



360 ONE ASSET MANAGEMENT LIMITED

## Roles and Responsibilities

# Roles and Responsibilities of Senior Management

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## CHIEF EXECUTIVE OFFICER (CEO)

### ROLES AND RESPONSIBILITIES

- The CEO shall be responsible for all the risks at both AMC and Scheme level.
- The CEO shall:
  - a. Ensure that the outcomes of risk management function are reported to him monthly.
  - b. Define specific responsibility of CIO and CXO regarding risk management.
  - c. Define a risk appetite framework for Schemes and AMC.
  - d. Define appropriate risk metric for respective CXO, CIO, Fund Manager, etc.
  - e. Approve roles and responsibilities including KRA of CXOs relating to risk management.
  - f. Define Delegation of Power (DoP) framework for daily risk management, reporting and corrective actions and place it with Board of AMC for approval.
  - g. 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 the material incident), and corrective actions taken, if any.
  - h. The CEO shall approve the corrective action on various findings and report to the board of AMC and trustee regarding the same and also escalate to the board of AMCs and trustees if required, any major findings being reported.

## CHIEF RISK OFFICER (CRO)

### ROLES AND RESPONSIBILITIES

- The CRO shall be responsible for ensuring that there is an effective governance framework and reporting framework of risk management in line with the regulatory requirements.
- The risk management roles of the CRO are as under:
  - a. Implementation and governance of Risk Management Framework across the organization.
  - b. Review specific responsibility of management, including CEO, CIO, CXOs, and Fund Managers.
  - c. Ensure formulation and implementation of an 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.
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    - 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.
  - d. Put in place mechanism for risk reporting at least on a quarterly basis to the board of AMC, trustees, and RMCs, covering:
    - Risks including risk metrics, escalation of material risk-related incidents, timely and corrective actions taken if any.
    - 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 monthly.
  - Major findings and corrective actions prepared by the CXOs.
  - Monitor delays in implementation of corrective actions by CXOs.
  - Monitor control breaches because of periodic RCSA review and mitigating actions put in place by the management and risk function.
- e. Independent assessment of reporting of risk to various committees and CEO, etc.
  - f. Put in place mechanism for reporting to CEO - Including outcomes for risk management function on monthly basis.
  - g. The reporting of risk as above is independent from the CIO and verified by the risk team.
  - h. There is a Delegation of Power approved by the Board of AMC for risk management by CRO covering the following:
    - Daily risk management
    - Daily risk reporting
    - Corrective actions at the level of Fund manager, CIO, and CEO.
  - i. The CRO shall inform to board of AMCs, trustee and risk committees regarding any major findings or corrective actions required and update on closure or the status of various recommendations.
  - j. Formulate and recommend changes to roles and responsibilities including KRAs relating to risk management activities and place these at the RMCs for approval.
  - k. Review and suggest changes to the risk appetite and risk metrics for AMC and scheme as defined by the CEO.
  - l. Ensure insurance cover is maintained based on AMC and Trustee approval for the MF operations and third-party losses.

- m. 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.
- n. 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
- o. Identify, assess, and estimate emerging risks and their possible impact on AMC and mutual fund schemes
- p. Report existing and emerging risks associated with the MF and AMC activities in a structured manner to the ARMC & TRMC.

