

Date: [Insert Date]

To: [Recipient Name/Department]

From: [Compliance/Risk Management Department]

Subject: Formal Notice of Market Risk Sensitivity Violation

Dear [Recipient Name],

This letter serves as formal notification that a violation of the established Market Risk Sensitivity limits was identified on [Date of Violation].

Violation Details:

- **Risk Metric:** [e.g., PV01, Delta, Vega, Duration]
- **Portfolio/Desk:** [Insert Portfolio Name]
- **Established Limit:** [Insert Limit Value]
- **Recorded Exposure:** [Insert Actual Value]
- **Variance:** [Insert Percentage or Amount Over Limit]

Required Actions:

Pursuant to the Corporate Risk Policy, you are required to take the following steps immediately:

1. Execute trades to bring the exposure back within the approved thresholds.
2. Provide a written explanation detailing the cause of this breach (e.g., market volatility, model error, or unauthorized position sizing).
3. Submit a remediation plan to prevent future occurrences.

Please provide your formal response and confirmation of position adjustment by [Insert Deadline Time/Date].

Failure to address this violation within the specified timeframe may result in [Insert Consequence/Escalation Level].

Sincerely,

[Your Name]

[Your Title]

[Company Name]