

MEMO# 21831

October 11, 2007

Institute's Draft Comments On The Buy Side Risk Managers Forum Draft of "Risk Principles For Asset Managers"

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TO: RISK MANAGEMENT ADVISORY COMMITTEE No. 4-07 RE: INSTITUTE'S DRAFT COMMENTS ON THE BUY SIDE RISK MANAGERS FORUM DRAFT OF "RISK PRINCIPLES FOR ASSET MANAGERS"

We previously circulated to the Committee a draft of "Risk Principles for Asset Managers," which the Buy Side Risk Managers Forum has asked us to comment on. [\[1\]](#) At the September 19th meeting of the Committee, we discussed this draft and agreed that the Institute would file a comment letter with the BSRMF on behalf of the Committee. Attached is the Institute's draft comment letter, which is briefly discussed below. It includes issues we discussed at the recent Committee meeting, as well as comments provided to the Institute subsequent to the meeting.

We have represented to the BSRMF that we will provide them our comments no later than Friday, October 19th. Accordingly, if you have any recommended revisions to the Institute's draft letter, please provide them to the undersigned no later than the close of business on Wednesday, October 17th. The more specific you can be with your comments, the easier the editing process will be.

Summary of the Institute's Draft Letter

The Institute's letter includes both general and specific comments on the draft. Our general comment discusses our concern that the draft – starting with the Table of Contents and continuing through the text – appears to be overly prescriptive in tone, even though that was not the BSRMF's intent. Our specific comments discuss areas in which the draft: (1) appears inconsistent with current industry practices or requirements; (2) appears to be taking a "one-size-fits-all" approach to risk management; (3) appears to impose duties or obligations on firms that are not required; or (4) omits information that we believe would be

valuable to include.

A copy of both the Institute's comment letter and the BSRMF draft are attached.

Tamara K. Salmon
Senior Associate Counsel

[Attachment](#)

endnotes

[\[1\]](#) See Institute [Memorandum](#) to Risk Management Advisory Committee No. 3-07 [21421], dated August 1, 2007.

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