

Conduct Risk definition

The risk of loss¹ to an institution, or the harm to an institution’s customers or other stakeholders², resulting from any willful act or omission by (a) an institution’s employee or independent contractor, or (b) an employee or independent contractor of an institution’s affiliate or third party, such as:

- The offering, giving, receiving, or soliciting of something of value for the purpose of influencing the action of any official or person in the discharge of his or her public or legal duties.
- The willful failure to comply with, or the willful circumvention of, any applicable law, regulation or generally accepted industry standard;
- The willful breach of the institution’s Code of Conduct, including any policy relating to ethics or conflicts of interest;
- The willful breach of the institution’s policies or procedures or circumvention of any internal control;
- Any action or omission taken with the intent to deceive any person, or defraud or misappropriate the property of any person;
- The failure to report in a timely manner any act or omission that may constitute a violation of the Code of Conduct or be illegal or unethical; or
- The willful act or omission to conceal any of the foregoing.

¹ The term “loss” includes damages, amounts paid in settlement, regulatory fines and penalties, and damage to the institution’s reputation.

² The term “stakeholders” shall mean an institution’s customers, shareholders, employees, affiliates, third parties, and regulators.