## CHIEF INVESTMENT OFFICER (CIO)

### ROLES AND RESPONSIBILITIES

- Daily management of risk and necessary reporting relating to Investment risk of all schemes such as Market Risk, Liquidity Risk, credit risk, etc., and other scheme-specific risks (Compliance Risk, Fraud Risk, etc.) lies on the CIO.
- Ensure adherence to risk management guidelines and risk appetite framework for schemes.
- Review and provide recommendations for changes to the Investment and other policies such as credit risk policy, liquidity risk policy, and voting policy and place it with Board for approval.
- Ensure implementation of an integrated investment management system across the 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:
  - a. Updating/ modification in the equity or debt investment universe.
  - b. Updating in internal investment limits.
  - c. Provide relevant information to CRO regarding the risk reports.
  - d. Quantitative risk analysis (using metrics such as VaR, Sharpe Ratio, Treynor Ratio, Information Ratio, etc.)
  - e. Review portfolio concentration and take necessary actions to make adjustments to the portfolio holding.
  - f. Monitoring risk appetite within the potential risk class of the respective schemes.
  - g. Assessment of the governance risk of the issuer.
  - h. Assessing and monitoring risks of investing in multiple markets.
  - i. Maintenance of all relevant documents and disclosures with regard to the debt and money market instruments before finalizing the deal.
  - j. Ensuring that schemes are managed in line with regulatory requirements.
- Manage and monitor investment risks by conducting:
  - a. Redemption analysis
  - b. Investor concentration analysis
  - c. Distributor concentration analysis

- Ensure adherence to the “Stewardship Code” and other regulatory updates prescribed by SEBI for mutual funds.
- In respect of all schemes CIO should ensure:
  - a. 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 the material incident), and corrective actions taken if any.
  - b. Defining the specific responsibility of Fund Managers.
  - c. Adherence to risk appetite framework - maintain risk level for schemes.
  - d. Exceptions/breaches to the Investment limits and identify and implement corrective actions.
  - e. Investment risk for new products.
  - f. Implementation of controls around dealing room such as –
    - Non-usage of mobile phones
    - Dedicated recorded lines
    - Restricted internet access
    - Handling of information
  - g. Ensure adequate due diligence is conducted and documented during inter-scheme transfers.
  - h. Monitor exceptions identified on review of the regular risk management activities.
  - i. 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.
  - j. Ensure disclosures made to clients are consistent with investments and holdings.
  - k. Ensure that fund managers and dealers comply with the Code of Conduct as per Schedule V B of Mutual Fund Regulations.
  - l. 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
  - m. CIO will calculate the overall risk by taking into account the weighted average of (i) the risk-o-meter and (ii) the events of defaults.



- n. Both (i) and (ii) are to be calculated in terms of a number taking into account the risk-o-meter and events of defaults or early mortality of investments which may inter alia include credit default, change in yield, change in NAV, external shock, or unusual redemptions, etc. to quantify the overall risk.
- The CIO shall escalate the corrective actions taken, if any, to the CEO and the CRO.

## CHIEF COMPLIANCE OFFICER (CCO)

### ROLES AND RESPONSIBILITIES

- Ensure adherence to the SEBI Risk Management Framework.
- Ensure that roles and responsibilities as per the RMF are disclosed on 360 ONE AMC's website.
- CCO is 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, whistleblowing 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 CRO 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 CRO regarding monthly/quarterly risk reporting to the Committees.
- For the relevant functional risks, identify, analyze and report the following to the CRO and CEO along with recommended action plan for:
  - a. Early warning signals
  - b. Emerging risks
  - c. Major findings
  - d. Near miss and loss events
  - e. Fraud incidents
- Ensure escalation of such incidents as per the escalation matrix approved by CRO.
- 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 CRO.
- Identify and implement corrective actions / recommend action plans for deviations in the controls and present to CRO/ CEO.
- 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 -
  - a. 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
  - b. Scheme's risk profile is stated in all communications with investors including in the SID and marketing materials
  - c. 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.

## CHIEF FINANCIAL OFFICER (CFO)

### ROLES AND RESPONSIBILITIES

- Ensure adherence to the SEBI Risk Management Framework.
- CFO is responsible for the governance of financial accounting and reporting risks.
- Formulate and implement policy for mutual fund accounting and obtain approval from the Board of AMC.
- Perform periodic review and suggest changes in the policies and obtain approval from Board of AMC.
- Provide inputs to CRO to define risk threshold and risk appetite.
- Define and delegate roles to the key personnel within the finance/accounting function for identifying and reporting risks.
- Provide relevant information to CRO regarding the risk reports.
- For the relevant functional risks, identify, analyze and report the following to the CRO and CEO along with recommended action plan for:
  - Early warning signals
    - a. Emerging risks
    - b. Major findings
    - c. Near miss and loss events
    - d. Fraud incidents
- Ensure escalation of such incidents as per the escalation matrix approved by CRO.
- Ensure adequate segregation of duties within the finance function for accounting related activities for scheme and AMC.
- Review the risk level is in accordance with the approved risk threshold and risk metric.
- Ensure adherence to 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 CRO.
- Identify and implement corrective actions / recommend action plans for deviations in the controls and present to CRO/ CEO.
- Formulate procedure documents and implement a process to perform periodic testing of internal controls over financial reporting of Mutual Fund schemes.

