

Internal Business Line

Internal Business Line Code	Internal Business Line Name	Internal Business Line Description
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

Unit of Measure (UOM)

UOM Code	UOM Name	UOM Description
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

Loss Data Collection Threshold Information:

Loss Data Collection Threshold(s)				
Collection Threshold(s)	Applicable Internal Business Line(s)	Effective Time Period of Collection		Comments
		From	To	

Definitions:

Collection Threshold(s)	Identify all loss data collection thresholds used for the data reported.
Applicable Internal Business Line(s)	Identify the "Applicable Internal Business Line(s)" for which the threshold applies. If the same threshold is used for all data reported, indicate "firmwide" in the Applicable Internal Business Line(s) field.
Effective Time Period of Collection Threshold	For all collection thresholds applicable to the data reported, identify the time period for which the respective threshold is/was in effect.

DRAFT

**Quarterly Operational Loss Data Collection Schedule
Reporting Instructions**

Please complete the attached Operational Loss Data Collection Schedule on a quarterly basis in accordance with the following reporting instructions.

1. The institution should report all operational loss events at and above the collection threshold established by the institution which meet the criteria specified in (a) and (b) below. An operational loss event is defined as an event that results in loss and is associated with any of the seven operational loss event type categories (Level 1) identified in Appendix A.
 - a) Operational loss events captured in the institution's loss database during the *current reporting quarter*.
 - b) Operational loss events that were reported during a *prior reporting quarter*, but were amended during the current reporting quarter. The following instructions *must* be applied to these loss events:
 - Use same Reference Number (Column A in the attached Schedule) that was used when the loss event was previously reported.
 - Include *updated* information for *all* of the "descriptive elements" identified in reporting instruction #5. The record provided for the respective loss event must reflect updated financial loss information, not just the net change in the financial loss information. For example, if the Gross Loss Amount (GLA) for a loss event captured and reported in an earlier reporting quarter increased from \$30,000 to \$55,000 (an additional financial impact of \$25,000), the institution's quarterly submission for the current reporting quarter should reflect \$55,000 as the GLA, *not* \$25,000 which represents the change in the increased amount. Current information for all other descriptive elements identified in reporting instruction #5 must also be provided for amended loss event.
 - Distinguish these "amended" loss events from new loss events captured during the current reporting quarter by selecting "Yes" in "Column Q" of the attached Schedule.
2. Each loss event should be reported in the Schedule as a single entry with an *aggregated* Gross Loss Amount (and an *aggregated* Recovery Amount, if applicable). Do not provide multiple entries for the same loss event. If the same loss event impacts multiple business lines or functions, and/or has related losses recorded over multiple accounting dates, these "multiple entries" must be aggregated into a single entry using the following methodology.
 - If a single loss event impacted multiple business lines or functions, report the event as a single entry and apply the *aggregated* GLA to the business line/function that was assigned the highest loss amount. Descriptive elements associated with the highest GLA should be reported for that aggregated event.
 - If the loss amount of a single loss event was allocated evenly across multiple business lines, report aggregated data for the business line/function that was the primary driver of the loss event. Descriptive elements associated with the respective business line should be reported for that aggregated event.
 - If the loss event has multiple entries that impact the same business line/function and the GLA is identical for each entry, use the earliest accounting date.

3. Do *not* report separate, distinct operational loss events on an *aggregated* basis. For example, a bank may have a process to aggregate separate loss events under a certain threshold into one loss event record. Separate loss events aggregated into one record should *not* be reported.
4. Foreign banking institutions should report operational losses that impact the institution's U.S. operations in accordance with these reporting instructions.
5. For each operational loss event reported, provide the following descriptive elements in accordance with the corresponding instructions:
 - A. Reference Number (Column A): The unique institution-established identifier assigned to each loss event. The reference number should not include any white spaces, tabs, or special characters.
 - B. Capture Date (Column B): The date that the institution captured/recorded the loss event in its internal operational loss database. The Capture Date must be submitted in the following format: MM/DD/YYYY. For example, "January 5, 2011, should be "01/05/2011".
 - C. Occurrence Date (Column C): The date that the operational loss event occurred or began. The Occurrence must be submitted in the following format: MM/DD/YYYY. For example, "January 5, 2011, should be "01/05/2011".
 - D. Discovery Date (Column D): The date that the operational loss event was first discovered by the institution, or in the case of litigation, the date a legal action was filed or a complaint was received. The loss event's discovery date should not be earlier than its occurrence date. The Discovery Date must be submitted in the following format: MM/DD/YYYY. For example, "January 5, 2011, should be "01/05/2011".
 - E. Accounting Date (Column E): The date that the financial impact of the operational loss event was recorded on the institution's financial statements. The loss event's accounting date should not be earlier than its occurrence date. The Accounting Date must be submitted in the following format: MM/DD/YYYY. For example, "January 5, 2011, should be "01/05/2011".
 - F. Applicable Loss Data Collection Threshold (Column F): The institution-established loss data collection threshold that was applicable to the respective business line/function and in effect at the time the loss event was captured.
 - G. Gross Loss Amount (Column G): The total financial impact of the operational loss event before any recoveries and **excluding** insurance and/or tax effects. The GLA should include all expenses associated with an operational loss event except for opportunity costs, forgone revenue, and costs related to risk management and control enhancements implemented to prevent future operational losses. Also, the following types of events should **not** be included in the gross loss amount or the institution's completed Schedule:
 - *Near Misses*: An operational risk event that did not result in an actual financial loss or gain to the institution.
 - *Timing Events*: An operational risk event that causes a temporary distortion of the institution's financial statements in a particular financial reporting period but that can

