- **Additional Eligibility Criteria**: BAIA proposes that the Commission create an additional eligibility criteria for the 300% risk-based portfolio limit that would be available to any fund whose overall portfolio VaR is no more than 1½ times the VaR of a basket of medium- to large-cap U.S. listed equity securities designated by the Commission, such as the S&P 500 Index.

- **Enhancement to Risk Management Program**: For funds relying on the additional eligibility criteria, the Commission should require that their derivative risk management program include an assessment of whether, based on the fund's investment objective and strategy, the VaR limit should be lower than the upper limit noted above (1½ times the VaR of the basket of Commission-designated equities).

- **Stress/Back Testing**: BAIA recommends that the Commission require designated risk managers to run additional stress testing and back testing of the VaR models at least monthly, and include the results in the reporting to a fund's board contemplated in Proposed Rule 18f-4.

- **Haircutting**: BAIA supports the recommendation put forth by the *Investment Company Institute* and *Simpson, Thacher & Bartlett LLP* that any limit based on notional amount should use risk-weighting or "haircutting".

- **Calculation Frequency**: BAIA proposes that the Commission address the administrative difficulties for multi-manager and multi-strategy funds related to the timing of a fund's calculation for compliance with the derivatives limits.