July 1, 2020

VIA E-MAIL

Timothy B. Henseler, Esq.
Chief, Office of Enforcement Liaison
Division of Corporation Finance
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: In the Matter of Franklin Templeton Investments Corp.,
Franklin Resources, Inc. – Waiver Request of Ineligible Issuer Status under Rule 405 of the Securities Act of 1933

Dear Mr. Henseler:

We submit this letter on behalf of our client, Franklin Resources, Inc. (the “Parent Company,” operating through its subsidiaries as Franklin Templeton (“FT’’)) in connection with the settlement of an administrative proceeding with the United States Securities and Exchange Commission (the “Commission”) brought against Franklin Advisers, Inc. (“FAV”) and Franklin Templeton Investments Corp. (“FTIC”) (FAV and FTIC, each a “Settling Party” and, together, the “Settling Parties”). FAV and FTIC are investment advisers registered under the Investment Advisers Act of 1940 (“Advisers Act”). FAV is a direct subsidiary, and FTIC is an indirect subsidiary, of the Parent Company. In connection with the settlement, the Settling Parties have consented to the entry of an order (the “Order”) (i) providing for the payment of a civil money penalty by each of the Settling Parties, (ii) directing FAV to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder and Section 12(d)(1)(A) of the Investment Company Act of 1940 (“Investment Company Act”) and Rule 38a-1(a) promulgated thereunder, (iii) providing for the censure of FAV and (iv) directing FTIC to cease and desist from committing or causing any violations and any future violations of Section 12(d)(1)(A) of the Investment Company Act.

The Parent Company is a reporting company registered under Section 12 of the Securities Exchange Act of 1934 (the “Exchange Act”), with shares of its common stock listed on the New York Stock Exchange under the ticker symbol “BEN.” The Parent Company currently qualifies as a “well-known seasoned issuer” (“WKSI”), as defined in Rule 405 under the Securities Act of 1933, as amended (the “Securities Act”). The Parent Company is seeking to maintain its WKSI status and, as a result, is hereby respectfully requesting a waiver from the Division of Corporation Finance (the “Division”), acting pursuant to delegated authority, or an order
granting such a waiver from the Commission itself, determining that it is not necessary under the circumstances to deem the Parent Company to be an “ineligible issuer,” as defined in Rule 405, as a result of the Commission entering the Order. Consistent with the framework outlined in the Division’s Revised Statement on Well-Known Seasoned Issuer Waivers (the “Revised Statement”), 1 and as discussed below, the Parent Company respectfully submits that there is good cause for the Division, acting pursuant to delegated authority, to grant the requested waiver, or for the Commission itself to enter an order granting the requested waiver.

The Parent Company requests that the determination that it not be deemed an ineligible issuer be made effective upon entry of the Order.

BACKGROUND

The Settling Parties and staff of the Division of the Enforcement (“Enforcement Staff”) previously agreed to resolve the above-captioned matter. Under the terms of the resolution, the Commission initiated a settled administrative proceeding under Section 9(f) of the Investment Company Act and Sections 203(e) and 203(k) of the Advisers Act. The Order finds that FAV: (i) caused certain U.S.-registered investment companies advised by FAV (“Funds”) to violate Section 12(d)(1)(A)(iii) of the Investment Company Act by purchasing an amount of shares in three U.S.-registered exchange-traded funds (“ETFs”) in excess of the firm-wide ownership limitation contained in Section 12(d)(1)(F) of the Investment Company Act for each of the ETFs; (ii) in connection with those exceedances, failed to implement the pre-trade screening process set forth in FT’s written policies and procedures designed to comply with Section 12(d)(1)(A)(iii), including compliance with the conditions of the exemption provided by Section 12(d)(1)(F), thereby willfully violating Section 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder; (iii) in connection with its determination regarding reimbursement of the affected Funds, failed to follow FT’s Trade Error Correction Compliance Policy and Procedures, thereby willfully violating Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder; (iv) in connection with those exceedances and its determination regarding reimbursement of the affected Funds, did not disclose to the Boards of those Funds that the Funds had realized losses totaling $2.184 million on their corrective sales of shares of one of the ETFs and the conflict of interest relating to its reimbursement determination, thereby willfully violating Section 206(2) of the Advisers Act; and (v) caused the Funds’ violations of Rule 38a-1(a) promulgated under the Investment Company Act. With respect to FTIC, the Order finds that FTIC caused certain Canadian-domiciled investment companies advised by FTIC (the “Quotential Funds”) to violate Section 12(d)(1)(A)(i) of the Investment Company Act.

