

ROLES & RESPONSIBILITIES OF  
KEY PERSONNEL



**OLD BRIDGE**  
ASSET MANAGEMENT

## ROLES AND RESPONSIBILITIES OF KEY PERSONNEL

CHIEF EXECUTIVE OFFICER	3
RISK OFFICER	5
CHIEF INVESTMENT OFFICER	7
FUND MANAGER	10
COMPLIANCE OFFICER	12
HEAD/SENIOR ASSOCIATE – OPERATIONS	14
HEAD/ SENIOR ASSOCIATE - SALES & DISTRIBUTION	16
OTHER CXO' s / HEADS OF DEPARTMENTS	17

## **CHIEF EXECUTIVE OFFICER (CEO)**

### **RISK MANAGEMENT - ROLES & RESPONSIBILITIES**

- Monitor and manage risk at both AMC and Scheme level
- Review the outcomes of risk management function on a monthly basis.
- Approve roles and responsibility including KRA of Chief Investment Officer (“CIO”) and other CXO like Compliance Officer (“CO”), Head of Operations Officer, relating to risk management
- Define Delegation of Power (DoP) framework for daily risk management, reporting and corrective actions and place it with Board of AMC for approval.
- Define risk appetite at AMC and scheme level and place these at the risk committees for approvals.
  - Define risk metric for
    - CIO and Fund Managers
    - CO, Head of Operations Officer & other CXO’s / Heads of departments.
    - Review risks events across different functions and approve corrective / recommended actions highlighted by the CIO and other CXOs
- Review identified fraud incidents, loss and near miss incidents along with corrective action plans and report to the risk committee
- Report and escalate corrective actions on major findings to the Board of AMC and Trustee.
- Ensure adherence to the risk management framework of SEBI.

### **KEY RESULT AREA**

- Risk incidents / events beyond the defined thresholds or tolerance limits
- Incidents of breach in risk appetite at AMC and Scheme Level
- Frauds, loss and near miss incidents identified across AMC and Mutual Fund
- Timely implementation of action plans beyond timelines approved by the board

## RISK OFFICER (RO)

### RISK MANAGEMENT - ROLES & RESPONSIBILITIES

- Ensure all risk related policies are defined, reviewed, and updated periodically and placed at the relevant risk management committee for approval.
- Responsible for implementation and governance of Risk Management Framework (“RMF”) across Asset Management Company (“AMC”) and Mutual Fund Schemes
- Responsible for overall risk management related activities of the AMC and Mutual Fund Schemes
- Establishing an organization wide risk conscious culture. -
- Formulate and implement structured reporting process for risk monitoring and reporting to CEO, Risk Committees and Board of AMC and Trustee
- Monitor and ensure adherence and compliance to RMF across AMC and Mutual Fund Operations.
- Perform periodic review and update the RMF defined by the AMC and place the same to the Risk Management Committee (“RMC”) for approval.
- Formulate and recommend changes to roles and responsibilities including KRAs relating to risk management activities and place these at the RMCs for approval.
- Periodically review the DoP covering the following:
  - Daily risk management
  - Daily risk reporting
  - Corrective actions at the level of Fund manager, CIO and CEO
- Review and suggest changes to the risk appetite and risk metrics for AMC and scheme as defined by the CEO
- Ensure formulation and implementation of adequate mechanism for –
  - Generating early warning signals;
  - Conducting stress testing for investment, credit and liquidity risks basis approved parameters;
  - Define the tolerance limits for each of the risk parameters;
  - Measurement and review of AMC and scheme specific risks including RCSA and the person responsible to monitor the risks;
  - Assessment and review of credit risk policies
  - Assess liquidity risk at a scheme level
  - Alerts pertaining to asset liability mismatch
  - Formulation of Fraud Risk Registers and Frauds response plan / strategies
  - Escalation matrix for reporting and resolution of incidents (loss, near miss, fraud etc.)
  - Ensure review of operations for material outsourced activities at least on an annual basis;
  - Adequate framework to detect and prevent security market violation, frauds and malpractices by the AMC and reporting framework on the same to the ERM and board Trustee on half yearly basis.

