

Scenario Update 2

FBIIC/FSSCC Pandemic Flu Exercise

This update covers the **scenario timeline** of
October 8th through November 4th
(Weeks 3 through 6 of the Pandemic)

Note: This exercise is designed to create an opportunity for the participants to experience a series of possible pandemic influenza environments. These scenarios are not necessarily predictive, nor do they represent the official viewpoint of any organization, group, or entity. The exercise is intended to allow the participants and their organizations to explore possible situations and to consider their options for responses and mitigation approaches. The sponsors understand that no scenario can present all aspects of a possible situation, and that there is no way to know definitively the actual circumstances that might be present during a pandemic.

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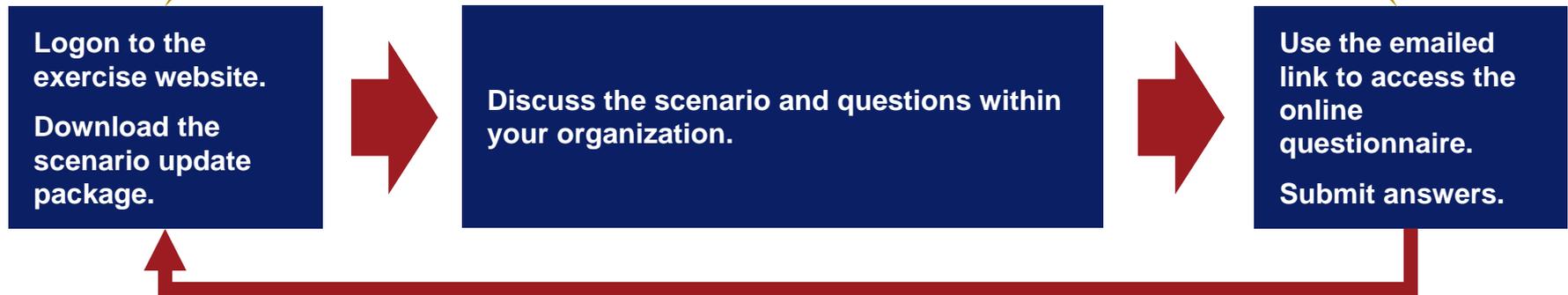
Exercise Overview

- ▶ **HOW TO PARTICIPATE:** Financial organizations within the United States are voluntarily registered for the exercise on the website (www.fspanfluexercise.com). This website serves as the point of distribution for the exercise briefing materials and the scenario information.
- ▶ **WHO SHOULD BE INVOLVED:** This exercise and its accompanying scenario have been designed to be flexible and to allow each organization to engage as many functions as it deems appropriate. These functions may include business continuity, operations, human resources, and even senior leadership decision making.
- ▶ **SCENARIO UPDATE PACKAGE:** The scenario is presented in two formats for your convenience. The first – a detailed briefing – provides the status of the pandemic with details on absenteeism, and economic, market, and societal impacts. The second – a matrix – parallels the briefing but contains less detail for quick reference. Following the matrix are a set of questions designed to assist organizations in exploring the impact of the events described in the scenario on their operations.
- ▶ **FINDING ADDITIONAL INFORMATION:** Background information regarding pandemic influenza, financial services sector preparedness issues, and Federal government roles and responsibilities related to a pandemic, as well as a glossary, are available in the Exercise Briefing Book located on the exercise website. Please note that the exercise will not simulate the provision of regulatory relief.

Exercise Construct/Mechanism

September 17th (Pre-Exercise Scenario)
September 24th (Scenario Update 1)
October 1st (Scenario Update 2)
October 8th (Scenario Update 3)

September 26th (Online Questionnaire 1)
October 3rd (Online Questionnaire 2)
October 11th (Online Questionnaire 3)



- ▶ On Monday at 9:00am (EDT) each week of the exercise, a scenario update and a set of questions will be released for participants to download via the exercise website (www.fspanfluexercise.com). The point of contact will receive an automatically generated email from fspanfluexercise@surveymonkey.com containing a link for the organization to complete the online questionnaire. Participants will have until 5:00pm (EDT) on Wednesday each week to complete the online questionnaire.
- ▶ The same process and timing will occur each week of the exercise, with the exception of the final week of the exercise. Participant involvement in the exercise will end by 5:00pm (EDT) on Thursday, October 11th (due to the Columbus Day holiday) with each participant's final response to the online questionnaire.

Using the Absenteeism Distribution Information

- ▶ As part of this exercise, we are including absenteeism distribution information for those organizations that wish to simulate at an individual level who will or will not be working during each phase of the pandemic. While the scenario will set the absenteeism in society for each phase, the absenteeism distribution information enables each financial organization to explore the implementation of their business continuity plans against a list of specific staff who are unable to work.
 - Being “absent” in the context of the exercise means that an individual is **unavailable to work**, even if he or she has telecommuting capabilities.
- ▶ Each week, a list of letters of the alphabet will be provided with the exercise materials. These letters represent the first letters of the last names of your employees. Employees whose last names begin with these letters should be considered as absent during the entire period of the next scenario update. If you are participating as a business unit, and not as an entire organization, apply the list of letters to your business unit alone to discover who will be absent.
- ▶ In the exercise, absent individuals are simulated to be absent from their normal roles. Individuals who are part of your exercise team may continue to help your organization participate in the exercise even if the absenteeism distribution information has indicated that they are absent from their normal roles.
- ▶ Please note that the letters indicating the absent individuals will be provided to you a week in advance of when they will be used. This will provide you with an adequate amount of time in which to review your Human Resources records, identify the absent individuals, and determine the distribution of the absent employees among your various departments/units/etc. as appropriate. Do not begin to simulate the absenteeism until you have received the next scenario update.
- ▶ REMINDER: During this entire scenario update (October 8th through November 4th), the target absenteeism rate is 49%. Employees with last names beginning with A, C, E, F, G, I, J, K, N, O, Q, R, S, U, V, X, and Z are simulated to be absent.

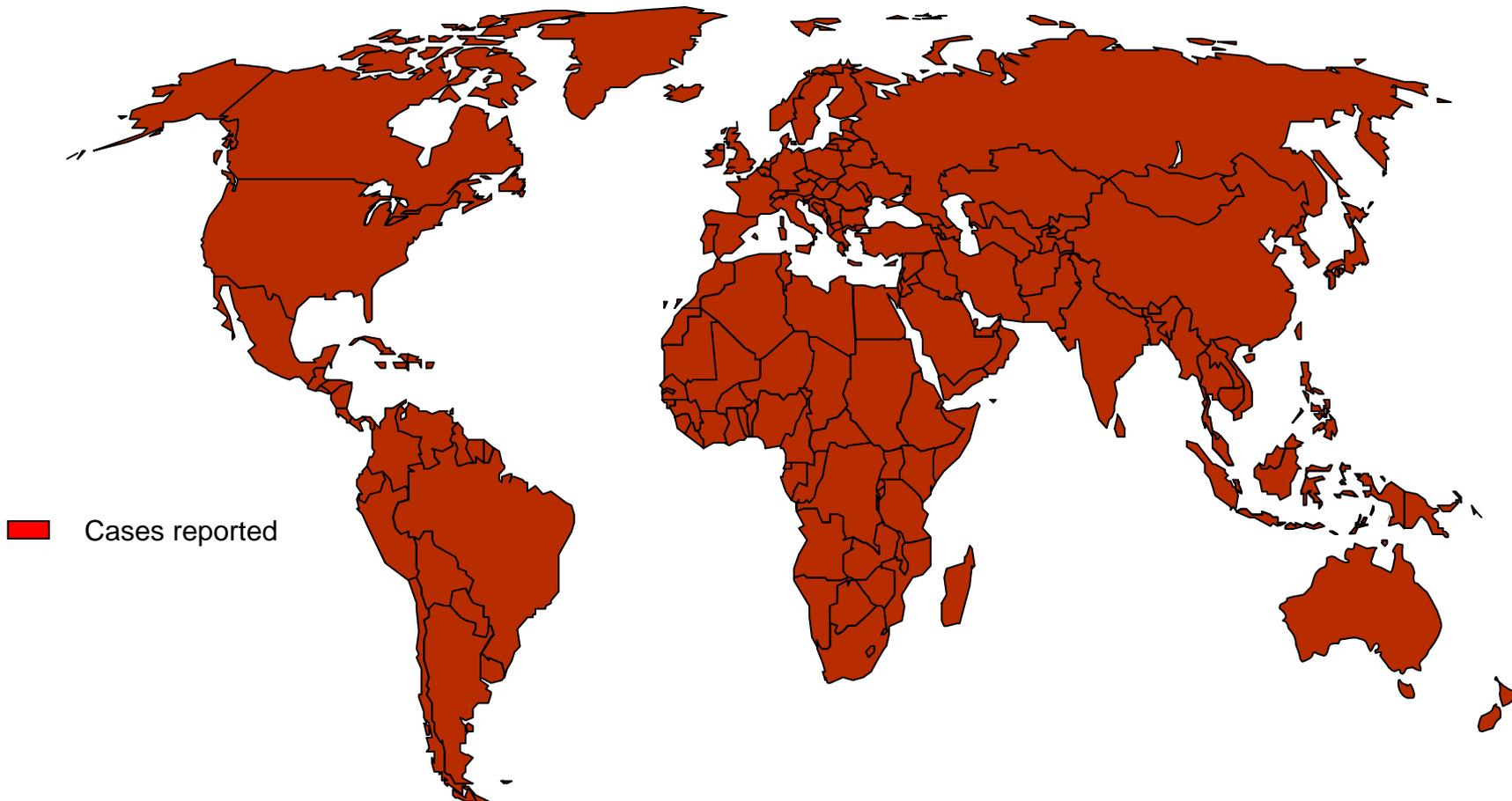
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Today's date is November 4th. The information contained here represents all that has happened from October 8th through November 4th.

