

Press Release

Chairman SEC Addresses ICAP Seminar at Lahore

Islamabad – January 5, 2005: The Chairman, Securities and Exchange Commission of Pakistan (SEC), Dr. Tariq Hassan, has urged directors, managers and auditors to closely understand a broad cross-section of corporate frauds in order to carry out their fiduciary responsibilities in an effective manner.

He said this while addressing a seminar on “Corporate fraud – responsibilities of the Board, Management and Auditors to prevent and deter financial crime” organized by the Institute of Chartered Accountants of Pakistan (ICAP) in Lahore on Wednesday. Earlier, Mr. Asad Ali Shah, member ICAP gave a detailed presentation on the subject.

The Chairman SEC asked management to develop and implement effective measures, such as developing a code of conduct and ethics for the organization as well as ensuring adequate segregation of duties at all levels, in order to deter corporate fraud. Elaborating the role of management, board and internal and external auditors in curtailing financial frauds, Dr. Hassan urged these groups to supplement each other’s efforts to ensure transparency and accountability in the corporate sector.

Referring to the reforms undertaken by the SEC to prevent and deter financial crimes, the Chairman SEC said that timely and effective actions were taken against forex companies, international brokerage houses, multi-level marketing and pyramid schemes for engendering investors’ confidence and achieving healthy growth of sectors under its purview.

“The SEC also carries out examination of financial statements of listed companies to ensure adequacy of disclosures, monitor compliance with applicable laws and regulations, and discourage unauthorized transactions,” he said adding that appropriate enforcement actions have been taken for the prompt redressal of investors complaints. He informed that, in recent years, the SEC has taken actions against erring management, directors as well as external auditors of companies.

Dr. Hassan informed that efforts were underway to extend the Code of Corporate Governance to public sector entities and non-for-profit associations. “The Code, which is currently applicable to listed companies, is a valuable mechanism for ensuring transparency and accountability in the affairs of companies”, he said.