Without admitting or denying the findings set forth in the Order, except as to the jurisdiction of the Commission, FAV consented to the entry of the Order, finding that (i) FAV willfully violated Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder and (ii) FAV caused the Funds to violate Section 12(d)(1)(A)(iii) of the Investment Company Act and Rule 38a-1(a) promulgated thereunder. The Order provides for the

1 Division of Corporation Finance, Revised Statement on Well-Known Seasoned Issuer Waivers, April 24, 2014.
The Parent Company understands that the entry of the Order against FAV and FTIC will render the Parent Company an ineligible issuer under Rule 405. As a result, absent a waiver determining that it is not necessary under the circumstances to deem the Parent Company to be an ineligible issuer, the Parent Company would no longer be able to avail itself of the benefits of WKSI status. Consistent with the framework outlined in the Revised Statement, based on the facts and circumstances discussed below, the Parent Company respectfully submits that there is good cause for the Division or the Commission to determine that it is not necessary under the circumstances for the Parent Company to be deemed an ineligible issuer as a result of the Order and grant the requested waiver.

1. The Nature of, Persons Responsible for, and Duration of the Conduct.

Nature of the Conduct

The Parent Company is not being charged by the Commission. The violations and the underlying conduct described in the Order relate to the Advisers Act and the Investment Company Act, and are unrelated to actions undertaken by the Parent Company or by the Settling Parties, their affiliates, or their subsidiaries in connection with the Parent Company’s role as an issuer of securities (or any disclosure related thereto) or any of the Parent Company’s filings with the Commission under the Securities Act and the Exchange Act. In addition, the conduct described in the Order did not involve any material misstatements or omissions of fact in any of the Parent Company’s public disclosures and did not materially impact the Parent Company’s financial statements. The Order will not find any weaknesses or violations associated with the disclosure and other internal controls maintained by the Parent Company in connection with its preparation and review of its financial statements and Commission filings under the Securities Act and the Exchange Act.

The Order also will not include any findings that there were intentional or reckless violations of the Advisers Act, the Investment Company Act or any other federal securities law.
Although Section 206(2) of the Advisers Act is considered to be an anti-fraud provision, only FAV, and not the Parent Company, has been found to have committed that violation.

No Scienter-Based or Criminal Conduct

The violations reflected in the Order are non-scienter-based violations of the Advisers Act and the Investment Company Act. The Order will not involve a criminal conviction, and neither the Parent Company nor the Settling Parties have been the named party in a criminal matter involving disclosure for which the Parent Company or any subsidiary was responsible.

Persons Responsible for the Conduct

The conduct described in the Order involved fund, adviser and investment compliance personnel who were not and are not responsible for, and did not have and do not have any influence over, the preparation of the Parent Company’s financial statements or Commission filings under the Securities Act and the Exchange Act. No employees of the Parent Company responsible for preparation of the Parent Company’s financial statements and filings with the Commission under the Securities Act and the Exchange Act or members of the Board of Directors of the Parent Company knew of or were involved in the conduct described in the Order, nor did they ignore any red flags with respect to such conduct. Moreover, no employees or members of the Board of Directors of the Parent Company or employees of the Settling Parties will be named as respondents or charged with any violations of the securities laws in connection with the conduct described in the Order. Accordingly, the violations described in the Order do not call into question the ability of the Parent Company to provide reliable disclosures, currently and in the future, as an issuer of securities or in any Commission filings under the Securities Act and the Exchange Act.

Duration of the Conduct

The violations reflected in the Order took place between December 2014 and June 2016 for FAV and between February 2015 and September 2016 for FTIC.

2. Remedial Steps Taken.

FT and the Settling Parties have undertaken extensive efforts to strengthen existing compliance programs and improve training with respect to the issues underlying the Order.