be fully corrected when later discovered (e.g., revenue overstatement, accounting and mark-to-market errors).

- *Forgone Revenues/Opportunity Costs*: Inability to collect potential future revenues due to operational risk related failures.
- *Gains*: Situations where an operational risk related failure results in a financial gain for the institution.

In addition, Gross Loss Amounts should:

- Be reported in units of one (not thousands), rounded to the nearest unit (for example, a one million dollar loss would be reported as 1,000,000).
 - Be reported in \$US dollars. Losses amounts recorded in foreign currency amounts should be converted to \$US dollars using a foreign exchange rate as of the accounting data associated with the respective loss.
 - **not** be reported as \$0.00 or as a negative value
- H. Recovery Amount (Column H): An independent occurrence, related to the original loss event, separate in time, in which funds or outflows of economic benefits are received from a third party, excluding funds received from insurance providers. Recovery Amounts:
- Should **not** be included in the Gross Loss Amount Column or netted into the gross loss amount.
 - Should be reported in units of one (not thousands), rounded to the nearest unit (for example, a one million dollar loss would be reported as 1,000,000).
 - Should be reported in \$US dollars. Recoveries recorded in foreign currency amounts should be converted to \$US dollars using a foreign exchange rate as of the accounting data associated with the respective recovery.
- I. Level 1 Event-Type Category (Column I): All loss events reported by the institution must be mapped to one of the seven “Level 1 Event Types” in Appendix A. This field must contain the respective Level 1 Event-Type code contained in Appendix A (i.e., ET1, ET2, ET3...ET7). The exact code provided must be used (e.g., “ET1”) with no additional characters or spaces added.
- J. Level 2 Event-Type Category (Column J): If the institution categorizes loss events to the “Level 2 Event-Types” in Appendix A, use the Level 2 Event-Type codes contained in Appendix B (i.e., ET11 – ET76). If the institution does not map loss events to those Level 2 Event-Types, or cannot map a particular loss event to one of the Level 2 Event-Types contained in Appendix A, then the institution should insert “ET00”. The exact code provided must be used (e.g., “ET41”) with no additional characters or spaces added.
- K. Business Line: Level 1 (Column K): All loss events reported by the institution must be mapped to one of the nine “Level 1 Business Lines” in Appendix B. This field must contain the specific Level 1 Business Line code identified in Appendix B (i.e., BL1, BL2, BL3...BL9) which corresponds to the Level 1 Business Line
- L. Business Line: Level 2 (Column L): If the institution categorizes loss events to the “Level 2 Business Lines” (Column L) in Appendix B, please use the Level 2 Business Line codes contained in Appendix B (i.e., BL11 – BL81). If the institution does not map loss events to those Level 2 Business Lines, then insert BL00 in the respective field(s) in this column.

- M. Internal Business Line (Column M): The institution-specific business line (e.g., Equities) or corporate function (e.g., HR, Finance or Compliance) to which the operational loss event has been assigned. This field should contain a numeric code (i.e., 1, 2, 3...) with each unique internal business line mapped to a unique digit representing that business line/corporate function. The institution should provide this mapping using the schedule provided in **Tab 2** of the attachment.
- N. Acquired or Merged Entity (Column N): If the loss event being reported originated from an acquired or merged entity, please include the name of the respective acquired or merged entity in this field. If not, then insert "NA" (not applicable).
- O. Is Loss Event Included in Operational Risk Quantification Model? (Column O): Enter "Yes" or "No" depending on whether or not the respective loss event is included in the institution's operational risk quantification model. If the institution does not calculate operational risk using a statistical model, enter "N/A" for this field.
- P. Unit of Measure (Column P): The Unit-of-Measure (UOM), established by the institution, to which the scenario has been assigned for regulatory and/or economic capital calculation purposes. It is the level at which the BHC's quantification model generates a separate distribution for estimating potential operational losses (for example, organizational unit, operational loss event type, risk category, etc.). Some institutions estimate a unique loss distribution for each business line/event type combination while others may estimate scenario loss distributions that span multiple business lines or events types (for example, "Retail Banking/External Fraud"). The UOM field should contain a numeric code (i.e., 1, 2, 3....) that is mapped to a unique UOM. The institution should provide this mapping using the schedule provided in **Tab 3** of the attachment.
- Q. Was Loss Event Reported in a Prior Reporting Quarter but Changed/Amended in Current Reporting Quarter? "Yes or No" (Column Q): The purpose of this reporting field is to distinguish loss events that were reported in previous reporting quarters (but contain amendments made during the current reporting quarter) from "new" loss events reported during the current reporting quarter. Do not leave any fields in this column blank. Indicate either "Yes or No".
- R. Detailed Description of Loss Event (required for events \geq \$100k) (Column R): For all operational loss events with gross loss amounts greater than \$100k, include a detailed description of the loss event. Generally, the "short-form" descriptions captured in an institutions' internal loss database should suffice.
6. Completed schedule must be submitted to the Federal Reserve via a secure Intralinks site by **[insert date]**. Information regarding this site will be provided separately to your institution.

