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Franklin Templeton: CFMA moves SC, says no apparent steps taken by SEBI to appoint observer

New Delhi, Dec 25 (PTI) Chennai Financial Markets and Accountability (CFMA) has filed an application in the Supreme Court alleging that despite the apex court's December 9 order, "no apparent steps" have been taken by the SEBI to appoint an observer for overseeing the e-voting process with regard to winding up Franklin Templeton's six mutual fund schemes.

The top court had on December 9 asked the Securities and Exchange Board of India (SEBI) to appoint an observer for overseeing the e-voting process, scheduled between December 26 to December 29.

"The concern of CFMA is, though the aforesaid order was passed on the 9th of this month, there has been no apparent steps taken by SEBI to appoint an observer. The voting is scheduled to commence from tomorrow (December 26) and there is no update about who the observer is, or his/her e-mail id, contact information, etc," CFMA said in a press statement.

In its statement, CFMA has said it has moved an interim application in the apex court.

On December 9, the top court had said its December 3 order, in which it had said that "for the time being, there will be a stay of redemption payment to the unit holders", would continue till the next date of hearing.

"SEBI shall appoint an observer regarding the e-voting of unit holders which is scheduled between December 26 to December 29, 2020. The result of the e-voting would not be announced and would be produced before us in a sealed cover along with the report of the observer appointed by the SEBI", the apex court had said in its December 9 order.

It had posted the matter for hearing in the third week of January.

On December 3, the apex court had asked Franklin Templeton Mutual Fund to initiate steps within one week for calling a meeting of unit-holders to seek their consent for closure of six mutual fund schemes.

On December 7, Franklin Templeton Mutual Fund had said it has sought consent of the unit-holders for the orderly winding up of the six fixed income schemes.

The apex court is hearing the pleas, including the one 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.

On October 24, the Karnataka High Court had said the decision of Franklin Templeton Trustee Services Private Limited to wind up six schemes cannot be implemented unless the consent of the unit holders is obtained.

The six schemes are Franklin India Low Duration Fund, Franklin India Ultra Short Bond Fund, Franklin India Short Term Income Plan, Franklin India Credit Risk Fund, Franklin India Dynamic Accrual Fund and Franklin India Income Opportunities Fund.

Franklin Templeton MF closed these six debt mutual fund schemes on April 23, citing redemption pressure and lack of liquidity in the bond market.

Till November 27, the six schemes received total cash flows of Rs 11,576 crore from maturities, pre-payments and coupon payments since April 24, 2020.

The cash available stands at Rs 7,226 crore as of November 27 for the four cash positive schemes, subject to fund running expenses. PTI

Source: <https://www.outlookindia.com/newscroll/franklin-templeton-cfma-moves-sc-says-no-apparent-steps-taken-by-sebi-to-appoint-observer/1999438>