

Date: [Insert Date]

To: [Insert Name of Regulatory Body/Internal Audit Committee]

From: [Insert Name/Title of Risk Manager]

Subject: Notification of Value at Risk (VaR) Model Exception

Dear [Insert Name],

This letter serves as formal notification of a Value at Risk (VaR) backtesting exception identified within the [Insert Portfolio Name/Business Unit] for the trading day ending [Insert Date of Exception].

Exception Details:

- **Actual Profit/Loss:** [Insert Amount and Currency]
- **Model VaR Limit:** [Insert VaR Amount at X% Confidence Level]
- **Exceedance Amount:** [Insert Difference Amount]
- **Current Exception Count (Last 250 Days):** [Insert Number]

Preliminary Analysis:

The exception was primarily driven by [Insert brief reason: e.g., extreme market volatility, specific geopolitical event, or model parameter limitation]. A detailed root cause analysis is currently being conducted to determine if this exception stems from model deficiencies or intraday trading activity.

Next Steps:

We are monitoring the portfolio closely and will provide a full report including any necessary recalibration plans or capital requirement adjustments within [Insert Number] business days.

Sincerely,

[Your Signature]
[Your Printed Name]
[Your Title]
[Organization Name]