

Date: [Insert Date]

To: [Insert Model Owner/Department Name]

From: [Insert Risk Management/Validation Group Name]

Subject: Notice of Model Shortcoming and Deficiency - [Insert Model Name/ID]

Dear [Insert Name],

This letter serves as formal notification regarding specific deficiencies identified during the recent stress testing review of the model referenced above. Our assessment has concluded that certain aspects of the model do not meet regulatory standards or internal risk management requirements.

1. Description of Deficiency

[Provide a concise description of the flaw, e.g., data quality issues, incorrect parameter estimation, or failure to capture fat-tail events.]

2. Impact Assessment

[Explain how this shortcoming affects the stress test results, such as underestimation of capital requirements or overstated liquidity projections.]

3. Required Remediation Actions

The following actions must be taken to address these findings:

- [Action Item 1]
- [Action Item 2]
- [Action Item 3]

4. Deadline for Resolution

A remediation plan must be submitted by [Insert Date]. Full resolution of the identified shortcomings is expected no later than [Insert Final Deadline Date].

Please acknowledge receipt of this letter and indicate your primary point of contact for the remediation process.

Sincerely,

[Insert Name/Signature]

[Insert Title]

[Insert Department]