The World is Engulfed by the Pandemic

- ▶ The pandemic continues to spread around the world and almost every country has reported human-to-human case clusters of the H5N1 virus
- ▶ In the United States, all major metropolitan areas are experiencing peak infection levels



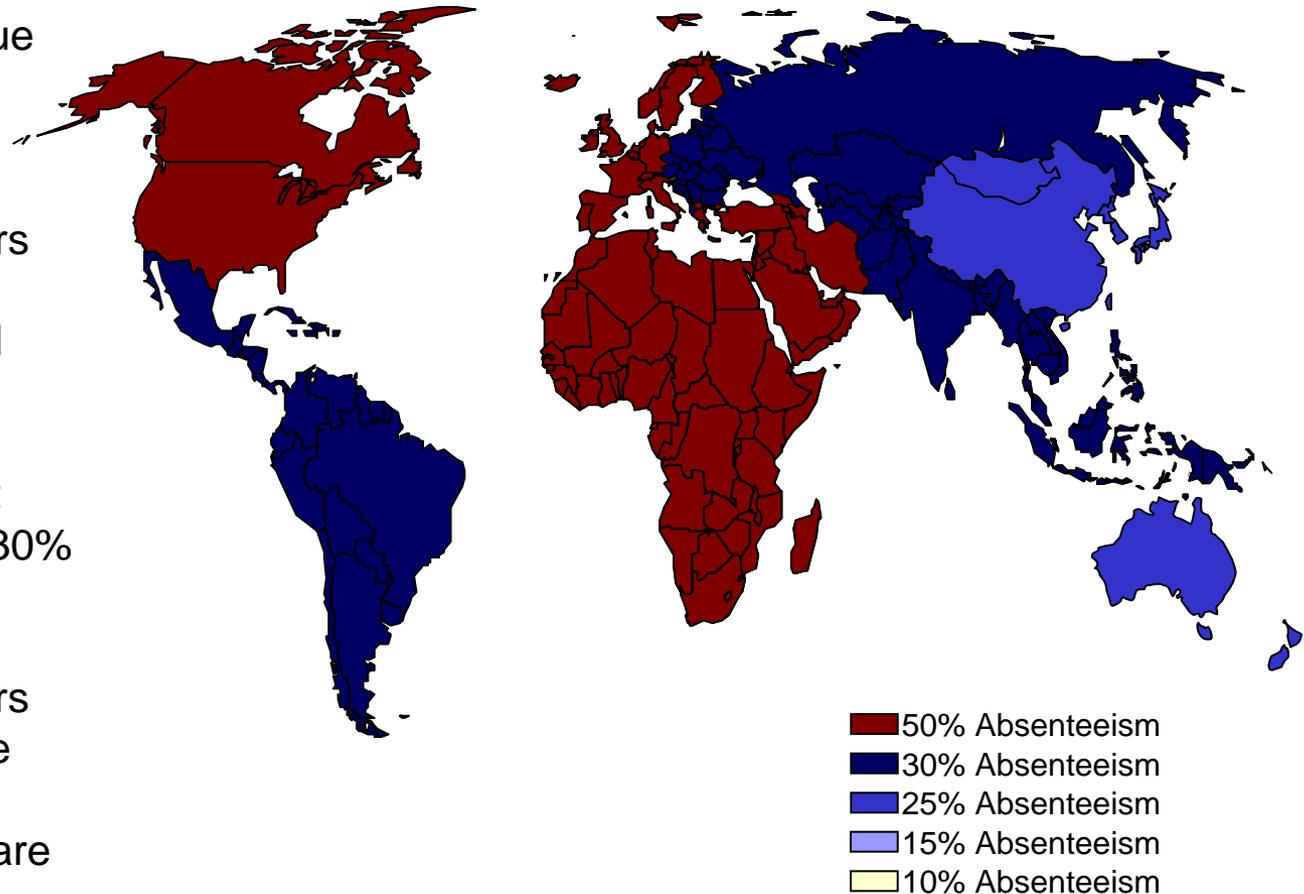
WHO and U.S. Federal Response Stages

- ▶ The World Health Organization (WHO) remains at Phase 6
- ▶ The U.S. Government remains at Response Stage 5

World Health Organization Phases		U.S. Federal Government Response Stages	
INTER-PANDEMIC PERIOD			
1	Low risk of human case	0	New domestic animal outbreak in at-risk country
2	Higher risks of human cases		
PANDEMIC ALERT PERIODS			
3	No, or very limited human-to human transmission	0	New domestic animal outbreak in at-risk country
		1	Suspected human outbreak overseas
4	Increased human-to-human transmission	2	Confirmed human outbreak overseas
5	Significant human-to-human transmission		
PANDEMIC PERIOD			
6	Pandemic phase: Increased and sustained transmission in general population	3	Widespread human outbreaks in multiple locations overseas
		4	First human cases in North America
		5	Spread throughout United States
		6	Recovery and preparation for subsequent waves

Global Absenteeism Rates

- ▶ High levels of absenteeism have become a critical issue in all regions of the world
- ▶ Major financial centers in the Americas (excluding the United States and Canada), Eastern Europe, and South and Southeast Asia are reporting a 30% absenteeism rate
- ▶ Major financial centers in Northeast Asia, the Pacific and the Australian continent are reporting a 25% absenteeism rate



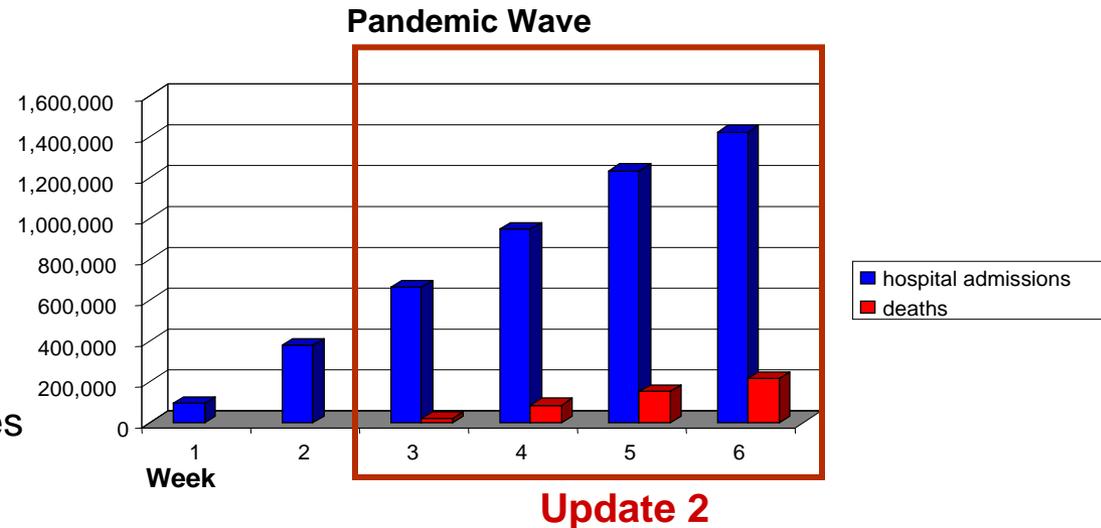
Impact of the Pandemic in the United States

