

# PRESS RELEASE

## SEC Introduces Manual of Corporate Governance

**ISLAMABAD – January 7, 2003:** In continuation of its efforts to improve corporate governance practices in the country, the Securities and Exchange Commission of Pakistan (SEC) has prepared a Manual of Corporate Governance, which explains the responsibilities of management, directors and auditors of listed companies in achieving compliance with good governance practices.

The SEC issued the Code of Corporate Governance in March 2002, which was subsequently incorporated in the listing regulations of the stock exchanges. The Code seeks to establish a framework of good corporate governance whereby a company is managed in compliance with best practices.

The Manual serves as a reference handbook for companies – it explains the importance of good corporate governance practices for companies and explains the duties and responsibilities of directors and managers of a company in terms of the Code of Corporate Governance and the Companies Ordinance, 1984. The Manual also explains the role of various stakeholders in a company.

The Manual has been divided into the following sections:

- What is Corporate Governance?
- The Need for Corporate Governance
- The Stakeholders
- Promoting Reform and Shareholder Activism
- Role and Responsibilities of Directors and Managers
- Scrutinizing Financial Statements – What Every Director Should Know

While discussing the roles and responsibilities of directors, the Manual explains their fiduciary duties under corporate as well as Islamic law. It also distinguishes between the responsibilities of the Chief Executive Officer, the Company Secretary and Chief Financial Officer. The Manual provides certain guidelines which directors could use as a reference while reviewing financial statements. It also highlights the qualifications of external auditors of a company and the procedure for the appointment of the first auditor as well as subsequent auditors of a company.

The Manual can be accessed through the SEC website [www.secp.gov.pk](http://www.secp.gov.pk).