- Review and report the following to the ERM and Board Risk Committee of AMC and Trustee –
  - Risk reports and dashboards capturing deviations to risk thresholds, risk appetite across AMC and Scheme
  - Results of monitoring of early warning signals by respective functions
  - Result of stress testing based on defined parameters for investment, credit and liquidity risks, etc.
  - Internal and external fraud incidents reported / identified by CXOs including evaluation of fraud risk scenarios
  - Near miss and loss incidents identified and reported by the respective departments.
  - Monitor liquidity risk including asset liability mismatch at a scheme and portfolio level vis-à-vis internally approved and defined liquidity model on a monthly basis
  - Major findings and corrective actions prepared by the CXOs
  - Monitor delays in implementation of corrective actions by CXOs
  - Monitor control breaches as a result of periodic RCSA review and mitigating actions put in place by the management and risk function.
- Independently assess reporting of risks to various committees and CEO.
- Ensure insurance cover is maintained based on AMC and Trustee approval for the MF operations and third-party losses
- Report outcomes of the risk management function to the management at least once a month.
- Approve investment limit setup such as minimum number of stocks/securities, cash (net of derivatives), stocks/securities vis-a-vis benchmark and Beta range, regulatory limits
- Define process to assess the control against each of the identified risk capturing following elements:
  - Measurement tool for each risk (RCSA, Stress Testing etc.)
  - Monitoring and reporting frequency
  - Reporting of breaches
- Identify, assess and estimate emerging risks and their possible impact on AMC and mutual fund schemes
- Report existing and emerging risks associated with the MF and AMC activities in a structured manner to the Board Risk Management Committee of the AMC and Trustee.

#### KEY RESULT AREA

- Adherence to the requirements of SEBI risk management circular
- Timely reporting of the results from monitoring of AMC and scheme specific risks such as:
  - RCSA testing;
  - Stress testing;
  - Monitoring of risk thresholds and risk appetite

- Monitoring of investment and liquidity risks
- Monitoring of EWS by functions;
  
- Monitor and timely report implementation status of the actions plan committed by the respective functions/ CXOs and reporting of delays, if any
- Timely reporting of risk events to the ERM and Board Risk Committees
- Adherence to the defined roles and responsibilities and Delegation of Power (DoP)
- Availability of adequate insurance coverage for MF operations and third-party losses.

## CHIEF INVESTMENT OFFICER (CIO)

### RISK MANAGEMENT - ROLES & RESPONSIBILITIES

- Ensure adherence to risk management guidelines and risk appetite framework for schemes;
- Ensure daily management of risk and necessary reporting relating to Investment risk of all scheme(s) such as market Risk, liquidity Risk, credit risk etc. and other scheme specific risks (Compliance Risk, Fraud Risk, etc.)
- Review and provide recommendations for changes to the Investment and other policies such as credit risk policy, liquidity risk policy and governance risk policy and place it with Board for approval.
- Ensure implementation of an integrated investment management system across front office, mid office and back office.
- Ensure investment policies are aligned to the investment objectives as documented in the Scheme Information Document (“SID”)
- Formulate, review and implement a framework for -
  - Updation / modification in the equity or debt investment universe
  - Updation in internal investment limits;
  - Provide relevant information to RO regarding the risk reports
  - Quantitative risk analysis (using metrics such as VaR, Sharpe Ratio, Treynor Ratio, Information Ratio, etc.)
  - Review portfolio concentration and take necessary actions to make adjustments to the portfolio holding
  - Monitoring risk appetite within the potential risk class of the respective schemes
  - Assessment of the governance risk of the issuer
  - Assessing and monitoring risks of investing in multiple markets
  - Maintenance of all relevant documents and disclosures with regard to the debt and money market instruments before finalizing the deal
  - Ensuring that schemes are managed in line with regulatory requirements
- Manage and monitor investment risks by conducting -
  - Redemption analysis
  - Investor concentration analysis
  - Distributor concentration analysis
- Ensure adherence to the “Stewardship Code” and other regulatory updates prescribed by SEBI for mutual funds
- Calculate overall risk by taking in to account the weighted average of -
  - The risk-o-meter and
  - The events of defaults.
- Ensure periodic reviews and monitoring the following -
  - Activities performed by fund managers with respect to risks identification, risk management, reporting and corrective actions.
  - Review and approve the changes to the risk appetite within the potential risk class of the respective schemes
  - Exceptions / breaches to the Investment limits and identify and implement corrective actions.

