

Bank of England PRA

Draft amendments to FSA072 instructions

In this Annex new text is underlined and deleted text is struck through.

FSA072 Pillar 2 Operational risk historical losses

Firms should report, for each “Event Type L1”, the total operational risk losses (loss amount and number of events) by calendar year for the past full years from 2008.

This data item should be resubmitted in full at each report. For instance, if a firm submits historical data from 2011 to 2014 this year, next year the firm will need to submit the full data set from 2011 to 2015 and not just the year 2015.

General information

Firm should complete the following mandatory fields:

- the basis of their reporting – UK consolidated, solo consolidation, UK consolidation group, prudential sub-consolidation, or capital sub-group;
- the submission number – firms should enter ‘1’ and increase this number by ‘1’ in case of resubmission;
- the unique ‘firm reference number’ (FRN);
- the name of the firm;
- the reporting period start and end dates – these dates should coincide with the ICAAP assessment period. In particular, the reporting end date is the balance sheet end date used for purposes of the ICAAP assessment; and
- the reporting currency – firms should report in the currency of their ICAAP i.e. Pounds Sterling (GBP), US Dollars (USD), Euros (EUR), Canadian Dollars (CAD), Swiss Francs (CHF), Japanese Yen (JPY) or Swedish Krona (SEK).

Units

All amounts should be reported in absolute values rounded to the nearest whole number in reporting currency.

Definitions

All definitions are in line with ~~this supervisory statement ITS on Supervisory Reporting, and CRD IV~~, ¹the PRA Rulebook, unless otherwise specified.

¹ Capital Requirements Directive (2013/36/EU) and Capital Requirements Regulation (575/2013), collectively ‘CRD IV’.

Calendar year

From 1 January to 31 December - this is based on the date of financial impact.

Event type L1

Operational risk “Event Type Category (Level 1)” as set out in “Annex 2 – Detailed loss event type classification” in the Operational Risk Part of the PRA Rulebook, defined in Article 324 of CRR.

Gross operational loss net of direct recoveries

Gross loss less direct recoveries. A recovery is an independent occurrence, separate in time from the original event, in which funds are recovered or contributed usually from or by a third party. Recoveries may be direct or indirect. An indirect recovery is generally an insurance recovery. A direct recovery is any payment (other than an indirect recovery) received by the firm which offsets the loss. This number must be positive if it is a loss, or negative if it is a gain.

Number of events

Number of losses caused by the common operational risk event or number of multiple events linked to the root event.

[Date TBC] ~~December 2018~~