

PRESS RELEASE

SEC Policy Board Meets

Islamabad – March 26, 2003: The Securities and Exchange Policy Board (Policy Board) met in Islamabad on Friday to consider various policy matters and issues brought to its consideration by the Securities and Exchange Commission of Pakistan (SEC).

The Policy Board, in pursuance of Section 12 of the Securities and Exchange Commission of Pakistan Act, 1997, comprises a mix of members from the public and private sectors. The members who participated in the deliberations in the meeting on Friday included Dr. Tariq Hassan, Chairman SEC (chair), Mr. Nawid Ahsan, Finance Secretary (ex-officio Member), Mr. Kamal Afsar, Secretary, Ministry of Commerce (ex-officio Member), Malik Hakam Khan Draftsman/Additional Secretary, Law and Justice Division (ex-officio Member), Mr. Tawfiq A. Husain, Deputy Governor, State Bank of Pakistan (ex-officio Member), Mr. Zubyr I. Soomro, Country Head, Citibank N.A. Pakistan (Member) and Dr. Shahida Jaffrey, Chief Executive, Balochistan Rural Support Programme (Member).

The Policy Board was informed about the various measures taken by the SEC to curb financial crimes under the existing legal framework. The Policy Board agreed to the SEC's view that it was practically difficult to promptly and effectively deal with such intricate and dubious matters in the absence of an effective legislation. In support of the SEC's proposal that there was a need for specific legislation to protect public interest from white-collar crime and unscrupulous elements, the Board advised the SEC to consider appropriate amendments in existing laws and, if necessary, draft a special law for the purpose.

The Board was also apprised about preparation and implementation of a Code of Ethics and Conduct for employees of the SEC. The SEC felt it evident that it must practice what it has been preaching to corporate sector to maintain high standards of transparency, integrity and honesty within the Commission. While drafting the Code, similar codes enforced in USA, Malaysia, Thailand, Philippines and Sri Lanka were also referred to. The Board highly appreciated the initiative and desired that it should be persuasive in nature.

The Policy Board approved the SEC's proposal to contribute towards the establishment of an Institute of Corporate Governance in the country, in partnership with major stakeholders. The Policy Board endorsed the proposal as contributing towards the economic efficiency and growth through development, promotion and enforcement of sound corporate governance culture in Pakistan. It is expected that a dedicated institute, focused on promoting and monitoring good corporate governance practices, would help to create an enabling environment for effective implementation of the Code.

The Policy Board also endorsed the Memorandum of Understanding (MOU) recently signed by the SEC with the Securities and Commission of Sri Lanka and approved the proposal of entering into such agreement with other regional bodies. The imperatives of globalization necessitate increasing interdependence among nations in terms of business and cross culture activities and consequently capital markets can no longer afford to remain isolated from each other or from the rest of the world. The MOU signed with the Securities and Exchange Commission of Sri Lanka allows close cooperation between the two regulatory bodies, encourages exchange of information and cooperation in human resource development and transfer of technology.