On the day that FT compliance personnel first discovered the exceedances of the Section 12(d)(1)(F) limit, FAV halted all trading in the affected securities and took immediate action to prevent future non-compliant purchases. FT compliance personnel also promptly implemented a manual pre-clearance process designed to ensure compliance with Section 12(d)(1)(F) and directed FAV’s portfolio management team to sell the necessary shares to bring the FT fund complex’s holdings under the Section 12(d)(1)(F) limit. To prevent future violations of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder with respect to Section
12(d)(1)(A)(iii), and the exemption provided by Section 12(d)(1)(F), FT’s compliance personnel also designed and implemented automated controls to ensure compliance with Section 12(d)(1)(F). Beginning in December 2015, FT compliance personnel implemented an automated control that stopped any purchase of an ETF by a fund attached to the test for manual review by FT compliance personnel for compliance with Section (12)(1)(A)(iii) and Section 12(d)(1)(F). At this time, FT compliance personnel also ran the test over the FT Fund complex’s holdings to evaluate existing holdings for compliance with Section (12)(1)(A)(iii) and Section 12(d)(1)(F). FT compliance expanded the test to address purchases of closed-end funds in December 2016 and further expanded it to include any purchase of a long position in an ETF, open-end, or closed-end mutual fund in March 2017. The automated controls require FT compliance personnel to review and clear any purchase of a security covered by the test before it can be executed. Beginning at least as early as March 2016, FT compliance personnel also began to review the FT fund complex’s holdings of ETFs on a weekly basis for compliance with Section (12)(1)(A)(iii) and Section 12(d)(1)(F). FT compliance personnel also provided additional training to FAV’s portfolio management team and other personnel. In addition, FAV reimbursed the relevant Funds for their losses, including interest on those losses.

In an effort to avoid future violations of Section 206(2) of the Advisers Act, FT is in the process of revising its trade error correction policy. The revised policy will clarify the appropriate remedial actions to be taken in the case of investment errors (i.e., purchases or sales that are executed in accordance with the instructions of a portfolio manager, but which are in contravention of an account’s investment guidelines or applicable law or regulation). The revised policy will, among other things, specify the factors to be considered in determining the appropriate remedial action, as well as required approvals, documentation and board and other reporting obligations. FT intends to present the revised policy to the FT fund boards at the next regularly-scheduled joint meeting of the boards in May 2020. FT will implement the revised policy beginning immediately following approval by the boards.

After learning of the Quotential Funds’ prior exceedances of the Section 12(d)(1)(A)(i) limit, FT compliance personnel conducted a review of all FT fund holdings on a complex-wide basis to determine whether any additional funds held securities in excess of that provision’s 3% limit. In addition, FT compliance personnel implemented new automated controls to test trades by offshore and private funds for compliance with Section 12(d)(1)(A)(i). Beginning in November 2016, the new control stopped any purchase of an ETF by a fund attached to the test for manual review by FT compliance personnel for compliance with Section 12(d)(1)(A)(i). FT compliance personnel expanded the test to include purchases of closed-end funds in December 2016 and further expanded it to include any purchase of an ETF, open-end, or closed-end mutual fund in February 2017. The automated controls require FT compliance personnel to review and clear any purchase of a security covered by the test before it can be executed. Beginning at least as early as February 2017, FT compliance personnel also began to review the FT fund complex’s holdings of ETFs on a weekly basis for compliance with Section (12)(1)(A)(i). FT also implemented a new policy and set of procedures governing investments by its offshore and private funds in U.S.-registered funds that included compliance with Section 12(d)(1)(A)(i). FT compliance personnel provided training on compliance with Section 12(d)(1)(A)(i) by offshore
and private funds and on the new policy and procedures to FT’s compliance, portfolio management, and other personnel.

3. Impact on the Parent Company if the Waiver Request is Denied.

The Revised Statement indicates that the Division will “assess whether the loss of WKSI status would be a disproportionate hardship in light of the nature of the issuer’s conduct.” The Parent Company respectfully submits that the Parent Company being deemed an ineligible issuer, and the related loss of WKSI status, would be a disproportionate hardship in light of the lack of conduct at the Parent Company and the lack of connection between the conduct described in the Order and the Parent Company’s financial statements, filings with the Commission under the Securities Act and the Exchange Act, and the Parent Company’s other public disclosures.

