

Sebi Fines Franklin AMC's Senior Execs and Trustee

Wound-up Debt Schemes Total fine of about ₹21 cr on 13 entities; FT AMC and Trustee co may file appeal at SAT

Our Bureau

Mumbai: The Securities and Exchange Board of India (Sebi) on Monday imposed a total fine of about Rs 21 crore on 13 entities in the Franklin Templeton case, where six debt plans were unprecedentedly scrapped in April last year in the aftermath of a steep fall in the value of top financial indices.

The fine includes a ₹3-crore penalty on FT Trustee Services and ₹2 crore each on Sanjay Sapre, FT AMC India's chief executive and Santosh Kamath its chief investment officer-debt funds. Sebi has also fined fund managers Kunal Agarwal, Sumit Gupta, Pallab Roy, Sachin Padwal Desai and Umesh Sharma ₹1.5 crore each. Chief compliance officer Saurabh Gangra-

de was fined ₹50 lakh.

In a separate order, Sebi has also penalised two directors of FT AMC ₹70 lakh for allegedly misusing their position and using non-public information to withdraw their money before the six schemes were wound up. The regulator has also fined one of the directors' spouse ₹5 lakh.

Sebi has also imposed a fine of ₹5 crore on Mywish Marketplaces, an associate company of FT AMC. FT AMC has nominated Vivek Kudva, the fund house's Asia-Pacific executive, as its director on the board of Mywish. Sebi said Vivek Kudva was a common director on the board of both FT AMC and Mywish Marketplaces.

The regulator alleged that the company had used inside information provided by Vivek Kudva to withdraw funds from the debt schemes.



FT AMC and Trustee Company intend to file an appeal before the Securities Appellate Tribunal. "We believe the company and employees have acted in compliance with regulations and in the best interest of unit-holders in discharging their responsibilities," FT AMC said in a statement Monday.

The Sebi order relates to the fund

house's decision to shut down six debt schemes in April 2020 that stopped access to ₹26,000 crore of investor money for up to 10 months.

"The serious lapses and violations clearly appear to be a fallout of the FT-MF's obsession to run high-yield strategies without due regard from the concomitant risk dimensions," Sebi said on Monday. "The trustees are guardians of funds of investors. In order to protect the interest of all the investors, they are expected to exercise fiduciary duties of trust and ensure fairness to all investors. In order to enable the AMC to carry out its objectives, the CEO, CIO, CO and the fund managers are expected to act diligently in the best interest of the unit-holders by complying with the various regulatory provisions."

Last week, Sebi had barred FT AMC

from launching debt schemes for two years and had imposed a penalty of ₹5 crore. It had also imposed a total fine of ₹7 crore on Kudva and his wife, Roopa, who is the managing director of Omidyar Network India. Additionally, the couple and Kudva's mother were directed to put ₹22 crore into an escrow account as they had cumulatively redeemed units worth ₹30 crore in the six wound-up debt schemes while in possession of material non-public information.

The regulator had also asked the fund house to refund to unit-holders investment management and advisory fees it collected between June 4, 2018 and April 23, 2020 along with interest of the six wound-up debt schemes. This amounts to over ₹512 crore, which must be paid to the unit-holders within 21 days.