

Monarch Mutual Fund

Roles and Responsibilities of CXOs under the Risk Management Framework

1. Background

1.1 Objective

This document sets out the risk management roles and responsibilities of the CXO-level officials of Monarch Network Asset Management Private Limited ("the AMC"), the investment manager of Monarch Mutual Fund, in terms of the Risk Management Framework ("RMF") for mutual funds specified in Annexure 4 of the SEBI Master Circular for Mutual Funds dated March 20, 2026. It is to be read with the risk management policies and procedures approved by the Board of the AMC and the Trustees.

1.2 Scope

This document covers the following positions:

- Chief Executive Officer ("CEO")
- Chief Risk Officer ("CRO")
- Chief Investment Officer ("CIO")
- Fund Manager ("FM")
- Chief Compliance Officer ("CCO")
- Chief Operating Officer ("COO")
- Chief Technology Officer & Chief Information Security Officer ("CTO & CISO")
- Other Functional Heads

2. Roles and Responsibilities

2.1 Chief Executive Officer (CEO)

Roles & Responsibilities

- Be responsible for all risks at both AMC and scheme level, and monitor and manage them
- Ensure that the outcomes of the risk management function are reported to the CEO every month
- Define the specific risk management responsibilities, including KRAs, of the CIO and the other CXOs and Functional Heads
- Define appropriate risk metrics for the CIO, the CXOs and the Fund Managers
- Define the risk appetite framework at AMC and scheme level and place it before the Risk Management Committees ("RMCs") for approval
- Define the Delegation of Power ("DoP") framework for daily risk management, daily risk reporting and corrective actions, and place it before the Board of the AMC for approval
- Review risk events across functions and approve the corrective actions recommended by the CIO and other CXOs
- Review fraud, loss and near-miss incidents along with corrective action plans, and report them to the RMC
- Report corrective actions on major findings to the Board of the AMC and the Trustees, and escalate major findings to them where required
- Ensure adherence to the SEBI RMF, covering risk identification, risk management, risk reporting (periodic and escalation of material incidents) and corrective action

2.2 Chief Risk Officer (CRO)

Roles & Responsibilities

- Be responsible for the overall risk management of the mutual fund, and for an effective risk governance and reporting framework in line with regulatory requirements
- Implement the RMF across the AMC and the mutual fund schemes, and monitor adherence to it
- Ensure that risk policies are framed, reviewed and updated periodically and placed before the relevant RMC for approval; review the RMF periodically and place it before the RMCs

- Review the specific risk management responsibilities of the management, including the CEO, CIO, CXOs and Fund Managers; recommend changes to roles, responsibilities and risk-related KRAs to the RMCs
- Review the risk appetite and risk metrics for the AMC and schemes defined by the CEO, and suggest changes
- Periodically review the DoP approved by the Board of the AMC covering daily risk management, daily risk reporting, and corrective actions at the level of Fund Manager, CIO and CEO
- Ensure that adequate mechanisms are framed and implemented for:
 - Early warning signals
 - Stress testing of investment, credit and liquidity risks on approved parameters
 - Tolerance limits for each risk parameter
 - Measurement and review of AMC and scheme-specific risks, including Risk and Control Self-Assessment (“RCSA”), with the person responsible for monitoring each risk
 - Review of the credit risk policy and assessment of scheme-level liquidity risk, including alerts on asset-liability mismatch
 - Fraud risk response plans and an escalation matrix for reporting and resolving incidents (loss, near miss, fraud, etc.)
 - Detection and prevention of market abuse, frauds and malpractices by the AMC, with half-yearly reporting to the RMCs and the Trustees
- Put in place risk reporting, at least quarterly, to the Board of the AMC, the Trustees and the RMCs, covering:
 - Risk dashboards showing deviations from risk thresholds and risk appetite at AMC and scheme level
 - Results of early-warning-signal monitoring and of stress testing
 - Internal and external fraud incidents, and loss and near-miss incidents reported by functions
 - Liquidity risk, including asset-liability mismatch at scheme level, against the approved liquidity model
 - Major findings, corrective actions by the CXOs and delays in their implementation
 - Control breaches identified through RCSA reviews and the mitigating actions taken
- Ensure that risk reporting is independent of the CIO and verified by the risk team; independently assess the reporting of risks to the committees and the CEO
- Report the outcomes of the risk management function to the CEO at least once a month
- Inform the Board of the AMC, the Trustees and the RMCs of major findings or corrective actions required, and update them on closure or status
- Approve the set-up of investment limits in the portfolio and compliance system
- Define, for each identified risk, the measurement tool (RCSA, stress testing, etc.), the monitoring and reporting frequency, and the reporting of breaches
- The CRO is responsible for governance of the RMF and does not encroach on the investment decisions of the CIO; day-to-day risk management of each function rests with the respective CXO