Appendix A

Level 1 and Level 2 Event-Types

Level 1 Event-Type Categories		Level 2 Event-Type Categories	
Code	Name	Code	Name
ET1	Internal Fraud	ET11	Unauthorised Activity
		ET12	Theft and Fraud
ET2	External Fraud	ET21	Theft and Fraud
		ET22	Systems Security
ET3	Employment Practices and Workplace Safety	ET31	Employee Relations
		ET32	Safe Environment
		ET33	Diversity & Discrimination
ET4	Clients, Products & Business Practices	ET41	Suitability, Disclosure & Fiduciary
		ET42	Improper Business or Market Practices
		ET43	Product Flaws
		ET44	Selection, Sponsorship & Exposure
		ET45	Advisory Activities
ET5	Damage to Physical Assets	ET51	Disasters and other events
ET6	Business disruption and system failures	ET61	Systems
		ET71	Transaction, Capture, Execution and Maintenance
		ET72	Monitoring and Reporting
		ET73	Customer Intake and Documentation
		ET74	Customer/Client Account Management
		ET75	Trade Counterparties
		ET76	Vendors & Suppliers
		ET00	Not Applicable

Level 1 Event-Type Categories	Definition
<i>Internal Fraud</i>	<i>Losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or company policy, excluding diversity/discrimination events, which involves at least one internal party.</i>
<i>External Fraud</i>	<i>Losses due to acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party.</i>
<i>Employment Practices and Workplace Safety</i>	<i>Losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity/discrimination events.</i>
<i>Clients, Products & Business Practices</i>	<i>Losses arising from an unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product.</i>
<i>Damage to Physical Assets</i>	<i>Losses arising from loss or damage to physical assets from a natural disaster or other events.</i>
<i>Business disruption and system failures</i>	<i>Losses arising from disruption of business or system failures.</i>
<i>Execution, Delivery and Process Management</i>	<i>Losses from failed transaction processing or process management, from relations with trade counterparties and vendors.</i>

Appendix B

Level 1 and Level 2 Business Lines

Level 1 Business Lines		Level 2 Business Lines		Activity Groups
Code	Name	Code	Name	
BL1	Corporate Finance	BL11	Corporate Finance	<i>Mergers and acquisitions, underwriting, privatisations, securitization, research, debt (government, high yield), equity, syndications, IPO, secondary private placements</i>
		BL12	Municipal/Government Finance	
		BL13	Merchant Banking	
		BL14	Advisory Services	
BL2	Trading & Sales	BL21	Sales	<i>Fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos, brokerage, debt, prime brokerage</i>
		BL22	Market Making	
		BL23	Proprietary Positions	
		BL24	Treasury	
BL3	Retail Banking	BL31	Retail Banking	<i>Retail lending and deposits, banking services, trust and estates</i>
		BL32	Private Banking	<i>Private lending and deposits, banking services, trust and estates, investment advice</i>
		BL33	Card Services	<i>Merchant/commercial/corporate cards, private labels and retail</i>
BL4	Commercial Banking	BL41	Commercial Banking	<i>Project finance, real estate, export finance, trade finance, factoring, leasing, lending, guarantees, bills of exchange</i>
BL5	Payment and Settlement	BL51	External Clients	<i>Payments and collections, funds transfer, clearing and settlement</i>
BL6	Agency Services	BL61	Custody	<i>Escrow, depository receipts, securities lending (customers) corporate actions</i>
		BL62	Corporate Agency	<i>Issuer and paying agents</i>
		BL63	Corporate Trust	
BL7	Asset Management	BL71	Discretionary Fund Management	<i>Pooled, segregated, retail, institutional, closed, open, private equity</i>
		BL72	Non-Discretionary Fund Management	<i>Pooled, segregated, retail, institutional, closed, open</i>
BL8	Retail Brokerage	BL81	Retail Brokerage	<i>Execution and full service</i>
		BL00	Not Applicable	
BL9	Corporate Level – Non-Business Line Specific	<i>Losses originating from a corporate/firm-wide function that cannot be linked to a specific business line.</i>		