



Risk Management Framework

Roles & Responsibilities of CXOs

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1. INTRODUCTION

LIC Mutual Fund Asset Management Limited (“the AMC”) is an investment manager to LIC Mutual Fund (“the Fund”). The AMC is responsible for managing the schemes launched by LIC Mutual Fund.

2. OBJECTIVE

To provide roles and responsibilities for key risk management activities of LIC Mutual Fund Asset Management Limited in accordance with SEBI Risk Management circular dated 27th September 2021.

3. ROLES AND RESPONSIBILITIES RELATED TO RISK MANAGEMENT

3.1 CHIEF EXECUTIVE OFFICER

Roles and Responsibilities

- Responsible for all risks at the AMC and scheme level.
- Review the outcomes of the Risk Management Function on a monthly basis.
- Define specific responsibility of CIO and CXOs regarding risk management.
- Define a risk appetite framework for schemes and AMC.
- Define appropriate risk metric for respective CXO, CIO, Fund Manager, etc.
- 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, if any.
- Approve, report and escalate corrective actions on major findings to the Board of AMC and Trustee.

3.2 CHIEF RISK OFFICER

Roles and Responsibilities

- Responsible for ensuring that there is an effective governance framework and reporting framework of risk management in line with the regulatory requirements.
- Implementation of Risk management framework across the organization.
- Review specific responsibility of management, including CEO, CIO, CXOs, and Fund Managers.
- Risk reporting on at least a quarterly basis to the Board of AMC, Trustees and Risk Management Committee (RMC), covering all risks including risk metrics,

escalation of material risk related incidents, and timely and corrective actions taken, if any.

- Independent assessment of reporting of risk to various committees and CEO, etc.
- Reporting to the CEO, including outcomes for risk management function on monthly basis.
- Delegation of Power (DoP) approved by the Board of AMC for risk management by CRO covering:
 - Daily risk management.
 - Daily risk reporting.
 - Corrective actions at the level of Fund manager, CIO and CEO.
- Inform to Board of AMCs, Trustee and Risk Committee regarding any major findings or corrective actions required and also update on closure or the status of various recommendations.
- Create, review, and ensure adherence to necessary process documents such as SoPs, process guidelines, policies, charters, etc.

3.3 PRESIDENT – FIXED INCOME STRATEGY

Roles and Responsibilities

- Driving the overall strategy for the Fixed Income business in alignment with AMC objectives.
- Leading conceptualization and structuring of new fixed income products in coordination with Product, Risk / Compliance teams.
- Providing Fixed Income thought leadership to external stakeholders, including large institutional investors.
- Create, review, and ensure adherence to necessary process documents such as SoPs, process guidelines, policies, charters, etc.

3.4 CHIEF INVESTMENT OFFICER – EQUITY

Roles and Responsibilities

- Daily management of risk and necessary reporting relating to Investment risk of all schemes, including market risk, liquidity risk, credit risk etc. and other scheme specific risks (compliance risk, fraud risk, etc.)
- 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, if any.
- Defining specific responsibility of the Fund Managers.
- Adherence to risk appetite framework.

- Maintain risk level for schemes.
- Calculate the overall risk by taking in to account the weighted average of (i) the risk-o-meter and (ii) the events of defaults. 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.
- Report risk findings and the corrective actions to the Executive Risk Management Committee.
- Create, review, and ensure adherence to necessary process documents such as SoPs, process guidelines, policies, charters, etc.

3.5 HEAD – FIXED INCOME

Roles and Responsibilities

- Daily management of risk and necessary reporting relating to Investment risk of all schemes, including market risk, liquidity risk, credit risk etc. and other scheme specific risks (compliance risk, fraud risk, etc.)
- 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, if any.
- Defining specific responsibility of the Fund Managers.
- Adherence to risk appetite framework.
- Maintain risk level for schemes.
- Calculate the overall risk by taking in to account the weighted average of (i) the risk-o-meter and (ii) the events of defaults. 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.
- Report risk findings and the corrective actions to the Executive Risk Management Committee.
- Create, review, and ensure adherence to necessary process documents such as SoPs, process guidelines, policies, charters, etc.

3.6 FUND MANAGER

Roles and Responsibilities

- Responsible for daily management of investment risk of managed scheme(s) such as market risk, liquidity risk, credit risk and other scheme specific risks.

- Appropriate risk reporting of any risk related event to CIO.
- Adherence to relevant SEBI guidelines in respect of RMF and relevant principles thereunder including risk identification, risk management, reporting and corrective actions etc.
- Adherence to risk appetite framework to maintain appropriate risk level for schemes.
- If there is any need of change in the risk appetite of the scheme within the PRC of that particular scheme, the same needs to be with the approval of the CIO.
- The FM shall take corrective action, if required, as per the approved DoP and escalate major risk related event to CIO.
- Create, review, and ensure adherence to necessary process documents such as SoPs, process guidelines, policies, charters, etc.

3.7 PRESIDENT– RETAIL STRATEGY, OPERATIONS & TECHNOLOGY

Roles and Responsibilities

- Responsible for the governance of Technology, and Retail Sales & Distribution risks.
- Have in place Business Continuity Plans and Disaster Recovery Systems.
- Monitor, control, and report Retail mis-selling incidents, and review distributor performance.
- Review and periodically provide inputs to update the Risk Control Self-Assessment (RCSA) for key risks and controls.
- Report outcomes of periodic testing of the RCSA.
- 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 in the department/function.
- Maintaining risk level as per the risk metric.
- Take corrective action for non-compliance or major finding as per Delegation of Power (DoP) and submit the risk report to the Executive Risk Management Committee.
- Report risk findings and the corrective actions to the Executive Risk Management Committee.
- Create, review, and ensure adherence to necessary process documents such as SoPs, process guidelines, policies, charters, etc.