- ▶ In the United States, all sectors, including financial services, are reporting absenteeism rates of approximately 49%

U.S. Pandemic Statistics	
Average Current Absentee Rate	49%
Cumulative Hospitalizations	4,747,785
Cumulative Fatalities	474,828

Impact on the Healthcare Sector

- ▶ The Centers for Disease Control (CDC) estimates that the initial shipment of vaccine tailored to the pandemic strain will be available in three months
 - Healthcare workers and first responders are priorities for vaccinations
- ▶ Antiviral supplies in the United States have been exhausted



- ▶ The U.S. healthcare system is overwhelmed, the rate of hospital admissions is climbing, and nationwide, hospitals and ICU's are extended well beyond their maximum safe capacity



- Health and Human Services (HHS), CDC, and local authorities are requesting that the public not go to their local hospitals if they are experiencing little or no flu-like symptoms due to overcrowding and long waiting periods
- Very large crowds are converging on emergency rooms throughout the country demanding treatment
- This surge has limited or removed any plans to isolate pandemic flu patients
- ▶ The National Guard has activated personnel, including those with medical expertise, for duty throughout the country

Retail/Wholesale Consumer Supplies

- ▶ Some businesses have closed, while others attempt to continue their operations via remote access and with limited onsite staff
- ▶ Small businesses have been hit particularly hard and many have requested temporary lines of credit
- ▶ The durable goods sector is hit hard as sales and production drop sharply
- ▶ The availability of all types of commercial and consumer supplies have been reduced by 50% and delivery periods lengthened by two weeks
- ▶ Supplies of fruit and seasonal goods are very low due to a slowdown in harvesting and distribution capabilities
- ▶ Supermarkets are prioritizing provisioning of basic goods only and are limiting the purchase of individual items to a specific quantity



Downturn in Economic Activity in the United States

- ▶ The United States' economic performance is declining
- ▶ U.S. real GDP has declined by $\frac{3}{4}$ percent
- ▶ Wholesale and retail markets for goods are experiencing a sharp decline as people avoid public encounters
- ▶ The real estate sector has stagnated
- ▶ An increasing number of companies in all sectors of the U.S. economy have stopped paying employees who have exhausted their sick leave, vacation, and other paid time off benefits



Financial Market Impacts

- ▶ S&P 500, FTSE, and NIKKEI fall dramatically and, on the whole, U.S. stock prices have dropped 12.5% since the start of the pandemic
 - Volatility remains high, the markets are seeing a decrease in trading volume/counterparty availability, and bid/ask spreads widen significantly
- ▶ Trading volumes in emerging and U.S. markets decline as liquidity deteriorates 30% and traders call in sick
- ▶ Pressure on market infrastructure providers leads to consideration of a shortened trading day
- ▶ Some Inter Dealer Brokers (IDBs) are unable to make markets and disseminate quotes
- ▶ Weak demand and the prospect for further declines in inflation push the yield on ten-year U.S. Treasury securities down another 25 basis points
- ▶ Commodity and crude oil prices fall another 10%
- ▶ The value of the U.S. Dollar has stabilized
- ▶ Customers are calling their financial advisors in order to draw down on credit lines

Impact on Banks and Credit Unions

- ▶ Banks and credit unions are having difficulty keeping ATMs stocked with cash due to increased customer withdrawals and a reduction in deliveries of cash to ATM machines caused by high absenteeism
 - 60% of ATMs are operational and customers desiring to withdraw cash from an ATM need to search for an operating machine
- ▶ Banks and credit unions are experiencing decreasing amounts of direct deposit of worker earnings and an increase in credit card and mortgage late payments



- ▶ Rumors have spread on the Internet about runs on depository institutions and the inability of account holders to access their money
- ▶ 50% of branches are open and operational
- ▶ Online transactions have increased by 60% for utilities and other bills
- ▶ Internet banking sites are experiencing a 60% increase in volume
- ▶ High absenteeism at call centers is resulting in major delays, more than doubling the average wait time for service

Operational Impacts

- ▶ Securities settlements are not delayed
- ▶ Out Trades have increased 20%
- ▶ Liquidity problems are causing increased securities settlement failures and concerns are being raised regarding deliveries
- ▶ Some futures markets have gone to fully electronic trading
- ▶ For clients and traders not connected via dedicated lines, access to real-time market data is disrupted as internet traffic increases and data download times increase
 - Market data is delayed by an average of ten minutes via the internet
- ▶ Price quotes appear to be stale
 - It is unclear whether this is a result of internet problems or other issues

Impact on Insurance Industry

- ▶ Health insurance claim volume is up 20%
- ▶ There is a 10% increase in the volume of calls to property/casualty insurers due to an increase in crime
- ▶ Auto insurance claims have decreased 10% due to less traffic on the roads
- ▶ Authorities report a rising rate of mortality as deaths increase 1.3 per thousand, and life insurers face an increase in claims volume
- ▶ There is a 25% increase in disability and 10% increase in workmen's compensation claims

Financial Overview: Major Indicator Reactions (Value)

Change During the Period of Time in Each Scenario Update			
	Pre-Exercise	Update 1	Update 2
FTSE	-5%	-10%	-5%
S&P 500	0	-5%	-7.5%
NIKKEI	-5%	-5%	-10%
Spot Commodity Prices (CRB Industrials)	-5%	-10%	-10%
Spot Crude Oil (change in \$/barrel, West Texas intermediate)	-\$5	-\$10	-\$10
USD (\$) (FRB trade weighted index)	5%	2.5%	0%
US Federal Funds Rate (basis points)	0	0	0
US 3-Month T-bill Rate (basis points)	0	-25	-50
US 10-Year Treasury Security (basis points)	-25	-25	-25

Yellow indicates current scenario update

Financial Overview: Major Market Reactions (Volumes)

Average Daily Volume for the Period of Time in Each Scenario Update			
	Pre-Exercise	Update 1	Update 2
NYSE and NASDAQ combined	8 billion shares	10 billion shares	6 billion shares (below normal)
CME	12 million contracts	15 million contracts	9 million contracts (below normal)
UK	1.5 billion shares	2.1 billion shares	2.5 billion shares (slowly returning to normal levels)
Hong Kong	4.3 billion shares	4.3 billion shares	3.9 billion shares (below normal)
Japan	2.1 billion shares	2.1 billion shares	1.9 billion shares (below normal)

Note: Options volumes are tracking stock volumes

Yellow indicates current scenario update

Financial Overview: Bond Market Auctions

Security Type	Announcement Date	Auction Date	Settlement Date	Maturity Date	Publicly Held Maturing (billions)	SOMA Maturing (billions)	Offering Amount	New Cash/Paydown for Settlement Date (billion)
Holiday---Monday, October 8, 2007---Columbus Day								
4-week bill	Tue, Oct. 9, 2007	Wed, 10/10/07	Thu, 10/11/07	11/8/07	37.00	16.9	10.00	4.00 NC
10-year TIPS (r)	Tue, Oct. 9, 2007	Thu, 10/11/07	Mon, 10/15/07	7/15/17	0.00		6.00	6.00 NC
13-week bill	Thu, Oct 11, 2007	Mon, 10/15/07	Thu, 10/18/07	7/17/08			16.00	
26-week bill	Thu, Oct. 11, 2007	Mon, 10/15/07	Thu, 10/18/07	4/17/08			15.00	
4-week bill	Mon, Oct. 15, 2007	Tue, 10/16/07	Thu, 10/18/07	11/15/07	36.00	17.10	12.00	7.00 NC
13-week bill	Thu, Oct.. 18, 2007	Mon, 10/22/07	Thu, 10/25/07	1/24/08			16.00	
26-week bill	Thu, Oct. 18, 2007	Mon, 10/22/07	Thu, 10/25/07	4/24/08			15.00	
5-year TIPS (r)	Thu, Oct. 18, 2007	Tue, 10/23/07	Wed, 10/31/07	4/15/12	0.00		6.00	6.00 NC
4-week bill	Mon, Oct. 22, 2007	Tue, 10/23/07	Thu, 10/25/07	11/23/07	38.00	16.6	18.00	11.00 NC
2-year note	Mon, Oct. 22, 2007	Wed, 10/24/07	Wed, 10/31/07	10/31/09			18.00	
5-year note	Mon, Oct. 22, 2007	Thu, 10/25/07	Wed, 10/31/07	10/31/12	19.00	7.50	13.00	12.00 NC
13-week bill	Thu, Oct. 25, 2007	Mon, 10/29/07	Thu, 11/1/07	1/31/08			16.00	
26-week bill	Thu, Oct. 25, 2007	Mon, 10/29/07	Thu, 11/1/07	5/1/08			15.00	
4-week bill	Mon, Oct. 29, 2007	Tue, 10/30/07	Thu, 11/1/2007	11/29/07	37.00	17.20	21.00	15.00 NC
10-year note	Wed, Oct. 31, 2007	Wed, 11/07/07	Thu, 11/15/07	11/15/17			13.00	
30-year bond (r)	Wed, Oct. 31, 2007	Thu, 11/08/07	Thu, 11/15/07	5/15/32	51.5		5.00	35.5 PD
13-week bill	Thu, Nov. 1, 2007	Mon, 11/05/07	Thu, 11/8/07	2/7/08			16.00	
26-week bill	Thu, Nov. 1, 2007	Mon, 11/05/07	Thu, 11/8/07	5/8/08			15.00	

