

# PRESS RELEASE

## MoU Signed to Establish Pakistan Institute of Corporate Governance

**KARACHI – 9 July 2004:** A historic achievement was made today when the major representative bodies of the private sector and regulators agreed on the establishment of an Institute of Corporate Governance in the country – to be named the Pakistan Institute of Corporate Governance (PICG). The PICG shall undertake activities geared towards achieving good corporate governance in the country and creating an enabling environment for effective implementation of the Code of Corporate Governance.

In this regard, a Memorandum of Understanding (MoU) was signed by the founding members to set out their agreement on the need for coordination among signatories for the establishment and successful operation of PICG and nomination of authorized promoters to incorporate and register the PICG. The signing ceremony took place at the conclusion of meeting of the founding members of PICG, chaired by Dr. Tariq Hassan, Chairman, Securities and Exchange Commission of Pakistan (SEC) at the SEC Company Registration Office (CRO), Karachi. In addition to the representatives of the SEC, the meeting was attended by representatives of:

- State Bank of Pakistan;
- Pakistan Banks Association;
- Federation of Pakistan Chamber of Commerce and Industry;
- Overseas Investors Chambers of Commerce and Industry;
- Leasing Association of Pakistan;
- Modaraba Association of Pakistan;
- Mutual Funds Association of Pakistan;
- Management Association of Pakistan;
- Karachi Stock Exchange;
- Lahore Stock Exchange; and
- Islamabad Stock Exchange;
- Institute of Business Administration;
- Institute of Chartered Accountants of Pakistan; and
- Institute of Cost and Management Accountants of Pakistan.

The founding members would also include Investment Banks Association of Pakistan, Insurance Association of Pakistan and Lahore University of Management Sciences.

The MoU provides that PICG shall be registered as a company limited by guarantee. It also lays out that the signatories shall encourage constituent members to promote on-site and distance training and education programmes for their employees offered by PICG. Moreover, any other allied, incidental or ancillary matters shall be addressed in accordance with the provisions of the Memorandum and Articles of Association of PICG.

The participants of the meeting acknowledged the need for promotion and strengthening of a culture of legal and regulatory compliance and conformance by bodies corporate. They discussed the objectives of the PICG and decided that it would aim at promoting awareness of corporate governance.

Addressing the participants of the meeting, Dr. Tariq Hassan, Chairman, SEC thanked them for their cooperation in the setting up of the PICG. He said that the signing of the MoU was a landmark event in Pakistan's corporate history as all key players had come together and resolved to commit their resources to promote good governance practices in the country.

Mr. Shaukat Tarin, President, Pakistan Banks Association, stressed that the proposed PICG should develop essential guidelines and systems whereby companies could voluntarily seek its accreditation. While the modalities for this need to be worked out, the founder members must ensure the value that accreditation of the PICG would portray.

Mr. Riaz Tata, President, FPCCI, appreciated that research had been defined as a key role of the institute and focused efforts must be undertaken at an appropriate time to ensure that all aspects of corporate governance are addressed.

With signing of the MoU, the SEC has taken the lead to form a body of leading private sector organizations that would interact and coordinate with each other to enhance good governance practices. Once established, the PICG shall be open to individual memberships as well.