



CENTRAL BANK OF TRINIDAD & TOBAGO

Eric Williams Plaza, Independence Square, Port-of-Spain, Trinidad, Trinidad and Tobago
Postal Address: P.O. Box 1250
Telephone: (868) 625-4835; 4921; 5028; Fax: (868) 627-4696
E-Mail Address: info@central-bank.org.tt
Website: www.central-bank.org.tt

October 27, 2011

**CIRCULAR LETTER TO ALL FINANCIAL INSTITUTIONS
LICENSED UNDER THE FINANCIAL INSTITUTIONS ACT, 2008**

REF: CB-OIFI-2613/2011

CB 100-101- MARKET RISK REPORTING

In January 2008, the Central Bank of Trinidad and Tobago (the Central Bank) issued the Market Risk Instruction Manual, entitled "Application of Market Risk Capital Charges", which states, inter alia:

"Market risk capital requirements in respect of foreign exchange risk will apply to all institutions, while the capital requirements in respect of interest rate and equity risks will apply to licensed financial institutions where the value of securities and associated derivatives that are marked to market represents 10% or more of total assets."

Further to the circulation of the Market Risk Instruction Manual, the Central Bank wishes to clarify the definition of 'total assets'.

Please note that licensees must use the total asset figure as per the CB100 Capital Adequacy and Market Risk Reporting return, which includes both on and off-balance sheet assets. In this regard, please be guided accordingly.

You are reminded that an electronic copy of the Market Risk Instruction Manual may be accessed on the Central Bank's website via the link <http://www.central-bank.org.tt/content/legislation-guidelines-and-letters-0>.

Kindly acknowledge receipt by signing and returning the attached copy of this letter.

Yours sincerely

**Carl Hiralal
INSPECTOR OF FINANCIAL INSTITUTIONS**

Atch.