School Closings

- ▶ All K-12 schools, universities and colleges, and daycare systems are now closed
- ▶ Most university systems and approximately half of all urban public school systems are using electronic means to provide students with course materials

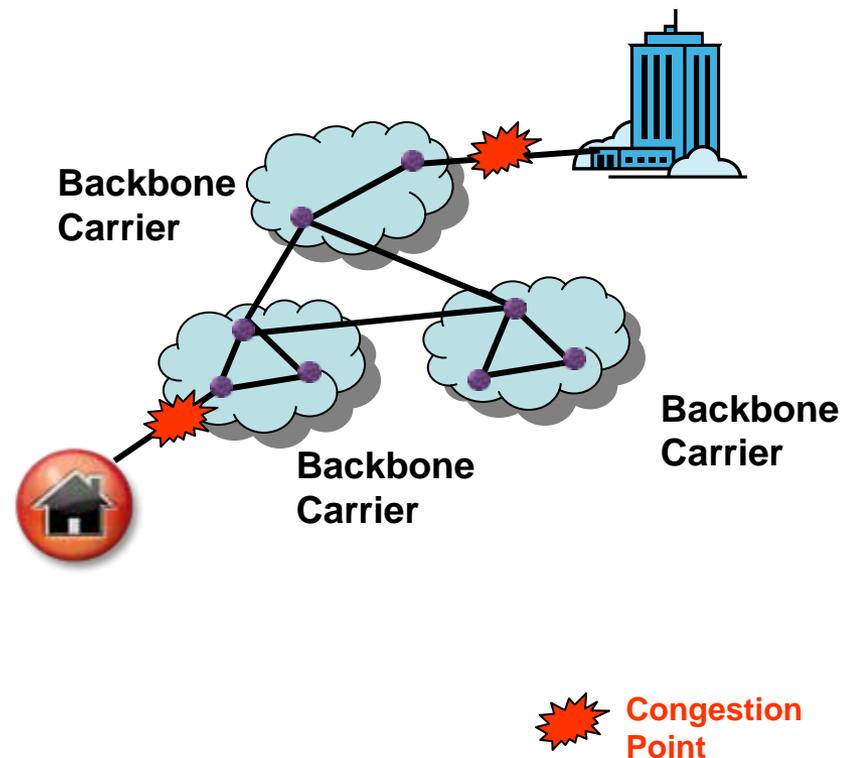


Electric and Gas Service

- ▶ Major urban centers are experiencing daily two-hour rolling blackouts or brownouts between 8am and 8pm due to degraded service in utilities as a result of absenteeism
- ▶ Most high priority maintenance work is delayed and only critical service installations are being performed
- ▶ There is a significant delay in the reinstatement of service following power outages

Telephone and Internet Service

- ▶ Major first/last mile problems are occurring and a broad impact is observed across access networks and user services
- ▶ Busy signals are experienced on telephones during periods of high volume
- ▶ Residential internet service throughput is reduced to 50% of normal due to congestion
- ▶ Real-time services, such as Voice over Internet Protocol (VoIP) and video conferencing via the public internet, are degraded and in some places unusable
- ▶ Many non-real-time services, such as email and Web browsing, experience timeouts, and many servers are unavailable
- ▶ New business service installations have been suspended
- ▶ Because of a dramatic increase in telecommuting traffic, some businesses are experiencing problems, but it is unclear whether these are the result of problems with the internet or of other issues



Postal, Overnight, Courier, and Armored Vehicle

- ▶ United States Postal Service (USPS), courier, and overnight services are no longer guaranteeing overnight or less than 48 hour delivery

- ▶ USPS operations
 - Seven to ten day delays in delivery of USPS mail is common across the country
 - Post offices are attempting to remain open and receive mail from customers, and to deliver mail to post office boxes
 - Residential and commercial mail deliveries have been reduced to once a week

- ▶ Armored vehicle services are not able to keep up with high demand by myriad sectors
 - The health sector is seeking support for the transportation of medicine, medical supplies, and personal protective equipment (PPE)
 - The financial services sector is seeking continued support for the transportation of cash

Travel and Transportation

- ▶ The Federal Aviation Administration is reporting a substantial reduction in national and international travel
- ▶ Airlines are running at very reduced schedules due to the minimal demand and flight crew absenteeism
- ▶ In major metropolitan areas where there is normally a heavy reliance on public transportation, people are avoiding carpooling and mass transit to reduce the chances of infection
- ▶ Across the country, transit authorities are announcing cutbacks in service due to minimal demand and staff absenteeism
 - Analysts estimate that 50% of those who normally take mass transit will not be able to use it
 - Transit authorities issue statements encouraging only critical workers to travel
 - Media is speculating on how businesses can get employees to work with these restrictions

Fuel Availability and Distribution in the United States

- ▶ Absenteeism at refineries has resulted in less routine maintenance and fewer repairs being performed
 - Refineries are producing at approximately two-thirds of their normal levels
 - The delivery of fuel has also been greatly impacted
 - Gas prices are at their highest level ever
 - 10% of the driving public are unable to get gas

- ▶ Fuel oil supplies for generators are being affected and there is a 20% reduction in the supplies available
 - Fuel deliveries across the country are delayed two weeks on average

Facilities Security and Property Management

- ▶ Due to the absenteeism rate, waste removal contractors are unable to keep pace with the extraordinary demands resulting from the pandemic
- ▶ Garbage is piling up along streets
- ▶ Outsourced services, including facility security, are experiencing high absenteeism rates



Social, Public, and Sporting Events and Activities

- ▶ Sports events have been cancelled or suspended indefinitely
- ▶ Most public events are cancelled
- ▶ Most restaurants have closed
- ▶ Some cities are instituting curfews in order to relieve stress on local law enforcement
 - During curfew hours, access to downtown areas is restricted



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INFORMATION CATEGORIES	DETAILS ON WHAT IS OCCURRING DURING THIS SCENARIO UPDATE Scenario Timeline: 8 October through 4 November (Weeks 3 through 6 of the Pandemic)
World Health Organization Pandemic Phases (WHO)/ U.S. Pandemic Stages / Pandemic Severity Index (PSI)	WHO - Phase 6 (Pandemic phase: Increased and sustained transmission in general population) U.S. – Stages 5 (Spread throughout United States) PSI – Category 5 (Expected Case Fatality Ratio \geq 2.0% and Projected Number of US Deaths \geq 1.8M)
U.S. Absenteeism Rates	In the United States, all sectors, including financial services, are reporting absentee rates of approximately 49%.
World is Engulfed by the Pandemic <ul style="list-style-type: none"> ▶ Status of pandemic around the world and the United States ▶ WHO statements ▶ CDC and other U.S. Government statements 	The pandemic continues to spread around the world and almost every country has reported human-to-human case clusters of the H5N1 virus. In the United States, all major metropolitan areas are experiencing peak infection levels. The WHO remains at Phase 6. The U.S. Government remains at Response Stage 5%. Cumulative hospitalizations in the United States have reached over 4.7 million people, and just under 500,000 cumulative fatalities. The Centers for Disease Control (CDC) releases a statement indicating that vaccine development is continuing with all possible speed and estimates that vaccines will be available three months from the present. Anti-viral supplies in the United States have been exhausted.

