## Review Form 3

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| Journal Name: | **Asian Journal of Probability and Statistics** |
| Manuscript Number: | **Ms_AJPAS_125287** |
| Title of the Manuscript: | **Interest Rate Risk Modelling Using Semi-Heavy Tail Distributions of Normal Variance-Mean Mixtures: Central Bank of Kenya Interest Rates.** |
| Type of the Article | **Original Research Article** |

**General guidelines for the Peer Review process:**

This journal's peer review policy states that **NO** manuscript should be rejected only on the basis of '**lack of Novelty'**, provided the manuscript is scientifically robust and technically sound.
To know the complete guidelines for the Peer Review process, reviewers are requested to visit this link:

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**Important Policies Regarding Peer Review**

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## Review Form 3

**PART 1:** **Review Comments**

| **Compulsory** REVISION comments | **Reviewer's comment** | **Author's Feedback** *(Please correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)* |
|---|---|---|
| **Please write a few sentences regarding the importance of this manuscript for the scientific community. Why do you like (or dislike) this manuscript? A minimum of 3-4 sentences may be required for this part.** | The Central Bank of Kenya's (CBK) interest rate is an important signal that influences the bank's monetary policy stand and the economy. Hence, modeling the CBK interest rate would help the economy as well as the investors. This study has used semi-heavy tail distributions of normal variance-mean mixtures model for modeling interest rate risk to avoid mispricing of derivates. | |
| **Is the title of the article suitable? (If not please suggest an alternative title)** | It is suggested that the title may be changed as "Interest Rate Risk Modelling Using Semi-Heavy Tail Distributions of Normal Variance-Mean Mixtures: A Study on Central Bank of Kenya Interest Rates" | |
| **Is the abstract of the article comprehensive? Do you suggest the addition (or deletion) of some points in this section? Please write your suggestions here.** | It is suggested that abstract may include **a.** study period and **b**. type of data i.e. daily or monthly price. | |
| **Are subsections and structure of the manuscript appropriate?** | The structure of the manuscript is appropriate one. | |
| **Please write a few sentences regarding the scientific correctness of this manuscript. Why do you think that this manuscript is scientifically robust and technically sound? A minimum of 3-4 sentences may be required for this part.** | The models developed in previous studies have common limitations. They all make an assumption that the interest rates follow a normal distribution which in practice is not true. But this study has used semi-heavy tail distributions of normal variance-mean mixtures model that can provide a better interest rate model. | |
| **Are the references sufficient and recent? If you have suggestions of additional references, please mention them in the review form.** **-** | References are sufficient. | |
| Minor REVISION comments<br>**Is the language/English quality of the article suitable for scholarly communications?** | The quality of the language is adequate and suitable. | |
| **Optional/General** comments | | |

**PART 2:**

| | **Reviewer's comment** | **Author's comment** *(if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)* |
|---|---|---|
| **Are there ethical issues in this manuscript?** | *(If yes, Kindly please write down the ethical issues here in details)* | |

**Reviewer Details:**

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|---|---|
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