

Quarterly Operational Loss Data Collection Schedule

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1. Reporting Instructions

Each quarter, submit **two** data files as described below.

File 1: Operational Loss History

Submit a complete history of operational losses at and above the institution's established collection threshold(s) in accordance with the following instructions.

- a. The data file should contain all operational losses, with the exception of data on legal reserves, captured by the institution as of the respective reporting quarter end, starting from the point-in-time at which the institution began capturing operational loss event data in a systematic manner. An **operational loss** is defined as a financial loss (excluding insurance or tax effects) resulting from an operational loss event and includes 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. 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 and defined in Appendix A.
- b. Each loss event must contain a unique reference number. A single operational loss event could have multiple transaction dates (e.g., several accounting or recovery dates) and/or could be assigned to multiple business lines. In cases where the institution submits a single loss event that has multiple transactions and/or is assigned to multiple business lines, **the same reference number must be used** to link these individual records to the same event.
- c. The requirement for reporting a loss event is based on the event's total loss amount, regardless of how the loss amount is distributed. For example, if an institution's collection threshold is \$10,000 and a single loss event of \$12,000 was assigned evenly to three business lines (i.e., \$4,000 each), then the event needs to be included in the institution's submitted data file.
- d. Do *not* report separate, distinct operational loss events on an *aggregated* basis. For example, the bundling of *separate* loss events that fall below the institution's established threshold into one loss event record should not be reported.
- e. Foreign banking institutions should report operational losses that impact the institution's U.S. operations in accordance with these reporting instructions.
- f. **Ensure that the information provided for each descriptive element conforms to the reporting instructions in the Operational Loss Data Collection Schedule in Section 2.**

File 2: Legal Reserves Frequency

Each quarter, report the total number of **outstanding/pending** legal events by "Basel Business Line (Level 1)" and "Basel Event Type (Level 1)" for which a legal reserve(s) has been established in accordance with the following instructions.

- a. The total number reported should be based on the number of legal events, **not** the number of "reserve entries."

- b. The total number of outstanding/pending legal events should be reported by the quarter and year in which the first legal reserve for each respective legal event was recorded. For example, a legal event that had three separate reserves recorded in Q1-2011, Q4-2011, and Q2-2012 should be included as one event in the Q1-2011 total.
- c. Previously reported legal events that have been settled or closed during the current reporting quarter should not be included in the current or future submissions. Example: A reserve for a legal event was first recorded in Q1-2011. The legal event was then settled in Q2-2012. In this example, the legal event should not be included in the institution's Q2-2012 submission or future submissions.
- d. The total number outstanding/pending legal events for which the first legal reserve was recorded on or prior to December 31, 2007 must be reported under "Q4-2007" by "Basel Business Line (Level 1)" and "Basel Event Type (Level 1)". To clarify, total numbers reported by business line and event type under Q4-2007 should represent the total number of *outstanding/pending* legal events for which a reserve(s) was established prior to December 31, 2007 **and** for which reserves are still in place as of the current reporting quarter.
- e. **Ensure the information provided for each descriptive element conforms to the reporting instructions in the Legal Reserves Frequency Schedule in Section 6.** For illustrative purposes, an example of a Legal Reserves Frequency Schedule is provided in Appendix C.

2. Operational Loss Data Collection Schedule

| Field Reference | Field Name | Description | Format N: Numeric C: Character |
|-----------------|---|---|--------------------------------------|
| A | Reference Number | The unique institution-established identifier assigned to each loss event. The reference number should not include any white spaces, tabs, or special characters. | N |
| B | Capture Date | 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". | Date MM/DD/YYYY |
| C | Occurrence Date | 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". | Date MM/DD/YYYY |
| D | Discovery Date | The date that the operational loss event was first discovered by the institution. 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". | Date MM/DD/YYYY |
| E | Accounting Date | 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". | Date MM/DD/YYYY |
| F | Applicable Loss Data Collection Threshold | 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. | N |

| Field Reference | Field Name | Description | Format N: Numeric C: Character |
|-----------------|---------------------------|---|--------------------------------------|
| G | Gross Loss Amount (\$USD) | <p>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.</p> <p>Also, the following types of events should not be included in the gross loss amount or the institution's completed Schedule:</p> <ul style="list-style-type: none"> • <i>Near Misses</i>: An operational risk event that did not result in an actual financial loss or gain to the institution. • <i>Timing Events</i>: 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). • <i>Credit Boundary Events</i>: Losses that are related to both operational risk and credit risk. For example, where a loan defaults (credit risk) and the bank discovers that the collateral for the loan was not properly secured (operational risk). [Exception: Retail credit card losses arising from non-contractual third-party initiated fraud (for example, identity theft) should be treated as external fraud operational losses and should be included in the institution's submission.] • <i>Forgone Revenues/Opportunity Costs</i>: Inability to collect potential future revenues due to operational risk related failures. • <i>Gains</i>: Situations where an operational risk related failure results in a financial gain for the institution. <p>In addition, Gross Loss Amounts:</p> <ul style="list-style-type: none"> • 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. Losses amounts recorded in foreign currency amounts should be converted to \$US dollars using a foreign exchange rate as of the accounting date associated with the respective loss. • Cannot be reported as a negative value. | N |

