterly basis (or any other period mutually agreed upon) to coordinate efforts through this platform to undertake policy dialogue for achieving uniformity in regulatory approach for sectors under their respective purview and achieving the purposes of this MOU.

10. Cooperation with Regard to Financial Groups/Conglomerates

- 10.1 The parties will meet regularly to identify, discuss and share information regarding regulatory and supervisory issues related to the conglomerates, large financial and non financial groups, including information regarding the structure of financial conglomerates, financial condition, risk management systems, internal controls, and capital liquidity, funding resources, investments in companies within the same group, intra group exposures and group-wide exposures as well as other regulatory and



supervisory issues of mutual interest.

- 10.2 Each party will provide to the other, on an ongoing basis to the extent requested, information and analysis regarding the financial condition, risk management systems, internal controls, and capital, liquidity and funding resources of any of its regulatees. This shall not restrict the parties from sharing any information that is deemed relevant, even though it may not be requested.

11. Human Resource

It is hereby further understood that:

a. With a view to strengthen the supervisory and other skills, the Bank/Commission will provide, on request, necessary personnel, subject to their availability, on secondment basis for a term not exceeding two years in each case and that such transfers shall be governed by the Staff Regulations and rules governing deputation of the lending party;

b. The Bank also agree to provide staff, on request, to the Commission in the areas of on-site inspection and off-site inspection and off-site monitoring. The persons for such operations shall be selected by the Bank and Commission in consultation with each other on the basis of competence and expertise in relevant area.

12. Effective date and termination

- 12.1 The MOU becomes effective on the day it is signed by the parties and will continue to be in effect until the expiry of thirty (30) days after either party gives written notice to the other party of its intention to terminate.

12.2.1 The MOU will continue to have effect with respect to all requests for assistance that were made before the effective date of termination. In case the MOU is terminated, all the information provided under this MOU will remain confidential and will be treated according to the provisions of this MOU

13. This MOU will supercede the previous MOU dated 17 September, 2003 executed between the parties.

Two handwritten signatures in black ink are located at the bottom of the page. The signature on the left is written in a cursive style and appears to be 'Lal'. The signature on the right is also cursive and appears to be 'D.H.'.

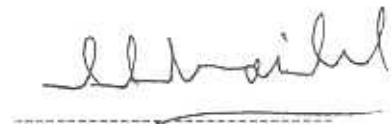
Signed on this 20th day of March 2009, between the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan

For the
State Bank of Pakistan



Syed Salim Raza
Governor

For the
Securities and Exchange
Commission of Pakistan



Salman Ali Shaikh
Acting Chairman

APPENDIX A

The Requested Authority's contact officers pursuant to paragraph 5.1 of this Memorandum of Understanding are:

For the Securities and Exchange Commission of Pakistan

1. Mr. Shahid Nasim
Executive Director
Specialized Companies Division
Securities and Exchange Commission of Pakistan
State Life Building #2
Karachi
Phone: (92-21) 241-6032
Fax no.: (92-21) 241-6031
Email: shahid.nasim@secp.gov.pk
2. Mr. Akif Saeed
Executive Director
Securities Markets Division
Securities and Exchange Commission of Pakistan
Jinnah Avenue
Islamabad
Phone: (92-51) 921-2084
Fax no.: (92-51) 920-3126
Email: akif.saeed@secp.gov.pk

For the State Bank of Pakistan

1. Syed Irfan Ali,
Director,
Banking Policy & Regulations Department,
State Bank of Pakistan,
11, Chundrigar Road,
Karachi.
Tele: 021-9213580 & 021-245-3543
Fax: 021-9212506 & 021-9212438
2. Mr. Inayat Hussain,
Director,
Banking Inspection Department,
State Bank of Pakistan,
11, Chundrigar Road,
Karachi
Telephone: 021-9211059 & 021-245-3704
Fax: 021-9213971 & 9212589

