Date: [Insert Date]

To: [Insert Name of Institution/Management]

From: [Insert Regulatory Body/Department]

Subject: Supervisory Letter Regarding Commodity Price Risk Management

Dear [Insert Name],

This letter outlines the findings and expectations following the recent supervisory review of [Insert Institution Name]'s commodity price risk management framework. As volatility in global commodity markets persists, it is essential that the institution maintains robust controls to mitigate potential financial impacts.

The review identified the following areas requiring management attention:

- **Risk Measurement:** Enhancement of stress testing scenarios and Value-at-Risk (VaR) models to account for extreme price swings.
- **Limit Frameworks:** Verification that internal exposure limits align with the institution's overall risk appetite.
- **Governance:** Ensuring the board of directors receives timely and accurate reports regarding net commodity positions and hedge effectiveness.
- **Operational Controls:** Strengthening independent verification of pricing data and trade execution procedures.

Required Actions:

The institution is requested to submit a formal remediation plan by [Insert Date]. This plan should detail the specific steps, timelines, and personnel responsible for addressing the observations noted above.

Please acknowledge receipt of this letter. We remain available to discuss these requirements at your convenience.

Sincerely,

[Insert Signature/Name]
[Insert Title]
[Insert Organization]