

● COMPANY TO MOVE SAT

Sebi slaps ₹15-cr penalty on Franklin's officials, trustee

PRESS TRUST OF INDIA
New Delhi, June 14

SEBI ON MONDAY imposed a penalty totalling ₹15 crore on senior officials of Franklin Templeton AMC and its trustee for violating regulatory norms in the case of winding up of six debt schemes in 2020. However, a spokesperson of Franklin Templeton said they disagree with the findings in Sebi's order and intend to file an appeal with the Securities Appellate Tribunal (SAT).

A fine of ₹3 crore has been levied on Franklin Templeton Trustee Services and ₹2 crore each on Franklin Asset Management (India) president Sanjay Sapre and its chief investment officer Santosh Kamat, according to the Sebi order.

In addition, the regulator imposed a penalty of ₹1.5 crore each on fund managers —Kunal Agarwal, Pallab Roy, Sachin Padwal Desai and Umesh Sharma — as well as former fund manager Sumit Gupta. Besides, a ₹50-lakh penalty has been levied on chief compliance officer



Saurabh Gangrade.

They have been directed to pay the penalty within 45 days.

Sebi noted that the trustees of Franklin Templeton Mutual Fund (MF) and these officials failed to avert certain lapses in the functioning of the mutual fund. "The acts and deeds committed by them while discharging their duties are not in the interest of the unitholders in specific and the investors in general," Sebi said in its 151-page order.

According to the regulator, the officials did not exercise proper due diligence while discharging their responsibilities at the relevant time and violated the regulatory requirements, which hampered the interest of the unitholders.

On the trustees, Sebi said, "Evidences available do not indicate actions / directions to establish that the Trustees had exercised high standards of service, exercised due diligence, ensure proper care and exercised independent professional judgment to address these risks."

"For a fund house which has been in this industry in India for over two-and-a-half decades, it is surprising that its systems to monitor and manage critical risks like liquidity, credit and concentration are less than robust. The effectiveness of these systems stand compromised in the process of the noticee's single minded pursuit of reaping high yield," Sebi said.