CRÉDIT AGRICOLE
CORPORATE & INVESTMENT BANK

RPC – Direction des Risques de Marché

From: Bernard Crutz January 11th, 2012

To: EBA

Subject: Comments on CP48

Page 13 : § 9. 3.

"*In addition, monitoring of new trading book positions which materially reduce the Stressed VaR shall be implemented. The identification of positions entered with the main aim of significantly reducing the Stressed VaR shall then be used in the review of the stressed period.*"

We don't think that the mere fact that positions have been taken to reduce (hedge) the Stressed VaR should automatically trigger a review of the Stressed VaR period. A review of the Stressed VaR period should be triggered only if there is a reason to believe that the risk structure of the portfolio has significantly changed or if a new period of greater stress has emerged.

Page 15 : § 10. 3. (iii) c)

"*An institution should be able to prove that, on the day of the week chosen for Stressed VaR calculation, its portfolio is representative of the portfolio held during the week and that the chosen portfolio does not lead to a systematical underestimation of the Stressed VaR numbers when computed weekly*."

We'd like to clarify that this requirement should not be construed as a de facto requirement for a daily computation of the Stressed VaR. This requirement should be satisfied by other means or indicators. For example, proof that the VaR is not systematically higher on the day of the week chosen for Stressed VaR calculation should be considered sufficient.

Page 19 : § 15. 1.

"*The Stressed VaR model should be subject to a use test through use of Stressed VaR output in risk management decisions (e.g. limit setting, reporting and escalation procedures, etc.).*"

We'd like to clarify that the examples given in this paragraph (*limit setting, reporting and escalation procedures, etc*) are examples only and that there are different ways to satisfy the use test.

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