

GLOBAL INVESTING - CEO sign-off has little effect NEWS DIGEST.

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More than 760 US corporate executives scrambled to comply with new Securities and Exchange Commission rules requiring them to certify their financial accounts by August. But it did nothing for their share price, according to a new study from **Utpal** Bhattacharya, a finance professor at Indiana University's Kelley School of Business and two Indiana PhD students, Peter Groznik and Bruce Haslem.

"Certification was not only a non-event for the certifiers around their certification date, but it was also a non-event for the non-certifiers around August 15, 2002," the study said.

Of the 688 companies that were required to provide a CEO sign-off in August, 15 issued caveats and nine failed to comply, but none saw abnormally negative share price movements.

Prof Bhattacharya said the market had already separated the "good" companies from the "bad" ones by April 2002 - well before June, when the SEC issued its order to the country's largest firms, July, when Congress included CEO certification in the Sarbanes-Oxley Act, and August, when the SEC deadline arrived.

"CEO certification of earnings numbers was, at best, a marginally valuable addition to the arsenal of good corporate governance practices," the study concluded. Alison Beard

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