

THE TIMES OF INDIA

FTMF funds closure: CFMA moves SC on Sebi for not naming observer for voting

IANIS | Dec 25, 2020, 08.03 PM IST

NEW DELHI: The Chennai Financial Markets and Accountability (CFMA), an organisation fighting for the cause of investors, on Friday moved an urgent application in the Supreme Court against the Securities and Exchange Board of India (Sebi) not appointing an observer to oversee the e-voting by Franklin Templeton Mutual Fund (FTMF) in terms of the court's December 9 order.

In its order dated December 9, the apex court directed the markets regulator to appoint an observer to oversee the entire e-voting process by Franklin Templeton to be held between December 26 and 29.

"The Sebi shall appoint an observer regarding the e-voting of unit-holders which is scheduled between December 26 and 29. 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 Sebi would also file a copy of the final Forensic Audit Report before this court in a sealed cover," said the operative portion of the order.

The CFMA said that though the Supreme Court order was passed on December 9, there have been no apparent steps taken by the SEBI to appoint an observer.

"The voting is scheduled to commence tomorrow (Saturday) and there is no update about the observer and his/her co-ordinates, including email and contact information."

The CFMA alleged that the conduct of the Sebi in the case of FTMF has remained questionable since Franklin Templeton decided to wind up six debt schemes in April 2020, citing the "frivolous reason" of Covid-19. It said that it has been rightly observed by the Karnataka high court that the Sebi, being the market regulator, did not do enough to sustain the confidence of investors and the investors would be "justified in their criticism that the Sebi was a silent spectator".

"Had it been any prudent regulator, it would have given the details of the observer well in advance for the unit-holders to voice their grievances if any. However, in the present case, the Sebi has left the unit-holders of FTMF in the lurch," it pointed out.

"Franklin Templeton choosing weekend for the voting and the Sebi remaining silent on the observer show that the duo do not want to keep the voting process transparent," it added.

The CFMA has advised the unit-holders "not to get lured by vague promises by FTMF, make an informed decision in view of the glaring facts and reasons and vote against the winding-up of the six debt funds".

Franklin Templeton is seeking a simple-majority consent of its unit-holders to wind up six debt funds it had shut in April this year, which locked over Rs 28,000 crore in the biggest forced fund closure ever in India.

Source: <https://timesofindia.indiatimes.com/business/india-business/ftmf-funds-closure-cfma-moves-sc-on-sebi-for-not-naming-observer-for-voting/articleshow/79956591.cms>