



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Talent Management, Finance and Communication Division

## PRESS RELEASE

### SECP takes action against companies' directors, auditors

ISLAMABAD, December 13: The Securities and Exchange Commission of Pakistan (SECP) has taken various regulatory and punitive actions against companies' directors and auditors to safeguard the interests of the investors.

On the abuse of powers by directors of listed and un-listed companies, the Securities and Exchange Commission of Pakistan (SECP) issued show-cause notices to 23 companies in the month of November. It was revealed during the inspection of annual reports and financial statements, that the companies were involved in un-authorized inter-corporate financing, irregularities in provident fund, misstatements of financial statements, improper circulation of financial statements and un-authorized utilization of security deposits.

In November, the enforcement department also allowed a listed company for issuance of preference shares. The issuance of preferred shares resulted into injunction of capital of Rs2.4 billion in the corporate entity. Relaxation was also allowed to another listed company from the requirements of Companies (Issue of Capital) Rules, 1996.

There were four companies that were found unable to organize their mandatory Annual General Meetings (AGMs) in given schedule. These companies were directed to hold their overdue annual general meetings, while two companies were directed to issue addendum to the notice of annual general meeting/extra-ordinary general meeting. Meanwhile, a listed company was also allowed to change the place of its annual general meeting.

During the month, the enforcement wing also received 12 complaints from investors mainly related to non-declaration of dividend, non-receipt of annual accounts, non-receipt of dividend warrant and issuance of duplicate shares. The complaints were resolved after initiating necessary actions.

The enforcement department also directed four listed companies to place their quarterly accounts on their website for dissemination of information to their shareholders. Furthermore, exemption was granted to two companies from preparation of their consolidated financial statements.

In addition, 23 listed companies have been accorded approval to appoint their cost auditors under the Companies (Audit of Cost Accounts) Rules, 1998 while approvals were granted to two companies for registration of modification of charge and registration as group companies. The SECP also concluded proceedings against 24 companies either by warning or by penalizing identified defaulters.

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