



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Media and Corporate Communications Department

PRESS RELEASE

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PSCs' compliance with SECP's corporate governance rules improves by 23%

ISLAMABAD, July 12: Owing to the facilitation and enforcement actions of the Securities and Exchange Commission of Pakistan (SECP), the public sector companies' compliance with the 2013 Public Sector Companies (Corporate Governance) Rules has improved to 37% by June 30, 2015, up from 14% during the last year.

The SECP had issued the 2013 Public Sector Companies (Corporate Governance) Rules with the approval of Federal Government. Under the rules, all the PSCs are required to submit a statement of compliance along with their annual reports. The statement has been prescribed to set out the status of compliance with different provisions of the rules including, *inter alia*, ensuring a balanced composition of BODs through induction of independent non-executive directors, separation of the offices of the chairman and chief executive, formulation of significant policies of the PSCs, performance evaluation, formation of specialized board committees, enhanced transparency and disclosure requirements, etc.

After the issuance of the rules in 2013, the SECP initiated a comprehensive programme to enhance awareness about public sector companies' (PSCs) statutory compliance obligations. The activities undertaken included issuance of compliance notices and alerts to companies, holding of seminars, workshops and conferences in collaboration with development partners, issuance of compliance guidelines, issuance of clarifications and guidance to the PSCs and line ministries, etc.

In the wake of the aforesaid actions of a softer and persuasive nature, the SECP exercised its regulatory powers by taking cognizance of defaults committed and issued show-cause notices to 158 PSCs, under intimation to their line ministries. These companies had failed to submit the statement of compliance for the year ending June 30, 2014. Following the issuance of notices, a total of 59 PSCs have filed statement of compliance by June 30, 2015.

The compliance ratio is likely to improve further as the SECP will continue its facilitation as well as enforcement activities, including issuance of FAQs, guidelines for government ownership functions, holding of awareness seminars, besides taking penal action against the defaulters, etc.

The above-mentioned rules are aimed at bringing about more transparency in the operational matters of PSCs, empowering the board of directors, strengthening internal controls, minimizing

political interference in the affairs of PSCs, etc. and are also likely to assist the government in pursuing its privatization agenda.