

ORX News coverage rules: outline guide

Version 2, March 2017

1 What ORX News covers

ORX News aims to provide a news digest that is fully categorised to ORX standards for losses that meet all of the following criteria:

- over USD 1 million
- caused by an operational risk event
- suffered by a financial services company (usually a bank or insurance company)
- reported in selected sources in the international media.
- for operational risk loss events in 2007 and 2008, ORX News covers events with a loss amount of USD 500 million or more.

2 Special coverage rules

2.1 Cyber crime and data breaches

ORX News also covers events for which the loss amount is unclear, such as those involving cybercrime, if we have reason to believe that the loss is over USD 1 million.

ORX News occasionally publishes stories that do not fit this criteria but which ORX News deems particularly useful or interesting for subscribers. For example, we report hacking, DDoS attacks, and data breaches at financial services companies and companies that they outsource work to.

We also report large Cyber events which occur within non-financial firms.

2.2 Ponzi schemes

ORX News covers Ponzi schemes by a financial services company if the total amount involved is over USD 100 million, but does not cover smaller schemes or schemes by a non-financial services company or an individual. This is because smaller schemes will have limited impact outside the victims of the fraud, schemes over USD 100 million may cause impacts in the wider financial system and may therefore be of interest to subscribers.

2.3 Fines to individual employees

ORX News does not cover losses to employees of financial services companies, for example, if an employee is fined by a regulator, unless the company will cover the fine.

2.4 Loan frauds and recoveries

For loan and insurance frauds, ORX News covers the full amount granted or paid, not the eventual loss after repossession of collateral etc. This is because ORX News does not have details of how much, if any, of the loan amount has been recovered after the loss. Therefore we include the full

(gross) loan amount as the loss amount, rather than the loss net of any recovery.

If a loss is shared between multiple institutions, ORX News reports it as a separate loss for each institution.

If a part, or all, of the amount lost is recovered within five days, ORX News reports the amount still lost after five days. If a part, or all, of the amount lost is recovered after five days, ORX News reports the full amount originally lost. This fits with ORX rules on rapid recoveries.

3 What ORX News does not cover

ORX News does not cover “business services” such as accountancy companies.

ORX News does not cover losses due to other types of risk, such as market or credit risk, unless the event was due to operational risk but with some boundary risk. In this case, the story will have a boundary risk category. (See [Operational Risk Reporting Standards 3.4.1](#))

ORX News does not cover Medicaid or Medicare frauds in the US. This is because there are a large number of these frauds, and they would tend to swamp the database if they were included. Medicare and Medicaid also have very different ‘business models’ to standard insurance companies. Operational risk events suffered by non-Medicare or non-Medicaid medical insurers are covered in the ORX News database, and categorized according to the ORX Insurance Operational Risk Reporting Standards (I-ORRS).

ORX News does not cover reputational risk. Reputational risk is not considered part of Operational Risk (see [Operational Risk Reporting Standards](#), 3.4.6)

4 Quality assurance

Each news digest receives quality assurance internally prior to publication. The idea of quality assurance within ORX News is to ensure that the published news digest reflects the aims of ORX News. In particular, this means that it is an accurate reflection of what is reported in the press (even though this may be inaccurate), is categorised in line with ORX standards and does not infringe on any copyright issues.

In addition, ORX News will present a selection of stories to the ORX Definitions Working Group for review and discussion of categorisation choices.

5 ORX News aims

ORX News aims to reflect accurately each event as it is reported in the media.

ORX News aims to publish a headline as soon as possible after a story is identified, which should be within 24 hours of it appearing in the media, and aims to publish the full story within a further 48 hours of it being identified.

6 Updates

ORX News is committed to keeping stories up-to-date and covering any major developments that occur after the event is published.

6.1 When we do an update

Instances in which ORX News will update a digest include:

- when a loss amount or category has changed (e.g. PPI Provisions going up every quarter, new interpretation from the ORX Definitions Working Group);
- when significant new information is reported in the media (e.g. bank is ordered to pay a fine after a rogue trader incident);
- when new information contradicts or overrides information in an existing digest (e.g. further investigations revealed that the conspirators embezzled over twice as much as previously estimated); and
- when a subscriber alerts us to any of the above.

6.2 When we do not do an update

Instances in which ORX News will not update a digest include:

- minor developments in fraud stories (e.g. conspirators sentenced to jail); and
- ongoing stories where the provision is alleged and different 'sources with knowledge of the matter' put up different loss amounts (e.g. Monte dei Paschi story).

6.3 When we send email alerts

ORX News does not generally issue alerts for updates unless the update is particularly significant (e.g. massive increase to loss amount), or it is an update to a particularly significant story (e.g. industry events such as PPI or auction rate securities).