



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D.C. 20551

DIVISION OF BANKING
SUPERVISION AND REGULATION
BASEL COORDINATION COMMITTEE
(BCC) BULLETIN

BCC 16-1

April 6, 2016

SUBJECT: Supervisory Guidance Pertaining to the Issuance of the Basel Committee on Banking Supervision’s Second Consultative Paper, “Standardised Measurement Approach for Operational Risk”

The Basel Committee on Banking Supervision (BCBS) on March 4 published a consultative paper entitled, “Standardised Measurement Approach for Operational Risk”¹ that proposes a non-model-based method for the calculation of operational risk risk-weighted assets. The paper also proposes to withdraw the advanced measurement approaches (AMA) for operational risk from the Basel capital framework. The proposed revisions would apply to large, internationally active banking organizations and not to community banking organizations.²

The Federal Reserve Board will consider the proposals identified in the consultative paper in connection with the U.S. advanced approaches risk-based capital rule. Any change to the capital framework as a result of proposals in this or subsequent papers released by the BCBS will be considered in a manner consistent with the U.S. notice and comment process.

The existing AMA capital requirements will remain in effect while the proposals are being considered. Reconsideration of the AMA for operational risk presents transitional implications both for banking supervisors and supervised banking organizations. While this matter is under review by the Board, operational risk supervisory resources of the Federal Reserve will be focused on operational risk management processes and elements of the AMA that are important for overall safety and soundness. Board supervisory staff will contact affected banking organizations to discuss individual supervisory plans that are consistent with this principle and designed to limit burden on the institutions.

¹ <http://www.bis.org/press/p160304.htm>.

² The Board’s advanced approaches rules are set forth at 12 CFR 217, subpart E. The advanced approaches rule applies to an organization described in 12 CFR 217.100(b)(1).