Date: [Insert Date]

[Recipient Name]
[Title/Chief Risk Officer]
[Institution Name]
[Address]

Subject: Supervisory Letter - Foreign Exchange (FX) Risk Management Review

Dear [Recipient Name],

This letter summarizes the findings of the recent supervisory review conducted by [Regulatory Body Name] regarding the Foreign Exchange (FX) risk management framework at [Institution Name]. The purpose of this review was to assess the adequacy of the institution's internal controls, limit structures, and reporting mechanisms concerning currency exposure.

Summary of Findings:

- **Risk Measurement:** [Detail findings regarding Value-at-Risk (VaR), stress testing, or sensitivity analysis].
- **Internal Controls:** [Detail findings regarding segregation of duties or front-to-back office reconciliation].
- **Policy Compliance:** [Detail any breaches of internal FX limits or regulatory requirements].

Required Actions:

The institution is required to address the following deficiencies:

1. Enhance the frequency and granularity of FX exposure reporting to the Board of Directors.
2. Review and update the methodology for calculating Net Open Positions (NOP).
3. Strengthen the independent validation process for FX pricing models.

Response Requirement:

Please provide a formal written response and a remediation plan by [Insert Date]. This plan should include specific timelines and the names of the officers responsible for implementing these changes.

Should you have any questions regarding these findings, please contact [Examiner Name] at [Phone Number/Email].

Sincerely,

[Signature]
[Name of Lead Supervisor]
[Title]
[Regulatory Agency Name]