The Parent Company is a global investment management organization operating as FT. FT provides global and domestic investment management to retail, institutional and sovereign wealth clients in over 170 countries. Through specialized teams, the Parent Company has expertise across all asset classes, including equity, fixed income, alternatives and custom multi-asset solutions. The Parent Company has employees in over 30 countries, including more than 600 investment professionals who are supported by its integrated, worldwide team of risk management professionals and global trading desk network. As of January 31, 2020, the Parent Company had approximately $688 billion in assets under management, and recently announced its planned acquisition of another well-known investment management organization that had approximately $806 billion in assets under management as of January 31, 2020. The acquisition calls for a cash payment of approximately $4.5 billion to the acquired company’s shareholders and the assumption by the Parent Company of approximately $2 billion of the acquired company’s indebtedness.

Although the Parent Company does not currently have an effective Form S-3ASR on file with the Commission, it has relied in the past and, if the requested waiver is granted, expects to rely in the future, including potentially in connection with the indebtedness and other obligations it is assuming under the acquisition described above, on automatic shelf registration statements to conduct offers and sales of securities, with the automatic shelf registration process providing an important means of timely and efficient access to the capital markets to provide funding for its business activities. As a result, the Parent Company’s ability to avail itself of automatic shelf registration and the other benefits available to a WKSI in the future is extremely important to its ability efficiently to raise capital and conduct its business.

During the past 10 years, the Parent Company completed public offerings of its debt securities in an aggregate principal amount of $1.9 billion, in each case offering and selling securities that had been registered on Form S-3ASR registration statements. The proceeds from these offerings were used for a variety of purposes. The Parent Company expects that the proceeds of future offerings also would be used for a variety of purposes, including funding operations and growth, repayment, redemption or refinancing of debt and senior equity securities, commercial paper and similar obligations, and financing future acquisitions.
The ability to avail itself of the benefits of WKSI status has been important in the past and will continue to be important to the Parent Company in the future. The Parent Company participates in a rapidly evolving industry, and like its competitors faces changing regulatory and market conditions and uncertainties. Strategic transactions and favorable financing opportunities can present themselves with little notice. The Parent Company’s ability to rapidly access capital markets when conditions are favorable or when additional capital needs arise can significantly impact its financing costs, its ability to pursue growth opportunities and its ability to drive investor value, and the use of Form S-3ASR registration statements affords the Parent Company the opportunity to quickly and efficiently undertake registered securities offerings. An inability to utilize an automatic shelf registration statement in future offerings could result in the Parent Company being unable to react quickly to opportunities and changes in market conditions, which could result in investor harm and put the Parent Company at a disadvantage compared to other issuers, particularly other issuers in the Parent Company’s industry.

The Parent Company respectfully submits that disqualification from being eligible for WKSI status would be an unduly severe consequence in light of the conduct of its subsidiaries described in the Order. A denial of the Parent Company’s waiver request would materially hinder its access to the capital markets, as a loss of WKSI status would significantly increase the time, labor, and costs associated with such access. As noted above, the conduct described in the Order does not relate in any manner to issuance of the Parent Company’s securities, and, therefore, the Parent Company believes it would be inequitable to its shareholders to lose its WKSI status.

4. Prior Relief.

The Parent Company has not previously requested waivers regarding ineligible issuer status.

**CONCLUSION**

In light of the foregoing, the Parent Company respectfully submits that subjecting it to ineligible issuer status is not necessary under the circumstances, either in the public interest or for the protection of investors, and good cause exists for the grant of the waiver requested. Accordingly, the Parent Company respectfully requests that the Division, acting pursuant to its delegated authority, or the Commission itself, determine that it is not necessary under the circumstances to deem the Parent Company, and any of its current and future affiliates, to be an “ineligible issuer,” as defined in Rule 405, as a result of the Commission entering the Order. The Parent Company further requests that the determination that it not be deemed an ineligible issuer be made effective upon entry of the Order and, with respect to the potential effect of the Order, be applicable for all purposes of the definition of “ineligible issuer.”
If you have any questions regarding any of the foregoing, please do not hesitate to contact me at (202) 292-4525 or thanley@stradley.com.

Sincerely,

/s/ Thomas L. Hanley

Thomas L. Hanley

cc: Erin Wilson (Division of Corporation Finance)
    Gregory D. DiMeglio (Stradley Ronon Stevens & Young, LLP)