INFORMATION CATEGORIES	DETAILS ON WHAT IS OCCURRING DURING THIS SCENARIO UPDATE Scenario Timeline: 8 October through 4 November (Weeks 3 through 6 of the Pandemic)
Global Absenteeism Rates	<p>High levels of absenteeism have become a critical issue in all regions of the world.</p> <p>Major financial centers in the Americas (excluding the United States and Canada), Eastern Europe, and South and Southeast Asia are reporting a 30% absenteeism rate.</p> <p>Major financial centers in Northeast Asia, the Pacific and the Australian continent are reporting a 25% absenteeism rate.</p>
US Healthcare System Update	<p>The U.S. healthcare system is overwhelmed, the rate of hospital admissions is climbing, and nationwide, hospitals and ICU's are extended well beyond their maximum safe capacity. Health and Human Services (HHS), CDC, and local authorities are requesting that the public not go to their local hospitals if they are experiencing little or no flu-like symptoms due to overcrowding and long waiting periods.</p> <p>Very large crowds are converging on emergency rooms throughout the country demanding treatment. This surge has limited or removed any plans to isolate pandemic flu patients.</p> <p>The National Guard has activated personnel, including those with medical expertise, for duty throughout the country.</p>
Retail/Wholesale (including consumer goods, office supplies, industrial / commercial supplies)	<p>Some businesses have closed, while others attempt to continue their operations via remote access and with limited onsite staff. Small businesses have been hit particularly hard and many have requested temporary lines of credit.</p> <p>The durable goods sector is hit hard as sales and production drop sharply. The availability of all types of commercial and consumer supplies have been reduced by 50% and delivery periods lengthened by two weeks.</p> <p>Supplies of fruit and seasonal goods are very low due to a slowdown in harvesting and distribution capabilities. Supermarkets are prioritizing provisioning of basic goods only and are limiting the purchase of individual items to a specific quantity.</p>
Financial Markets	<p>The United States' economic performance is declining. U.S. real GDP has declined by ¾ percent. Wholesale and retail markets for goods are experiencing a sharp decline as people avoid public</p>

<p>INFORMATION CATEGORIES</p>	<p>DETAILS ON WHAT IS OCCURRING DURING THIS SCENARIO UPDATE Scenario Timeline: 8 October through 4 November (Weeks 3 through 6 of the Pandemic)</p>
	<p>encounters. The real estate sector has stagnated. An increasing number of companies in all sectors of the U.S. economy have stopped paying employees who have exhausted their sick leave, vacation, and other paid time off benefits.</p> <p>The S&P 500, FTSE, and NIKKEI fall dramatically and, on the whole, U.S. stock prices have dropped 12.5% since the start of the pandemic. Volatility remains high, the markets are seeing a decrease in trading volume and counterparty availability, and bid/ask spreads widen significantly. Trading volumes in emerging and U.S. markets decline as liquidity deteriorates 30%, and traders call in sick. Pressure on market infrastructure providers leads to consideration of a shortened trading day. Some Inter Dealer Brokers (IDBs) are unable to make markets and disseminate quotes. Weak demand and the prospect for further declines in inflation push the yield on ten-year U.S. Treasury securities down another 25 basis points. Commodity and crude oil prices fall another 10%. The value of the U.S. Dollar has stabilized. Customers are calling their financial advisors in order to draw down on lines of credit.</p>
<p>Financial Services Sector Operations</p>	<p>Banks are having difficulty keeping ATMs stocked with cash due to increased customer withdrawals and a reduction in deliveries of cash to ATM machines caused by high absenteeism. 60% of ATMs are operational and customers desiring to withdraw cash from an ATM need to search for an operating machine. Banks are experiencing decreasing amounts of direct deposit of worker earnings and an increase in credit card and mortgage late payments.</p> <p>Rumors have spread on the Internet about runs on depository institutions and the inability of account holders to access their money. 50% of bank branches are open and operational. Online transactions have increased by 60% for utilities and other bills. Internet banking sites are experiencing a 60% increase in volume. High absenteeism at call centers is resulting in major delays, more than doubling the average wait time for service.</p> <p>Securities settlements are not delayed. Out Trades have increased 20%. Liquidity problems are causing increased securities settlement failures and concerns are being raised regarding deliveries. Some futures markets have gone to fully electronic trading. For clients and traders not connected via dedicated lines, access to real-time market data is disrupted as internet traffic increases and data download times increase. Market data is delayed by an average of ten minutes via the internet. Price quotes appear to be stale. It is unclear whether this is a result of internet problems or other issues.</p>

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	<p>There is a 10% increase in the volume of calls to property/casualty insurers due to an increase in crime. Auto insurance claims have decreased 10% due to less traffic on the roads. Authorities report a rising rate of mortality as deaths increase 1.3 per thousand, and life insurers face an increase in claims volume. There is a 25% increase in disability and 10% increase in workmen's compensation claims.</p>
Schools (e.g., day care, K-12, University)	<p>All K-12 schools, universities and colleges, and daycare systems are now closed. Most university systems and approximately half of all urban public school systems are using electronic means to provide students with course materials.</p>
Electric and Gas Utilities and Service	<p>Major urban centers are experiencing daily two-hour rolling blackouts or brownouts between 8am and 8pm due to degraded service in utilities as a result of absenteeism. Most high priority maintenance work is delayed and only critical service installations are being performed. There is a significant delay in the reinstatement of service following power outages.</p>
Telephone and Internet	<p>Major first/last mile problems are occurring and a broad impact is observed across access networks and user services. Busy signals are experienced on telephones during periods of high volume. Residential internet service throughput is reduced to 50% of normal due to congestion. Real-time services, such as Voice over Internet Protocol (VoIP) and video conferencing via the public internet, are degraded and in some places unusable. Many non-real-time services, such as email and Web browsing, experience timeouts, and many servers are unavailable. New business service installations have been suspended. Because of a dramatic increase in telecommuting traffic, some businesses are experiencing problems, but it is unclear whether these are the result of problems with the internet or of other issues.</p>
Postal, Overnight, Courier, and Armored Vehicle Services	<p>United States Postal Service (USPS), courier, and overnight services are no longer guaranteeing overnight or less than 48 hour delivery. Seven to ten day delays in delivery of USPS mail is common across the country. Post offices are attempting to remain open and receive mail from customers, and to deliver mail to post office boxes. Residential and commercial mail deliveries have been reduced to once a week.</p> <p>Armored vehicle services are not able to keep up with high demand by myriad sectors. The health sector is seeking support for the transportation of medicine, medical supplies, and personal protective equipment (PPE). The financial services sector is seeking continued support for the</p>

INFORMATION CATEGORIES	DETAILS ON WHAT IS OCCURRING DURING THIS SCENARIO UPDATE Scenario Timeline: 8 October through 4 November (Weeks 3 through 6 of the Pandemic)
	transportation of cash.
Travel and Transportation	<p>The Federal Aviation Administration is reporting a substantial reduction in national and international travel. Airlines are running at very reduced schedules due to the minimal demand and flight crew absenteeism.</p> <p>In major metropolitan areas where there is normally a heavy reliance on public transportation, people are avoiding carpooling and mass transit to reduce the chances of infection. Across the country, transit authorities are announcing cutbacks in service due to minimal demand and staff absenteeism. Analysts estimate that 50% of those who normally take mass transit will not be able to use it. Transit authorities issue statements encouraging only critical workers to travel. Media is speculating on how businesses can get employees to work with these restrictions.</p>
Fuel	<p>Absenteeism at refineries has resulted in less routine maintenance and fewer repairs being performed. Refineries are producing at approximately two-thirds of their normal levels. The delivery of fuel has also been greatly impacted. Gas prices are at their highest level ever. 10% of the driving public are unable to get gas. Fuel oil supplies for generators are being affected and there is a 20% reduction in the supplies available. Fuel deliveries across the country are delayed two weeks on average.</p>
Facilities and Property Management, Including Outsourcing Services	<p>Due to the absenteeism rate, waste removal contractors are unable to keep pace with the extraordinary demands resulting from the pandemic. Garbage is piling up along streets. Outsourced services, including facility security, are experiencing high absenteeism rates.</p>
Social, Public, and Sporting Events and Activities	<p>Sports events have been cancelled or suspended indefinitely. Most public events are cancelled. Most restaurants have closed. Some cities are instituting curfews in order to relieve stress on local law enforcement. During curfew hours, access to downtown areas is restricted.</p>

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Instructions: The below questions are copies of the questions that your organization will be requested to answer for this portion of the exercise using an online questionnaire. They are being provided to you now in order to allow your organization the opportunity to carefully consider each question and prepare answers. To access the online questionnaire, your organization's primary POC (as registered via the exercise website) will receive an email from fspanflueexercise@surveymonkey.com with a link to your questionnaire. Please submit your answers online prior to 5:00pm EDT on Wednesday. **Anonymity Policy:** Participant responses to questions will be anonymous and not attributable to any source. Responses will be aggregated by sub-sector (banking, securities, insurance, etc.) and other categories for use by the Control Team in conducting the exercise, to perform analyses and to develop after-action reports. Reports will not include firm-specific information.

