

April 05, 1999 Securities and Exchange Commission of Pakistan issues directive to the management of Fidelity Investment Bank Limited to dis-invest its inter-corporate investment of Rs. 10 million in Security General Insurance Co., Limited

Enforcement and Monitoring Wing of SECP has issued a Notice under section 472 of the Companies Ordinance, 1984. According to the Notice issued to the President and Chief Executive of Fidelity Investment Bank, Limited (FIBL), Securities and Exchange Commission of Pakistan (SECP) has pointed out that the annual accounts of the bank for the period ended on June 30, 1998 showed that an equity investment of Rs. 5 million had been made during the year in an associated company namely Security General Insurance Company, Limited in addition to earlier equity investment of Rs. 5 million. SECP has observed that the inter-corporate investment cannot be justified in the interest of the bank and it has been found to be against the interest of shareholders of FIBL. While issuing the notice, SECP has directed the management of the bank to " dis-invest the whole investment of Rs. 10 million in Security General Insurance Company, Limited and recover the said amount of Rs. 10 million along with a reasonable return, as per undertaking given during the course of hearing, from the Security General Insurance Company, Limited, within a period of 60 days of this notice."