## FUND MANAGER (FM)

### ROLES AND RESPONSIBILITIES

- The FM shall be responsible for daily management of investment risk of the managed scheme(s) such as market risk, liquidity Risk, credit risk, and other scheme-specific risks and appropriate risk reporting of any risk-related event to the CIO.
- In respect of schemes managed by them, FMs should ensure:
  - a. Adherence to relevant SEBI guidelines in respect of RMF, SID, regulatory limits, and relevant principles thereunder including risk identification, risk management, reporting, corrective actions, etc.
  - b. Adherence to risk appetite framework to maintain appropriate risk level for schemes and provide inputs on changes required to risk appetite to the CIO.
  - c. If there is any need for change in the risk appetite of the scheme within the PRC of that particular scheme, the same is to be with the approval of the CIO.
  - d. Measure risks in accordance with the approved internal policy and risk metric.
  - e. Periodic analysis of bulk trades and block deals of large values.
  - f. Analysis and evaluation of ratings received from multiple credit rating agencies for securities across portfolios and take necessary actions.
  - g. Ensure disclosures made to clients are consistent with investments and holdings
  - h. 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).
  - i. Perform due diligence at the time of buying securities through inter-scheme transfers.
  - j. Ensure maintenance of all relevant documents and disclosures with regard to debt and money market instruments before finalizing the deal
- The FM shall take corrective action, if required, as per the approved Delegation of Power and escalate major risk-related events to CIO.

## CHIEF INFORMATION SECURITY OFFICER

### ROLES AND RESPONSIBILITIES

- The Head IS shall report to the CTO / Head - Technology and have overall responsibility of implementation of information security at 360 One Entities.
- Review of the policies and procedures on an ongoing basis with a minimal periodicity of once in one year, and suggest incremental improvements (if required) to the same.
- Propose new initiatives in information security to the ISSG.
- Co-ordinate Information Security Internal Audits with the Internal Audit Team. He /she are responsible for closure of points arising out of the Internal Audits.
- Coordinate External Audits from Certifying Bodies for the period required by the company
- Notify any exception to IT policy to CRO

## CHIEF BUSINESS OFFICER

### ROLES AND RESPONSIBILITIES

- Ensure implementation and compliance with the SEBI Risk management framework.
- Responsible for the governance of business risks including distribution risks.
- Provide inputs to CRO to define risk threshold and risk appetite and review the risk level for the functional risk whether it is in accordance with the approved risk threshold and risk metric.
- Define and delegate roles to the key personnel within the distribution/sales function for identifying and reporting risks.
- Provide relevant information to CRO regarding the risk reports.
- For the relevant functional risks, identify, analyze and report the following to the CRO and CEO along with recommended action plan for:
  - k. Early warning signals
  - l. Emerging risks
  - m. Major findings
  - n. Near miss and loss events
  - o. Fraud incidents
- Ensure escalation of such incidents as per the escalation matrix approved by CRO.

- Ensure adherence to 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 CRO.
- Identify and implement corrective actions / recommend action plans for deviations in the controls and present to CRO/ CEO.
- Monitor the distribution channels and miss-selling incidents reported such as –
  - p. Number of mis-selling incidents
  - q. Negative comments in the inspection report relating to distribution
  - r. Analysis of the portfolio of investors e.g., nature of investments vis-à-vis risk appetite of an investor.
- Exceptions reported by Sales & Marketing basis reviews done for distributors.