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PRESS RELEASE

SECP acts against directors, auditors for breaches of law

ISLAMABAD, January 10: As a part of its mandate to monitor the listed and unlisted companies to safeguard the investors' interest, the Enforcement Department of the SECP has penalized a number of companies, their directors and statutory auditors for non-compliance with the corporate laws and applicable accounting standards in December 2012.

The department initiated 39 show-cause proceedings against directors and auditors of listed and unlisted companies failing to comply with the applicable provisions of the laws. These enforcement actions were taken in view of the breaches of statutory requirements noticed by the regulator relating to misuse of powers by directors of the companies, misstatements of facts or information in the statutory returns or documents, improper circulation of the financial statements and late submission of the quarterly accounts. During the month, the department has concluded 24 proceedings against companies either by warning or by penalizing identified defaulters.

The department resolved 17 complaints by investors. These complaints pertained to shareholders that were deprived of their statutory rights to receive annual audited accounts, dividend warrants or right/bonus shares or unverified transfer deeds.

In addition, the SECP during the month allowed a company to change the place of its annual general meeting and issued a designation letter for group taxation to another company for the purpose of taxation benefit. Two listed companies have been accorded approval to appoint their cost auditors under the Companies (Audit of Cost Accounts) Rules, 1998.

Furthermore, one company was directed to hold its overdue annual general meeting while another company was directed to ensure compliance with certain provisions of applicable reporting standards.

With regards to raising capital, a listed company was granted approval for issuance of preference shares. Meanwhile, in three separate requests, companies were facilitated by granting relaxation from the requirements of 1996 Companies (Issue of Capital) Rules, and exemption from preparation of consolidated financial statements.

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- The department resolved 17 complaints by investors. SECP
- The SECP strictly monitors the listed and unlisted companies to safeguard the investors' interest. SECP spokesperson

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