The New Indian Express (Chennai), Pg 12 10th Dec 2020

SC halts redemptions in Franklin case till Jan

ENS ECONOMIC BUREAU @ New Delhi

INVESTORS of Franklin Templeton will now have to wait till January next year to get back their money as the Supreme Court on Wednesday stayed redemptions for the six schemes that were shut in April till the third week of January. Extending its earlier order of staying the redemption process, the top court has asked Franklin Templeton India to go ahead with its e-voting, beginning December 26, and directed capital markets regulator Securities and Exchange Board of India (Sebi) to appoint an observer for overseeing the process.

On December 3, the apex court had asked Franklin Templeton to seek the unitholders' consent within a week to close the six debt schemes. Later on December 7, Franklin informed that it has sought the consent of unit-holders for the orderly winding up of the six fixed income schemes. All the unitholders of the six debt mutual fund schemes of Franklin Templeton, which was abruptly shut down in April this year, will get to vote in favour of or against the winding up of the credit risk schemes. The voting process will begin from December 26 and will continue till December 28, followed by a meeting the next day.

Meanwhile, an investors' group Chennai Financial Markets and Accountability (CFMA) has asked unitholders to vote against the winding up. In a bulletin published on December 8, CFMA urged the Supreme Court to let the forensic audit report of SEBI be made available to unitholders before they are made to vote on the winding up of schemes. "It is our estimate that there is a large risk of erosion of principal amount to an extent of ₹15,000 crore to ₹20,000 crore, keeping aside the return on investments," CFMA said. On the other hand, Franklin Templeton said that unitholders were trying to create panic.