2.3 Chief Investment Officer (CIO)

Roles & Responsibilities

- Carry out daily management and reporting of investment risk of all schemes, including market, liquidity and credit risk, and other scheme-specific risks such as compliance and fraud risk
- Ensure adherence to the SEBI RMF and to the risk appetite framework, maintaining the risk level of each scheme
- Review the investment, credit risk, liquidity risk and governance risk policies and recommend changes to the Board for approval
- Ensure that investment policies are aligned to the investment objectives in the Scheme Information Document (“SID”), and that schemes are managed in line with regulatory requirements
- Frame, review and implement a framework for:
 - Changes to the equity or debt investment universe and to internal investment limits
 - Review of portfolio concentration and corrective portfolio action
 - Monitoring of risk appetite within the Potential Risk Class (“PRC”) of each scheme, and assessment of issuer governance risk

- Maintenance of all relevant documents and disclosures for debt and money market instruments before a deal is finalised
- Providing relevant information to the CRO for risk reports
- Calculate the overall risk of each scheme as the weighted average of (i) the risk-o-meter and (ii) events of default, quantified as numbers taking into account credit default, change in yield, change in NAV, external shocks, unusual redemptions, etc.
- Periodically review and monitor:
 - Risk identification, management, reporting and corrective actions by Fund Managers
 - Changes to risk appetite within the PRC of each scheme, for approval
 - Exceptions and breaches of investment limits, and the corrective actions taken
 - Investment risk of new products
 - Dealing room controls, such as restrictions on mobile phones, recorded lines, restricted internet access and handling of information
- Ensure due diligence is carried out and documented for inter-scheme transfers
- Review the adequacy of disclosures to investors on liquidity, counterparty, credit, investment and other risks, and ensure they are consistent with investments and holdings
- Ensure adherence to the Stewardship Code, and that Fund Managers and dealers comply with the Code of Conduct under the SEBI (Mutual Funds) Regulations
- Define the specific risk management responsibilities of Fund Managers
- Report key risks identified and escalate corrective actions taken to the CEO and the CRO

2.4 Fund Manager (FM)

Roles & Responsibilities

- Carry out daily management of investment risk of the schemes managed, including market, liquidity and credit risk and other scheme-specific risks, within approved limits
- Ensure adherence to the SEBI RMF, the SID, internal and regulatory limits, and the Code of Conduct under the SEBI (Mutual Funds) Regulations
- Adhere to the risk appetite framework of the schemes managed; any change in risk appetite within the PRC of a scheme shall be with the approval of the CIO
- Provide inputs to the CIO on changes required to risk appetite or the risk level of the scheme within its PRC
- Measure risks in line with approved internal policies and risk metrics
- Analyse ratings from credit rating agencies for debt securities across portfolios and act on them
- Perform due diligence when buying securities through inter-scheme transfers, and maintain all relevant documents for debt and money market deals before finalising them
- Ensure disclosures to investors are consistent with investments and holdings
- Report risks, risk events and corrective action plans to the CIO, take corrective action as per the approved DoP, and escalate major risk events to the CIO

2.5 Chief Compliance Officer (CCO)

Roles & Responsibilities

- Be responsible for the governance of compliance risk
- Frame and implement compliance policies, such as prevention of front running, outside business activity, commercial bribes and kickbacks, whistle-blowing and record retention, for approval by the Board of the AMC and the Trustees, and review them periodically
- Identify and communicate regulatory changes to functions and CXOs, and monitor their implementation
- Provide inputs to the CRO for defining risk thresholds and risk appetite, and relevant information for risk reports
- Define and delegate risk identification and reporting responsibilities to key personnel in the function
- Identify, analyse and report to the CRO and CEO, with recommended action plans:
 - Early warning signals and emerging risks
 - Major findings