SCENARIO UPDATE 2 QUESTIONNAIRE

Answer these questions as if your organization is currently experiencing all the events that are described in Scenario Update 2. Some questions are designated for organizations engaged in business relating specifically to the banking and credit union sectors, the securities/derivatives sector, the insurance sector, or for organizations that participate in U.S. Treasury bond auctions. Please answer all of those questions that apply to your organization. Skip questions that do not apply to your organization.

Medical

- | | |
|--|---|
| 1. What is the absenteeism rate of your organization resulting from the alphabetical absenteeism assignments received for Scenario Update 2? | <ul style="list-style-type: none"> a. 0-20% b. 21-45% c. 46-55% d. 56-80% e. 81% or greater f. Not applicable, we did not use the absenteeism assignments |
| 2. Is your organization distributing antiviral medication(s) given the circumstances under the Scenario Update 2? | <ul style="list-style-type: none"> a. No, we have either never had a supply of antivirals or exhausted our supply in Scenario Update 1 b. No, we are not distributing our supply of antivirals during Scenario Update 2 c. Yes, we are distributing antivirals to key workers only d. Yes, we are distributing antivirals to our entire workforce |
| 3. Is your organization distributing Personal Protective Equipment (PPE) such as N95 respirators and surgical masks and gloves? | <ul style="list-style-type: none"> a. No, we have either never had a PPE supply or exhausted our supply in Scenario Update 1 b. No, we are not distributing our supply of PPE during Scenario Update 2 c. We are distributing PPE to key workers only d. We are distributing PPE to our entire workforce |

4. What social distancing procedures is your organization implementing during Scenario Update 2? Check all that apply.

- None
- Alter business hours
- Sending staff to alternate facilities
- Allowing staff normally required to work at their office(s) to work from home (telecommuting)
- Allowing staff normally required to work at their office(s) to not work (Paid time off, leave without pay, sick leave, furloughs)
- Other

What other types of social distancing strategies are you implementing? Write your response in the text box.

Societal

5. Given the situation in this scenario update, approximately what percentage of your available employees (i.e. those who were **not** indicated to be absent through the absenteeism distribution information) are working from home?

- a. 0% - 10%
- b. 11 - 25%
- c. 26 - 50%
- d. 51 - 75%
- e. 76 – 90%
- f. 91% or more

If your organization has chosen not to have employees telecommute, please explain in the text box.

6. At this point in the scenario, what methods is your organization relying on to communicate with your workforce? Please rank order your reliance on the listed communication methods, with 1 being "little to no reliance" and 4 being the "highest level of reliance".

- Telephone
- Email
- Postal, courier, and delivery services
- Company website

7. At this point in the scenario, what methods is your organization relying on to communicate with your customers, vendors, and other financial services organizations? Please rank order your reliance on the listed communication methods, with 1 being "little to no reliance" and 4 being the "highest level of reliance".
- ___ Telephone
 - ___ Email
 - ___ Postal, courier, and delivery services
 - ___ Company website
8. How adversely are the rolling blackouts or brownouts impacting your organization's operations?
- a. Little to no impact
 - b. Some impact
 - c. Moderate impact
 - d. Significant impact
 - e. Unable to operate
 - f. Not applicable
9. What is the impact on your organization of the breakdown in deliveries during Scenario Update 2 (delivery periods for commercial and consumer supplies are lengthened by two weeks)?
- a. Little to no impact
 - b. Some impact
 - c. Moderate impact
 - d. Significant impact
 - e. Unable to operate
 - f. Not applicable
10. What percentage of your organization's total number of employees rely on public transportation and are affected by the reduced mass transit capabilities described in the scenario?
- a. Less than 10%
 - b. 11-25%
 - c. 26-50%
 - d. More than 51%
 - e. Not applicable
11. How significantly has the closing of all schools affected your organization?
- a. Little to no impact
 - b. Some impact
 - c. Moderate impact
 - d. Significant impact
 - e. Unable to operate
 - f. Not applicable

General Operations Questions

- 12. Does your organization have a sufficient number of cross trained employees to conduct essential operations given the absenteeism level that you are experiencing for Scenario Update 2?
 - a. No
 - b. Yes

- 13. Which of the following is your organization relying on as additional resources to fill in for absent critical personnel? Check all that apply.
 - Did not fill in for absent critical personnel
 - Subcontractors pre-trained
 - Cross-trained departmental personnel
 - Cross-trained interdepartmental personnel
 - Other

- 14. Is your organization using incentive packages to overcome employee concerns about coming to work?
 - a. No
 - b. Yes

- 15. From a payroll perspective, how is your organization handling employees who are absent?
 - a. Not paying absent employees
 - b. Asking employees to take annual or sick leave
 - c. Asking employees to take short term disability
 - d. Paying absent employees

- 16. From a payroll perspective, is your organization paying employees that have exhausted their annual and/or sick leave?
 - a. No
 - b. Yes

- 17. Given the absenteeism level experienced by your organization and the increased demand described by the scenario, to what extent are your organization's customer service wait times at your call centers being adversely impacted?
 - a. No degradation
 - b. Slightly degraded
 - c. Moderately degraded
 - d. Significantly degraded
 - e. Unable to operate
 - f. Not applicable

- 18. Is your organization able to handle a 60% increase over the normal level of demand for online customer access given the current situation?
 - a. No
 - b. Yes

19. What steps is your organization taking to ensure that it is meeting business and regulatory obligations during this phase of the pandemic? Check all that apply.
- Establish work at home capabilities
 - Divide various business units into multiple groups and disperse the groups to different work sites
 - Shift work within the United States to a location where your organization is not currently licensed
 - Switch some functions to locations outside of the United States
 - Enter into service-level agreements with other organizations

20. At this point in the exercise, what regulatory relief is your organization requesting? Write your response in the text box. Cite the specific rule/statute if applicable with your answer.

Banking/Credit Union Questions (Questions 21-27 are intended for participants engaged in the banking and credit union sectors)

21. Given that 60% of your bank/credit union's ATM's are operational in Scenario Update 2, which of the below strategies, if any, is your organization employing to keep those machines stocked and operating? Check all that apply.
- No action
 - Lower the maximum amount that can be withdrawn
 - Increase user fees to discourage non-customer use of your ATMs
 - Change the denominations of the bills with which the machines are stocked
 - Work with vendors in an effort to improve servicing of machines
 - Not applicable
22. Approximately what percentage of your organization's branches are closed on any given day given the current situation?
- a. 0 – 5%
 - b. 6 - 10%
 - c. 11 - 25%
 - d. 26 - 50%
 - e. 51 - 75%
 - f. 76 - 90%
 - g. 91-100%
23. Given the Scenario Update 2 situation, which of the following changes to operations is your organization using for bank/credit union branches that are open? Check all that apply.
- No changes to service
 - Shortened operating hours
 - Drive-through services only
 - Other
24. In which of these areas is your organization providing relief to customers given the current situation? Check all that apply.
- Not providing any relief at the point in the scenario
 - Credit card debt
 - Unsecured loans
 - Auto loans and mortgage loans

If your organization is providing relief, how does your organization implement those decisions? How will they be communicated to customers? What are the barriers to successful implementation? Write your response in the text box.

25. In the event that your organization is unable to provide services to your customers, does it have mutual aid arrangements with other banks/credit unions that will allow customers' banking needs to continue to be met?

- a. No
- b. Yes

26. Does the significant increase in customer late payments have a material effect on your organization's cash flow/liquidity?

- a. No
- b. Yes

27. If "yes" to question 26, what are your plans for addressing this issue?

- a. No plans
- b. Support from affiliates
- c. Use of lines of credit
- d. Sale of assets
- e. Other

Securities Questions (Questions 28-48 are intended for participants engaged in the securities/derivatives sector)

28. What is your organization's view concerning a reduction in hours of open outcry trading in securities and futures given the current situation?

- a. Undesirable
- b. Neutral
- c. Desirable only if also implemented by other major world markets
- d. Desirable

29. If an exchange had to reduce its normal open-outcry trading hours to half-days or even a few hours (but did not have to reduce its normal electronic trading hours), how would this affect your organization's trading or risk-management operations?