3.8 CHIEF COMPLIANCE OFFICER

Roles and Responsibilities

- Responsible for the governance of Compliance and Legal risks.
- Formulating and implementing compliance and other policies in accordance with SEBI risk management framework.
- Identification and communication of regulatory updates to the respective functions and CXOs, and monitoring implementation.
- Review and periodically provide inputs to update the Risk Control Self-Assessment (RCSA) for key risks and controls.
- Report outcomes of periodic testing of the RCSA.
- 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 in the department/function.
- Maintaining risk level as per the risk metric.
- Take corrective action for non-compliance or major finding as per Delegation of Power (DoP) and submit the risk report to the Executive Risk Management Committee.
- Report risk findings and the corrective actions to the Executive Risk Management Committee.
- Create, review, and ensure adherence to necessary process documents such as SoPs, process guidelines, policies, charters, etc.

3.9 CHIEF FINANCIAL OFFICER

Roles and Responsibilities

- Responsible for the governance of financial accounting and risks associated with financial reporting, tax, compliances with relevant accounting standards and related legal risk.
- Review and periodically provide inputs to update the Risk Control Self-Assessment (RCSA) for key risks and controls.
- Report outcomes of periodic testing of the RCSA.
- 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 in the department/function.

- Maintaining risk level as per the risk metric.
- Take corrective action for non-compliance or major finding as per Delegation of Power (DoP) and submit the risk report to the Executive Risk Management Committee.
- Report risk findings and the corrective actions to the Executive Risk Management Committee.
- Create, review, and ensure adherence to necessary process documents such as SoPs, process guidelines, policies, charters, etc.

3.10 CHIEF HUMAN RESOURCES OFFICER

Roles and Responsibilities

- Responsible for the governance of Human Resources, Talent Management, and Succession Planning risks.
- Inclusion of risk management as a parameter for performance appraisal (through KRAs or equivalent) of all the officials of the AMC at the level of CEO and up to two levels below CEO.
- Review and periodically provide inputs to update the Risk Control Self-Assessment (RCSA) for key risks and controls.
- Report outcomes of periodic testing of the RCSA.
- 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 in the department/function.
- Maintaining risk level as per the risk metric.
- Take corrective action for non-compliance or major finding as per Delegation of Power (DoP) and submit the risk report to the Executive Risk Management Committee.
- Report risk findings and the corrective actions to the Executive Risk Management Committee.
- Create, review, and ensure adherence to necessary process documents such as SoPs, process guidelines, policies, charters, etc.

3.11 NATIONAL HEAD – INSTITUTIONAL SALES

Roles and Responsibilities

- Responsible for the governance of Institutional Sales and Distribution risks.
- Review and periodically provide inputs to update the Risk Control Self-Assessment (RCSA) for key risks and controls.

- Report outcomes of periodic testing of the RCSA.
- 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 in the department/function.
- Maintaining risk level as per the risk metric.
- Take corrective action for non-compliance or major finding as per Delegation of Power (DoP) and submit the risk report to the Executive Risk Management Committee.
- Report risk findings and the corrective actions to the Executive Risk Management Committee.
- Create, review, and ensure adherence to necessary process documents such as SoPs, process guidelines, policies, charters, etc.

3.12 HEAD – OPERATIONS

Roles and Responsibilities

- Responsible for the governance of Operational risks.
- Monitor and control outsourcing risk, and risks related to Fund accounting, RTA, and Custodian services.
- Review and periodically provide inputs to update the Risk Control Self-Assessment (RCSA) for key risks and controls.
- Report outcomes of periodic testing of the RCSA.
- 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 in the department/function.
- Maintaining risk level as per the risk metric.
- Take corrective action for non-compliance or major finding as per Delegation of Power (DoP) and submit the risk report to the Executive Risk Management Committee.
- Report risk findings and the corrective actions to the Executive Risk Management Committee.
- Create, review, and ensure adherence to necessary process documents such as SoPs, process guidelines, policies, charters, etc.

3.13 CHIEF INFORMATION SECURITY OFFICER

Roles and Responsibilities

- Responsible for the governance of Information and Cyber Security risks.
- Ensure cyber-security and cyber resilience framework and audit framework encompassing systems and processes are in place.
- Adherence to all regulatory guidelines related to Information and Cyber Security.
- Review and periodically provide inputs to update the Risk Control Self-Assessment (RCSA) for key risks and controls.
- Report outcomes of periodic testing of the RCSA.
- 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 in the department/function.
- Maintaining risk level as per the risk metric.
- Take corrective action for non-compliance or major finding as per Delegation of Power (DoP) and submit the risk report to the Executive Risk Management Committee.
- Report risk findings and the corrective actions to the Executive Risk Management Committee.
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4. LIST OF ACRONYMS

AMC	Asset Management Company
CEO	Chief Executive Officer
CCO	Chief Compliance Officer
CFO	Chief Financial Officer
CHRO	Chief Human Resource Officer
CIO	Chief Investment Officer
CRO	Chief Risk Officer
CXO	Chief Officer
DoP	Delegation of Power
FM	Fund Manager
RCSA	Risk Control Self-Assessment

RMC	Risk Management Committee
RMF	Risk Management Framework
SEBI	Securities and Exchange Board of India