

FRANKLIN TEMPLETON DEBT MF SCHEME

Investors haul SEBI officials, MF's Trustees to court

SURESH PIYENGAR

Mumbai, November 23

Investors who hold units in the six suspended debt schemes of Franklin Templeton have slapped a legal notice on capital market regulator SEBI, seeking action against officials who, they said, handled the issue with soft gloves and enhanced the borrowing limit of the debt schemes.

Just before the six debt schemes were suspended in April, the borrowing limit of Franklin India Low Duration and Short Term Income Plan was increased to 30 per cent from 20 per cent, while that of Franklin India Income Opportunities Fund and Credit Risk Fund was doubled to 40 per cent from 20 per cent.

Seeking inquiry

In the notice sent through Advocate Puneet Jain, who was one of the intervening lawyers before the Karnataka High Court in the matter, investors have sought a vigilance inquiry and action against SEBI officials involved in the issue.

The notice also blamed the Trustees of Franklin Templeton,

who closed the scheme without the consent of investors, and urged them to reopen the scheme for all unit-holders at the earliest.

"Franklin Templeton has committed egregious wholesale violations of the regulations, which have been enumerated in the complaints and notices issued by my clients which are with SEBI. It is therefore imperative that SEBI takes immediate action. Continued inaction by SEBI, despite observations by the Karnataka High Court, points to implicit complicity of SEBI and its officers with Franklin Templeton," said the legal notice. Investors in the six suspended debt funds want Franklin Templeton to redeem their investments with 15 per cent interest on the declared net asset value as on April 23. The six schemes had AUM of ₹25,000 crore.

Meanwhile, Franklin Templeton has decided to move the Supreme Court against the Karnataka High Court order directing the fund house to seek investors' approval before winding up the six debt schemes.