- a. Little or no effect
- b. Would create moderate problems
- c. Would create significant problems
- d. Would require us to suspend trading in certain products

If applicable, please identify the products in which your organization would need to suspend trading operations in the text box.

30. If an exchange suspended open outcry trading, and migrated all trading to an electronic trading platform, how would this affect your trading or risk-management operations?

- a. Little or no effect
- b. Would create moderate problems
- c. Would create significant problems
- d. Would require us to suspend trading in certain products

If applicable, please identify the products in which your organization would need to suspend trading operations in the text box.

31. What is your organization’s view concerning a shifting of hours of open outcry trading in securities and futures given the current situation?

- a. Undesirable
- b. Neutral
- c. Desirable only if also implemented by other major world markets
- d. Desirable

32. What is your organization’s view concerning a reduction in hours of electronic trading in securities and futures given the current situation?

- a. Undesirable
- b. Neutral
- c. Desirable only if also implemented by other major world markets
- d. Desirable

33. Does your organization require a shortened trading day in order to meet your cutoff times for clearance and settlement?

- a. No
- b. 1 hour earlier
- c. 2 hours earlier
- d. 3 or more hours earlier
- e. Unable to meet cutoff

34. If your firm normally routes orders to a particular exchange and that exchange experienced difficulties in maintaining operations, does your firm have in place procedures to quickly reroute orders to other exchanges that trade the same or similar securities or contracts?

- a. No
- b. Yes, procedures established
- c. Yes, procedures established and tested

35. If “yes” to question 33, check all that apply.

- This would involve rerouting orders to another U.S. exchange
- This would involve rerouting orders to a non-U.S. exchange

36. How would the absenteeism rate experienced by your organization affect your trading or associated risk-management operations?

- a. Little or no effect
- b. Would create moderate problems
- c. Would create significant problems
- d. Would require us to suspend trading in certain products

If applicable, please identify the products in which your organization would need to suspend trading operations in the text box.

37. In what time frame is your organization able to complete clearance and settlement, given the current level of absenteeism and trading volumes?

- a. Normal timeframe
- b. 1 hour delay
- c. 2 hour delay
- d. 3 hour delay
- e. 4 hour delay
- f. More than 4 hour delay

38. To what extent are disruptions in market data impacting your organization's operations?

- a. No impact
- b. Low impact
- c. Medium impact
- d. High Impact

39. Given the delays in the market data, how have you changed your trading and portfolio management? Please write your response in the text box.

40. How much assistance will the listed activities provide your organization in performing operations given the current level of absenteeism? Please assign a number to each of the listed areas, with 1 representing "little to no assistance," 2 representing "medium level of assistance," and 3 representing "high level of assistance." You may repeat numbers as necessary.

- ___ Eliminate corporate actions that require manual intervention e.g. voluntary tenders
- ___ Extend reporting windows e.g. trade reporting, reconciliations, QT's, 15C-3, NAV calculation
- ___ Extend timeframe for retail confirmations and account statements
- ___ Extend the number of days to make margin calls
- ___ Continue to do OATS/OTS reporting but extend the timeframe to answer any inquiries from NASD

- | | |
|---|--|
| <p>41. To what extent have the listed lines of business been adversely impacted by the circumstances prevailing in Scenario Update 2? Please assign a number to each of the listed areas, with 1 representing "little to no impact," 2 representing "medium impact," and 3 representing "high impact." You may repeat numbers as necessary.</p> | <ul style="list-style-type: none"> <input type="checkbox"/> Retail Equities <input type="checkbox"/> Institutional Equities <input type="checkbox"/> Fixed Income <input type="checkbox"/> Exchange Traded Derivatives <input type="checkbox"/> Foreign Exchange <input type="checkbox"/> Over the Counter (OTC) Swaps |
| <p>42. Within retail equities, how adversely have the listed areas been impacted? Please assign a number to each of the listed areas, with 1 representing "little to no impact," 2 representing "medium impact," and 3 representing "high impact." You may repeat numbers as necessary.</p> | <ul style="list-style-type: none"> <input type="checkbox"/> Clearance and Settlement <input type="checkbox"/> Statement Generation <input type="checkbox"/> Regulatory Reporting <input type="checkbox"/> Trading |
| <p>43. Within institutional equities, how adversely have the listed areas been impacted? Please assign a number to each of the listed areas, with 1 representing "little to no impact," 2 representing "medium impact," and 3 representing "high impact." You may repeat numbers as necessary.</p> | <ul style="list-style-type: none"> <input type="checkbox"/> Clearance and Settlement <input type="checkbox"/> Statement Generation <input type="checkbox"/> Regulatory Reporting <input type="checkbox"/> Trading |
| <p>44. Within fixed income, how adversely have the listed areas been impacted? Please assign a number to each of the listed areas, with 1 representing "little to no impact," 2 representing "medium impact," and 3 representing "high impact." You may repeat numbers as necessary.</p> | <ul style="list-style-type: none"> <input type="checkbox"/> Clearance and Settlement <input type="checkbox"/> Statement Generation <input type="checkbox"/> Regulatory Reporting <input type="checkbox"/> Trading |
| <p>45. Within exchange traded derivatives, how adversely have the listed areas been impacted? Please assign a number to each of the listed areas, with 1 representing "little to no impact," 2 representing "medium impact," and 3 representing "high impact." You may repeat numbers as necessary.</p> | <ul style="list-style-type: none"> <input type="checkbox"/> Clearance and Settlement <input type="checkbox"/> Statement Generation <input type="checkbox"/> Regulatory Reporting <input type="checkbox"/> Trading |
| <p>46. Within foreign exchange, how adversely have the listed areas been impacted? Please assign a number to each of the listed areas, with 1 representing "little to no impact," 2 representing "medium impact," and 3 representing "high impact." You may repeat numbers as necessary.</p> | <ul style="list-style-type: none"> <input type="checkbox"/> Clearance and Settlement <input type="checkbox"/> Statement Generation <input type="checkbox"/> Regulatory Reporting <input type="checkbox"/> Trading |

47. Within Over the Counter (OTC) Swaps, how adversely have the listed areas been impacted? Please assign a number to each of the listed areas, with 1 representing "little to no impact," 2 representing "medium impact," and 3 representing "high impact." You may repeat numbers as necessary.
- ___ Clearance and Settlement
 - ___ Statement Generation
 - ___ Regulatory Reporting
 - ___ Trading
48. What is the impact on your organization's ability to maintain minimum net capital?
- a. No issues
 - b. Minimal
 - c. Moderate
 - d. Significant

Insurance Sector Questions (Questions 49-83 are intended for organizations in the insurance sector)

These questions are organized into three sections based on three major insurance lines of business – health, life, and property/casualty. Skip questions or sections of questions that do not apply to your organization. Answer any questions that do apply to your organization.

Health Insurance Business Line Questions

49. What is the extent of the impact of the 20 percent increase in claims and reduced value of investment securities in this scenario on your organization's ability to maintain minimum capital?
- a. No effect
 - b. Minimal
 - c. Moderate
 - d. Significant
50. To what extent are your organization's financial risk management tools helping to mitigate the risks associated with this scenario?
- a. No effect
 - b. Minimal
 - c. Moderate
 - d. Significant
 - e. Not Applicable
51. To what extent have your organization's claims appeals processes been adversely affected by absenteeism?
- a. No effect
 - b. Minimal
 - c. Moderate
 - d. Significant
52. To what extent have your organization's claims appeals processes been adversely affected by the 20 percent increase in claims?
- a. No effect
 - b. Minimal
 - c. Moderate
 - d. Significant

53. To what extent will the current conditions disrupt your organization's customer service functions for new policyholders?
- a. No effect
 - b. Minimal
 - c. Moderate
 - d. Significant
54. To what extent will the current conditions disrupt your organization's policyholder services for existing policyholders?
- a. No effect
 - b. Minimal
 - c. Moderate
 - d. Significant
55. If your organization has a centralized business distribution system, can you reallocate the work load within your system, or absorb it yourself to meet demand?
- a. No
 - b. Yes
 - c. Not applicable
56. If your organization has a decentralized business distribution system, to what extent can you reallocate the work load within the system or absorb it yourself?
- a. No
 - b. Yes
 - c. Not applicable
57. How adversely does your organization's level of absenteeism affect pre-authorization policies internally and at the health-care provider's end? Please assign a number to each of the listed areas, with 1 representing "little to no impact," 2 representing "medium impact," and 3 representing "high impact."
- ___ . Internally
 - ___ . At the health-care provider's end
58. In view of Health and Human Services request that, "the public not go to their local hospitals if they are experiencing little or no flu-like symptoms," have plans been made to extend the hours and days that medical call answering centers are open?
- a. No
 - b. Yes
59. If your organization has contracted with a utilization review agent or other third party to perform managed care services on your behalf, are your contractors experiencing any difficulty performing these services for you?
- a. No problems
 - b. Minimal
 - c. Moderate
 - d. Significant

