

Press Release

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For immediate release

SECP tells CFOs of listed companies to authenticate financial statements

ISLAMBAD, January 3: The Securities and Exchange Commission of Pakistan (SECP) has reminded the chief financial officers (CFOs) of listed companies to authenticate financial statements of their companies. This authentication is compulsory under section 232 of the Companies Act, 2017, for the ensuing periods to avoid any punitive action in the future.

During regulatory review of listed companies, a number of instances have been highlighted where CFOs, in violation of the explicit legal requirements, have not authenticated the financial statements for the year ending June 30, 2017. Since, it is a newly introduced requirement for listed companies, therefore, the SECP intends to raise awareness among them for future compliance. Accordingly, boards and management of listed companies must fully comply with the legal requirements of section 232 of the Act in respect of the financial statements for the ensuing periods to avoid any punitive action in future.

Consistent with the requirements of section 232 of the repealed Companies Ordinance, 1984, the newly enforced Companies Act, 2017, has retained the requirement that the financial statements of companies must be approved by the board of the company and signed on behalf of the board by the chief executive and at least one director of the company. In case of a listed company, the section further requires authentication of financial statements by the CFO. The introduction of this additional requirement intends to make the executive management of a listed company to give more thought and care to the authentication of the financial statements, by making them personally liable for authenticity of information contained therein.

It is to reiterate that one of the main objectives of the Companies Act, 2017, is to align various legal requirements with the best international practices for better protection of interests of members and other stakeholders of companies.

The preparation, authentication and dissemination of financial statements is one of the most important legal requirements of the Companies Act, 2017. Financial statements of companies not only provide the most authentic financial information to the users, but also show management's stewardship of resources entrusted to them by the shareholders. This becomes even more important in case of listed companies because they have the public's stake.

Being the corporate sector regulator, the SECP strives to improve financial reporting framework and practices to raise investors' confidence in capital markets.