- Near-miss and loss events, and fraud incidents
- Escalate incidents as per the escalation matrix approved by the CRO
- Maintain the risk level of the function within approved risk thresholds and risk metrics, and adhere to the DoP
- Frame and periodically update the RCSA for key risks and controls, test it periodically and report the outcomes to the CRO
- Implement corrective actions for control deviations and present action plans to the CRO and CEO
- Ensure timely submission of regulatory reports to SEBI, the Board of the AMC and the Trustees
- Monitor scheme-related disclosures, including those on the website
- Implement processes to prevent or detect insider trading at personnel and portfolio level
- Carry out compliance checks of marketing material, digital and performance advertisements before use
- Ensure that the roles and responsibilities under the RMF are disclosed on the AMC website

2.6 Chief Operating Officer (COO)

Roles & Responsibilities

- Be responsible for the governance of operational risk, including fund accounting, financial reporting and outsourced activities
- Frame and implement the mutual fund accounting policy, review it periodically and obtain the approval of the Board of the AMC
- Provide inputs to the CRO for defining risk thresholds and risk appetite, and relevant information for risk reports
- Define and delegate risk identification and reporting responsibilities to key personnel in the function
- Identify, analyse and report to the CRO and CEO, with recommended action plans:
 - Early warning signals and emerging risks
 - Major findings
 - Near-miss and loss events, and fraud incidents
- Escalate incidents as per the escalation matrix approved by the CRO
- Maintain the risk level of the function within approved risk thresholds and risk metrics, and adhere to the DoP
- Frame and periodically update the RCSA for key risks and controls, test it periodically and report the outcomes to the CRO
- Implement corrective actions for control deviations and present action plans to the CRO and CEO
- Carry out due diligence of outsourced service providers before onboarding and assess them periodically
- Frame procedures for, and carry out, periodic testing of internal controls over financial reporting of the schemes

2.7 Chief Technology Officer & Chief Information Security Officer (CTO & CISO)

Roles & Responsibilities

- Be responsible for the governance of technology risk, information security risk and cyber security risk
- Frame and implement the IT and cyber security policy, obtain the approval of the Board of the AMC, and review it periodically
- Ensure availability, capacity and resilience of the technology systems supporting the AMC and the schemes, including disaster recovery and business continuity arrangements for technology
- Ensure periodic risk assessment of in-house and vendor systems, covering:
 - Review of in-house and vendor systems and processes
 - Documentation and communication of error tolerances, and monitoring of breaches
 - Fraud vulnerabilities in systems and processes
 - Outlier findings, with recommendations and monitoring of their implementation
- Provide inputs to the CRO for defining risk thresholds and risk appetite, and relevant information for risk reports
- Define and delegate risk identification and reporting responsibilities to key personnel in the function

- Identify, analyse and report to the CRO and CEO, with recommended action plans:
 - Early warning signals and emerging risks
 - Major findings
 - Near-miss and loss events, and fraud incidents
- Escalate incidents as per the escalation matrix approved by the CRO
- Maintain the risk level of the function within approved risk thresholds and risk metrics, and adhere to the DoP
- Frame and periodically update the RCSA for key risks and controls, test it periodically and report the outcomes to the CRO
- Implement corrective actions for control deviations and present action plans to the CRO and CEO

2.8 Other Functional Heads

Roles & Responsibilities

- Be responsible for the governance of the risks of their respective functions
- Ensure adherence to the SEBI RMF for those risks, covering risk identification, risk management, risk reporting (periodic and escalation of material incidents) and corrective action
- Frame and implement the policies of the function, obtain the requisite approvals, and review them periodically
- Define the specific risk management responsibilities of key personnel reporting to them
- Provide inputs to the CRO for defining risk thresholds and risk appetite, and relevant information for risk reports
- Define and delegate risk identification and reporting responsibilities to key personnel in the function
- Identify, analyse and report to the CRO and CEO, with recommended action plans:
 - Early warning signals and emerging risks
 - Major findings
 - Near-miss and loss events, and fraud incidents
- Escalate incidents as per the escalation matrix approved by the CRO
- Maintain the risk level of the function within approved risk thresholds and risk metrics, and adhere to the DoP
- Frame and periodically update the RCSA for key risks and controls, test it periodically and report the outcomes to the CRO
- Implement corrective actions for control deviations and present action plans to the CRO and CEO
- Take immediate corrective action on non-compliance or major findings after approval of the CEO as per the DoP, and report to the CRO
- Escalate to the CEO and the CRO any major findings reported by the risk management function