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Department of Economics

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Dear Dr van Heerden

Thank you for the opportunity to review and amend our article entitled: *Trading book risk metrics: a South African perspective*. We are grateful to the anonymous referees who provided valuable comments and insightful feedback.

We have now completed our corrections and attach the amended paper. To simplify tracking of our changes, the following represents a summary of our responses to the referees.

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| **Reviewer 1 comment** | **Response** | **Details** |
| Number of editorial issues, detailed in the letter from Reviewer 1 but too numerous to mention. | We agree with the majority of these issues.Some things we disagree with – for example, equation numbers are not required for all equations, only those referred to in the text. In these cases, we did not amend the document. | These have been addressed directly in the text. |
| Equations are not currently numbered (at all) as required | Agreed, done. | Equations properly numbered. |
| Spacing is currently at 1.5, although it should be single spaced according to guidelines | Spacing now single. |
| Figures should state sources & software used to construct | Figures now state source as well as software used. |
| Reference list contains a large number of minor errors | Bibliography now corrected. |

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| **Reviewer 2 comment** | **Response** | **Details** |
| The BuVar is fitted to data but there is NO mention of the software that was used or procedures that were used within the softwareThere should be a small paragraph inserted into the paper | Agreed | Software used in the construction of the buVaR metrics has now been indicated at each figure – and a short paragraph has been added. |
| The discussion needs to be more extensive, it is window dressed as or masquerading as a discussion/conclusion when it is a haphazard summary. Hence it must be informative and more importantly the findings of the paper must be linked to other author’s works. There is NO mention of previous or current citation to validate the consistency or inconsistency of the paper’s major findings to be aligned to the current body of knowledge. | We disagree. An exhaustive search of available literature revealed very little research using the buVaR technique.  | The discussion and results section continually compares our results to those of Wong's, however, so we believe the validate the consistency or inconsistency of the paper’s major findings are aligned with the current body of knowledge (limited though it is). |
| More work must be done by giving more details to future research. There is mention of 2 issues for future research but these must be expanded further | Agreed | The conclusion and suggestions for future work section has been augmented. |

Please contact us if there are any problems.

Yours sincerely

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Dr Gary van Vuuren

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Dirk Visser