

Franklin Templeton: SC asks SEBI to appoint observers for e-voting process

Wants results to be submitted in a sealed cover

LEGAL CORRESPONDENT

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The Supreme Court on Wednesday directed market regulator Securities Exchange Board of India (SEBI) to appoint an observer to monitor the e-voting process of unit holders for winding up of Franklin Templeton's six mutual fund schemes.

"SEBI shall appoint an observer regarding the e-voting of unit holders which is scheduled between December 26 to December 29, 2020," a Bench of Justices S. Abdul Nazeer and Sanjiv Khanna ordered.

The result of the e-voting would not be announced and would be produced before the court in a sealed cover along with the report of the observer appointed by the SEBI. "SEBI would also file a copy of the final forensic audit report be-

fore this court in a sealed cover. It is made clear that the trustees are undertaking the exercise of e-voting and SEBI, in terms of our directions, is appointing an observer," the court noted.

Redemption payment

The court directed that the interim order passed on December 3, staying redemption payment to the unit holders would continue till the next date of hearing.

The court listed the case for hearing next in the third week of January. The court acknowledged the apprehension raised by Solicitor General Tushar Mehta, for SEBI, that the December 3 order of the Bench allowing the calling of a meeting of unit holders to seek their consent/approval could be misread and treated as a precedent. Mehta said the order could be misinterpreted and this would "create difficulties".

"We clarify that the order dated



December 3 was passed in the peculiar facts and circumstances of the case and to expedite the hearing and decision in the present special leave petitions.

The same should not be treated as a precedent in any other matter," the court order said.

The top court is hearing an appeal filed by Franklin Templeton against the Karnataka High Court order which stopped the fund house from winding up its debt fund schemes without prior consent of the investors.