

PRESS RELEASE

International Conference on Investment Banking

KARACHI - 17 January 2004: Advising the investment banks to adhere to ethical principles, Dr. Tariq Hassan, Chairman, Securities and Exchange Commission of Pakistan (SEC) said that, "As financial intermediaries and as entities operating discretionary and non-discretionary investment accounts for their clients, it is the utmost responsibility of investment banks to ensure that in their financial dealings, the interests of their clients are not compromised".

Dr. Hassan was chairing the "Corporate Governance and Ethical Issues for Investment Banks" session of the International Conference on Investment Banking arranged by the Institute of Business Administration, Karachi. He said that integrity, prudent person rule, and avoiding conflict of interest were three essential ethical principles which investment banks should abide by.

Dr. Hassan further observed that financial institutions had a peculiar dimension as they were custodians of public funds as deposit takers. He said that this placed a major responsibility on the deposit taking institutions to safeguard the interest of the depositors in addition to safeguarding the interest of the shareholders. "To me, the depositors of the financial institutions have a priority claim", he added.

He informed the participants that the SEC had been actively involved in new initiatives towards improving transparency and disclosure in financial reporting of companies. He said that the SEC has played a key role in the introduction of the Code of Corporate Governance which was the first ever-institutional effort of its kind in Pakistan. "The Code is a reflection of vision and strategic directions, which are two crucial elements of leadership. It lays down the set of values, which help implement the principles of good corporate governance in an organization", he observed.

While concluding, Chairman SEC urged the trade associations to develop their codes of conduct for the benefit of their members as well as their customers. "I see a direct relationship between a satisfied customer base and a well-managed company. The SEC would like to have a certain degree of uniformity across the sectors", he said.