| Field Reference | Field Name | Description | Format N: Numeric C: Character |
|-----------------|------------------------------------|--|--------------------------------------|
| H | Recovery Amount (\$USD) | 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: <ul style="list-style-type: none"> • Should not be included in the Gross Loss Amount column or netted into the gross loss amount. • Should have the same reference number as the associated loss event. • 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 date associated with the respective recovery. • Cannot be reported as a negative value. | N |
| I | Basel Event-Type Category: Level 1 | 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 specified 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. | N |
| J | Basel Event-Type Category: Level 2 | If the institution categorizes loss events to the “Level 2 Event-Types” in Appendix A, use the Level 2 Event-Type codes specified 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 “ET00” should be inserted in this field. The exact code provided must be used (e.g., “ET41”) with no additional characters or spaces added. | N |
| K | Basel Business Line Level 1 | 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. | N |
| L | Basel Business Line Level 2 | If the institution categorizes loss events to the “Level 2 Business Lines” (Column L) in Appendix B, use the Level 2 Business Line codes specified 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. | N |

| Field Reference | Field Name | Description | Format N: Numeric C: Character |
|-----------------|---|---|--------------------------------------|
| M | Internal Business Line or Corporate Function | 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 Table 3 ('Internal Business Line') of the attachment. | N |
| N | Acquired or Merged Entities | If the loss event being reported originated from an acquired or merged entity, then include the name of the respective acquired or merged entity in this field. If not, then insert "NA" (not applicable). "Events originating from acquired or merged entities" refers to loss events that have a capture date <i>prior to</i> the acquisition/merger date. This requirement should also apply to loss events originating from acquired or merged entities that have capture dates <i>after</i> the acquisition/merger date, if those losses have not yet been integrated into the business lines/functions of the merged entity. | C |
| O | Is Loss Event Included in the Institution's Most Recently Reported Operational Risk Capital Estimate? | If the institution uses statistical model to estimate operational risk capital, enter "Yes" or "No" depending on whether or not the respective loss event is included in the institution's most recently reported operational risk estimate. If the institution does not estimate operational risk using a statistical model, enter "N/A" for this field. | C Y/N/NA |
| P | Unit of Measure | The Unit-of-Measure (UOM), established by the institution, to which the loss 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 Table 4 ('Unit-of-Measure') of the attachment. | N |
| Q | Detailed Description of Loss Event (required for events \geq \$250k) | For all operational loss events with gross loss amounts greater than or equal to \$250 thousand, include a detailed description of the loss event. Generally, the "short-form" descriptions captured in an institutions' internal loss database should suffice. | N |

3. Internal Business Line

| Field Name | Description | Format N: Numeric C: Character |
|------------------------------------|---|--------------------------------------|
| Internal Business Line Code | The unique numeric code assigned to the respective Internal Business Line by the institution. | N |
| Internal Business Line Name | The name of the Internal Business Line. | C |
| Internal Business Line Description | Brief description of the Internal Business Line. | C |

4. Unit-of-Measure (UOM)

| Field Name | Description | Format N: Numeric C: Character |
|-----------------|--|--------------------------------------|
| UOM Code | The unique numeric code assigned to the respective Unit-of-Measure by the institution. | N |
| UOM Name | The name of the Unit-of-Measure. | C |
| UOM Description | Additional details on Unit-of-Measure, as necessary. | C |

5. Threshold Information

| Field Name | Description | Format N: Numeric C: Character Date MM/DD/YYYY |
|--|--|--|
| Collection Threshold(s) | Identify all loss data collection thresholds used for the data reported. | N |
| 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. | C |
| Effective Time Period of Collection Threshold (FROM) | For all collection thresholds applicable to the data reported, identify the time period for which the respective threshold is/was in effect. | Date MM/DD/YYYY |
| Effective Time Period of Collection Threshold (TO) | For all collection thresholds applicable to the data reported, identify the time period for which the respective threshold is/was in effect. | Date MM/DD/YYYY |
| Comments | Use as necessary. | C |

6. Legal Reserves Frequency Schedule

| Field Reference | Field Name | Description | Format N: Numeric C: Character |
|-----------------|--|---|--------------------------------------|
| A | Quarter | The quarter in which the first legal reserve was established for a legal event. | C |
| B | Year | The year in which the first legal reserve was established for a legal event. | N |
| C | Basel Event Type | The number of outstanding/pending legal 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 specified 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. | C |
| D | Basel Business Line | The number of outstanding/pending legal 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. | C |
| E | Number of Outstanding/Pending Legal Events | The number of outstanding/pending legal events. | N |

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 |
| ET7 | Execution, Delivery and Process Management | 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> | | |

Appendix C

Example of a Completed Legal Reserves Frequency Schedule

(for illustrative purposes only)

| Quarter | Year | Basel Event Type Level 1 | Basel Business Line Level 1 | Number of Outstanding /Pending Legal Events |
|---------|------|--------------------------|-----------------------------|---|
| Q4 | 2007 | ET4 | BL2 | 4 |
| Q4 | 2007 | ET4 | BL7 | 6 |
| Q4 | 2007 | ET1 | BL2 | 5 |
| Q1 | 2008 | ET4 | BL3 | 1 |
| Q3 | 2008 | ET4 | BL2 | 1 |
| Q2 | 2009 | ET4 | BL1 | 2 |
| Q2 | 2009 | ET3 | BL4 | 1 |
| Q3 | 2009 | ET7 | BL2 | 1 |
| Q3 | 2010 | ET4 | BL1 | 3 |
| Q4 | 2010 | ET7 | BL7 | 1 |