- Investment risk for new products
- Implementation of controls around dealing room such as –
  - non usage of mobile phones
  - dedicated recorded lines
  - restricted internet access
  - handling of information
- Ensure adequate due diligence are conducted and documented during inter-scheme transfers
- Monitor exceptions identified on review of the regular risk management activities
- Review adequacy of disclosures made to the investors regarding significant risks such as liquidity, counterparty and credit (quality of investments made mainly debt based on the credit rating), investment, and other risk areas across all schemes. Ensure disclosures made to clients are consistent with investments and holdingsx
- Ensure that fund managers and dealers comply with Code of Conduct as per Schedule V B of Mutual Fund Regulations.
- Define and set internal limits such as -
  - minimum number of stocks/securities,
  - cash (net of derivatives),
  - stocks/securities vis-a-vis benchmark and
  - Beta range
- Report the key risk identified and corrective actions taken to the CEO and RO.
- Define the responsibilities of the Fund Managers.

#### KEY RESULT AREAS

- Adherence to the SEBI risk Management circular
- Adherence to investment risk tolerance limits
- Compliance with investment limits such as
  - Single Issuer Limit
  - Group Issuer Limits
  - Counter party
  - Sector limits
  - Rating linked limits
  - Liquidity limits
  - Asset Allocation limits as per SID
  - Internal investment norms
  - Stress testing
  - Market capitalization limits
  - Other internal/ regulatory limits



- Instances where security perfection is pending beyond defined timelines
- Timely implementation of remediation actions plan relating to the investment function.
- Instances of fraud, near miss and loss events relating to investment activities resulting in losses
- Instances of breach in dealing room controls
- Timey reporting of risk incidents to CEO / RO
- Adequate risk reporting to the investors
- Monitoring of requirements prescribed under the stewardship code
- Risk incidents / events beyond the defined thresholds or tolerance limits
- Instances of breach in covenant monitoring and action taken

## FUND MANAGER (FM)

### RISK MANAGEMENT - ROLES & RESPONSIBILITIES

- Manage investment risk of managed scheme(s). i.e., market risk, liquidity risk, credit risk and other scheme specific risks within approved limits
- Ensure adherence to Risk Management framework, SID, internal & Regulatory limits.
- Ensure adherence of applicable provisions of Mutual Funds Regulations including Code of Conduct per Schedule V B.
- Adhere to the risk appetite framework of the scheme managed by the Fund Manager.
- Suggest / provide inputs on changes required to risk appetite to the CIO
- Recommend reduction/ change in the risk level of the schemes within the Potential Risk Class (PRC) to the CIO.
- Report identified risk, risk related events and corrective actions plans to the CIO
- Measure risks in accordance with the approved internal policy and risk metric.
- Periodic analysis of bulk trades and block deals of large values.
- Analysis and evaluation of ratings received from multiple credit rating agencies for securities across portfolios and take necessary actions
- Ensure disclosures made to clients are consistent with investments and holdings
- Manage and monitor investments in schemes by conducting –
  - Quantitative risk analysis using metrics such as VaR, Sharpe Ratio, Treynor Ratio, Information Ratio, etc.
  - analysis of concentration limits (counterparty wise, group wise, industry or sector wise, geography wise)
- Perform due diligence at the time of buying securities through inter-scheme transfers.
- Ensure maintenance of all relevant documents and disclosures with regard to debt and money market instruments before finalizing the deal
- Take corrective action for deviations, if required, as per the approved Delegation of Power (DoP).

### KEY RESULT AREA

- Adherence to the SEBI risk Management circular relating to investment activities
- Adherence with investment limits such as
  - Single Issuer Limit
  - Group Issuer Limits
  - Sector limits
  - Rating linked limits
  - Liquidity limits
  - Asset Allocation limits as per SID
  - Internal investment norms
  - Stress testing
  - Market capitalization limits

- Other internal/ regulatory limits
  
- Adherence to the investment risk tolerance levels for the schemes managed by the fund manager
- Timely implementation of remediation actions plan linked to respective fund manager.
- Instances of fraud, near miss and loss events relating to schemes managed by the fund manager
- Timely reporting of risk incidents to CIO
- Adherence to DoP
- Adequate due diligence during inter-scheme transfer of securities
- Timely action upon downgrade of securities
- Adequate documentation for debt and money market deals

## COMPLIANCE OFFICER (CO)

### RISK MANAGEMENT - ROLES & RESPONSIBILITIES

- Responsible for the governance of compliance risks.
- Formulate and implement compliance and other policies such as prevention of front running, outside business activity, commercial bribes and kickbacks, whistle blowing policy, record retention policy, outsourcing arrangements etc. in accordance with SEBI risk management framework and approved by the Board of AMC and Trustee
- Review and suggest changes in the policies and obtain approval from Board of AMC and Trustee
- Ensure identification and communication of regulatory updates to the respective functions and CXOs and monitor implementation.
- Provide inputs to RO to define risk threshold and risk appetite of Compliance
- Define and delegate roles to the key personnel within the compliance function for identifying and reporting risks
- Provide relevant information to RO regarding monthly / quarterly risk reporting to the Committees
- For the relevant functional risks, identify, analyze and report the following to the RO and CEO along with recommended action plan for:
  - Early warning signals
  - Emerging risks
  - Major findings
  - Near miss and loss events
  - Fraud incidentsEnsure escalation of such incidents as per the escalation matrix approved by RO.
- Ensure timely and accurate filing of the regulatory returns / filings
- Review the risk level for the functional risk is in accordance with the approved risk threshold and risk metric
- Ensure adherence with the DoP framework
- Formulate, review and update the RCSA for key Compliance risks and controls
- Perform and report outcomes of periodic testing of the RCSA to RO
- Identify and implement corrective actions / recommend action plans for deviations in the controls and present to RO/ CEO
- Ensure adherence to the SEBI risk management framework
- Ensure timely submission of regulatory reports to the Regulator and Board of AMC and Trustee as prescribed by the SEBI Mutual Funds Regulations.
- Monitor the following scheme related disclosures -
  - Disclosure of credit (quality of investments made mainly debt based on the credit rating), counterparty, investment and other risks associated with the scheme to the investors
  - Scheme's risk profile is stated in all communications with investors including in the SID and marketing materials
  - Incorporate any other elements of risk appetite as may be stipulated by AMCs and Trustees in SID.

- Implement process for prevention or detection of possible insider trading at the personnel or portfolio levels
- Implement process for performing compliance check of AMC's marketing materials (collateral, brochures etc.), website uploads, digital advertising, and performance advertising etc. before its usage.
- Ensure that roles and responsibilities as per the RMF is disclosed on the AMC website

#### KEY RESULT AREAS

- Adherence to Risk Management Framework
- Compliance with roles and responsibilities and DoP framework
- Risks and inconsistencies identified and reported to CEO / RO
- Timely reporting of identified risks and outliers to CEO / RO
- Timely implementation of corrective actions for the risks and deviations relating to compliance function
- Timely reporting of fraud, loss and near miss events relating to Compliance function
- Timely reporting to the regulator, Board of AMC and Trustee
- Adequacies in disclosure in SID
- Compliance check on the marketing material not performed resulting in non-compliance
- Identification and timely implementation of regulatory changes

Risk incidents / events beyond the defined thresholds or tolerance limits, or the elements in the risk registers which are mapped to the compliance function

## HEAD/SENIOR ASSOCIATE - OPERATIONS

### RISK MANAGEMENT - ROLES & RESPONSIBILITIES

- Responsible for the governance of operational risks.
- Provide inputs to RO to define risk threshold and risk appetite
- Define and delegate roles to the key personnel within the operations function for identifying and reporting risks
- Provide relevant information to RO regarding the risk reports
- For the relevant functional risks, identify, analyze and report the following to the RO and CEO along with recommended action plan for:
  - Early warning signals
  - Emerging risks
  - Major findings
  - Near miss and loss events
  - Fraud incidents

Ensure escalation of such incidents as per the escalation matrix approved by RO.

- Perform adequate due diligence of outsourced vendors prior to onboarding
- Ensure periodic assessment of outsourced vendors considering the following elements:
  - Review of vendors' people, systems and processes
  - Documentation and communication of error tolerance and code of conduct and monitoring breaches
  - Monitor fraud vulnerabilities in the outsourced process
- Monitor outliers findings identified during periodic assessment of outsourced vendors and recommend and monitor implementation
- Ensure implementation of an integrated investment management system across front office, mid office and back office.
- Ensure risk level are in accordance to the approved risk threshold and risk metric.
- Ensure adherence with the DoP framework
- Formulate, review and periodically provide inputs to update the RCSA for key risks and controls
- Perform and report outcomes of periodic testing of the RCSA to RO
- Identify and implement corrective actions / recommend action plans for deviations in the controls and present to RO/ CEO
- Ensure adherence to the SEBI risk management framework

### KEY RESULT AREAS

- Adherence to Risk Management Framework
- Compliance with roles and responsibilities and DoP framework
- Risks and inconsistencies identified and reported to CEO / RO
- Timely reporting of identified risks and outliers to CEO / RO
- Timely implementation of corrective actions for the risks and deviations

- Timely reporting of fraud, loss and near miss events in the respective functions
- Breach of approved threshold relating to risk appetite and risk metrics

Deviations / risks identified on outsourced vendor due diligence or internal review  
Risk incidents / events beyond the defined thresholds or tolerance limits.

- Ensure risk level are in accordance to the approved risk threshold and risk metric.
- Ensure adherence with the DoP framework
- Formulate, review and periodically provide inputs to update the RCSA for key risks and controls
- Perform and report outcomes of periodic testing of the RCSA to RO
- Identify and implement corrective actions / recommend action plans for deviations in the controls and present to RO/ CEO
- Ensure adherence to the SEBI risk management framework

#### KEY RESULT AREAS

- Adherence to Risk Management Framework
- Compliance with roles and responsibilities and DoP framework
- Risks and inconsistencies identified and reported to CEO / RO
- Timely reporting of identified risks and outliers to CEO / RO
- Timely implementation of corrective actions for the risks and deviations
- Timely reporting of fraud, loss and near miss events in the respective functions
- Breach of approved threshold relating to risk appetite and risk metrics

Deviations / risks identified on outsourced vendor due diligence or internal review  
Risk incidents / events beyond the defined thresholds or tolerance limits.

## HEAD/SENIOR ASSOCIATE - SALES & DISTRIBUTION

### RISK MANAGEMENT - ROLES & RESPONSIBILITIES

- Responsible for the governance of business risks including distribution risk
- Provide inputs to Head – Risk Management to define risk threshold and risk appetite
- Define and delegate roles to the key personnel within the distribution / sales function for identifying and reporting risks
- Provide relevant information to Head – Risk Management regarding the risk reports
- Review the risk level for the functional risk is in accordance to the approved risk threshold and risk metric.
- Ensure adherence with the DoP framework
- Formulate, review and periodically provide inputs to update the RCSA for key risks and controls and report outcomes of periodic testing of the RCSA to Head – Risk Management
- Identify and implement corrective actions / recommend action plans for deviations in the controls and present to Head – Risk Management / CEO
- Monitor the distribution channels and mis-selling incidents reported such as - Number of mis-selling incidents
  - Negative comments in the inspection report relating to distribution
- Exceptions reported by Sales basis reviews done for distributors.

### KEY RESULT AREA

- Adherence to Risk Management Framework
- Compliance with roles and responsibilities and DoP framework
- Risks and inconsistencies identified and reported to CEO / Head – Risk Management
- Timely implementation of corrective actions for the risks and deviations
- Timely reporting of fraud, loss and nearmiss events in the respective functions
- Instances of mis-selling reported and actions taken Risk incidents / events beyond the defined thresholds or tolerance limit.



## **OTHER CXO's / HEADS OF DEPARTMENTS**

### **ROLES & RESPONSIBILITIES**

- The HODs shall be responsible for the governance of the risks of their respective departments.
- In respect of respective risk type, HOD should ensure:
- Adherence to the guidelines pertinent to SEBI in respect of RMF and relevant principles thereunder including risk identification, risk management, risk reporting (both periodic and escalation of material incident) and corrective actions taken.
- Defining specific responsibility regarding risk management of key personnel reporting to them.
- Maintaining risk level as per the risk metric.
- The HOD shall escalate to CEO and the RO any major findings reported by respective risk management function.
- The CXOs shall take immediate corrective action for non-compliance or major finding post approval from CEO as per DoP and shall report to RO regarding the risk report.