- 60. Is your organization experiencing any problems processing premium payments and other receivables?
 - a. No problems
 - b. Minimal
 - c. Moderate
 - d. Significant

- 61. Is your organization able to process payments to those hospitals, physicians and other health care providers that have agreed to participate in your network?
 - a. No
 - b. Yes

- 62. Is your organization able to meet prompt claim payment obligations given the current situation?
 - a. No
 - b. Yes

Life Insurance Business Line Questions

- 63. What is the extent of the impact of the additional claims caused by the increase of 1.3 deaths per thousand policies in-force and the reduced value of investment securities in this scenario on your organization's ability to maintain minimum capital?
 - a. No effects
 - b. Minimal
 - c. Moderate
 - d. Significant

- 64. To what extent are your organization's financial risk management tools helping to mitigate the risks associated with the circumstances presented in this scenario?
 - a. No effect
 - b. Minimal
 - c. Moderate
 - d. Significant
 - e. Not Applicable

- 65. To what extent have your organization's claims appeals processes been adversely affected by absenteeism?
 - a. No effect
 - b. Minimal
 - c. Moderate
 - d. Significant

- 66. To what extent have your organization's claims appeals processes been adversely affected by the impact on claims caused by the increase of 1.3 deaths per thousand policies in-force?
 - a. No effect
 - b. Minimal
 - c. Moderate
 - d. Significant

- | | |
|---|---|
| 67. To what extent will the current conditions disrupt your organization's customer service functions for new policyholders? | a. No effect
b. Minimal
c. Moderate
d. Significant |
| 68. To what extent will the current conditions disrupt your organization's policyholder services for existing policyholders? | a. No effect
b. Minimal
c. Moderate
d. Significant |
| 69. If your organization has a centralized business distribution system, can you reallocate the work load within your system, or absorb it yourself to meet demand? | a. No
b. Yes
c. Not applicable |
| 70. If your organization has a decentralized business distribution system, to what extent can you reallocate the work load within the system or absorb it yourself? | a. No
b. Yes
c. Not applicable |
| 71. Are you experiencing any problems processing premium payments and other receivables? | a. No problems
b. Minimal
c. Moderate
d. Significant |
| 72. Is your organization able to meet claim payment obligations given the current situation? | a. No
b. Yes |

Property/Casualty Business Line Questions

- | | |
|--|--|
| 73. What is extent of the impact of the change in claims and the reduced value of investment securities in this scenario on your organization's ability to maintain minimum capital? | a. No effect
b. Minimal
c. Moderate
d. Significant |
| 74. To what extent are your organization's financial risk management tools helping to mitigate the risks associated with this scenario? | a. No effect
b. Minimal
c. Moderate
d. Significant
e. Not Applicable |

- | | |
|---|---|
| 75. To what extent have your organization's claims appeals processes been adversely affected by absenteeism? | <ul style="list-style-type: none"> a. No effect b. Minimal c. Moderate d. Significant |
| 76. To what extent have your organization's claims appeals processes been adversely affected by the change in claims? | <ul style="list-style-type: none"> a. No effect b. Minimal c. Moderate d. Significant |
| 77. To what extent will the current conditions disrupt your organization's customer service functions for new policyholders? | <ul style="list-style-type: none"> a. No effect b. Minimal c. Moderate d. Significant |
| 78. To what extent will the current conditions disrupt your organization's policyholder services for existing policyholders? | <ul style="list-style-type: none"> a. No effect b. Minimal c. Moderate d. Significant |
| 79. If your organization has a centralized business distribution system, can you reallocate the work load within your system, or absorb it yourself to meet demand? | <ul style="list-style-type: none"> a. No b. Yes c. Not applicable |
| 80. If your organization has a decentralized business distribution system, to what extent can you reallocate the work load within the system or absorb it yourself? | <ul style="list-style-type: none"> a. No b. Yes c. Not applicable |
| 81. Is your organization experiencing any problems processing premium payments and other receivables? | <ul style="list-style-type: none"> a. No problems b. Minimal c. Moderate d. Significant |
| 82. Is your organization able to meet claim payment obligations given the current situation? | <ul style="list-style-type: none"> a. No b. Yes |

83. Will your organization be able to address catastrophic losses arising out of a hurricane, earthquake or other natural or man-made disaster during this stage of the pandemic?
- a. No
 - b. Yes

U.S. Treasury Auction (The remaining questions are only for organizations that participate in U.S. Treasury bond auctions)

84. Is your organization able to participate in the U.S. Treasury's scheduled bond auction(s) (see auction information in the scenario)?
- a. No
 - b. Yes
 - c. Not applicable

If no, please explain your response in the text box.

85. From what location is your organization participating in the auction(s)?
- a. Primary Site
 - b. Backup Site
 - c. Overseas Location
 - d. Home Location
 - e. Not applicable

86. Has your organization's ability to submit bids on time for all scheduled auctions (see auction information in the scenario) been impacted as a result of the situation in Scenario Update 2?
- a. No
 - b. Yes
 - c. Not applicable

If yes, please explain your organization's plans to fulfill your obligations as a Primary Dealer in participating in all scheduled Treasury auctions during this move.

87. How has your organization been able to submit your bids given the situation in Scenario Update 2?
- a. TAAPS link 1
 - b. TAAPS link 2
 - c. Via telephone
 - d. Other
 - e. Not applicable

88. Is your organization relying on an out-of-region site to submit your firms bids in Treasury's scheduled and unscheduled auctions, and do you feel that your organization was fully prepared to do so (e.g. determined how it will work, who will submit, who will determine bid size(s), yield(s), and discount rate(s) to bid, as well as your net long positions)?

- a. No, we are not relying on an out-of-region site
- b. We are relying on an out-of-region site but were not fully prepared to do so
- c. Yes, we are relying on an out-of-region site and we feel that we prepared fully to do so

89. If Treasury has a pressing cash need to conduct several unscheduled cash management bills (CMB's) at the time of this scenario update. Is your organization prepared to participate in these unscheduled CMB's?

- a. No
- b. Yes

If no, please explain in the text box.

90. If the regular bill trader(s) is/are unavailable because of illness, is there another employee in your organization who will have the authority to formulate and submit bids and net long positions for unscheduled CMB's? If yes, from what location?

- a. No
- b. Yes
- c. Under consideration

91. Was your organization able to calculate and report your net long position for each auction as a result of the situation in Scenario Update 2?

- a. No
- b. Yes

If yes, did your organization encounter any problems in aggregating and reporting your net long position? Please explain in the text box.

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SCENARIO UPDATE 2 DISCUSSION QUESTIONS

The following questions are provided as optional discussion questions for your institution's internal discussions. The answers will not be collected as part of the exercise questionnaire.

1. Do company education plans include information for at-home care of ill employees and family members?
 - a. Yes
 - b. No
 - c. Under review

2. Do company education plans alert employees to potential problems in caring for family members with special needs – e.g. the elderly turned out of nursing homes, the handicapped and disabled, those with serious mental health challenges?
 - a. Yes
 - b. No
 - c. Under review

3. Do your organizations'/firms' Pandemic Contingency plans cover education and supplementary health care coverage for employees on medication that enables them to perform their assigned responsibilities (e.g. insulin)? Or do you have plans in place to address this challenge directly with your contracted employee health care providers?
 - a. Yes
 - b. No
 - c. Under review

4. Will your company have policies to ensure availability of medical consultation and advice for emergency responses during a pandemic?
 - a. Yes
 - b. No
 - c. Under review

5. Do plans include a process that provides employees access to Human Resources (HR) staff to answer insurance and workers comp questions?
 - a. Yes
 - b. No
 - c. Under review

6. Have employees been given materials that explain the potential for limited access to medical care that may result in a severe pandemic?
 - a. Yes
 - b. No
 - c. Under review

7. Has an employee website been created to identify community sources for care and treatment of flu victims?
 - a. Yes
 - b. No
 - c. Under review
 - d. Under construction

- 8. Has your company evaluated employee access to and availability of healthcare services during a pandemic and provided information on how and where they may be acquired?
 - a. Yes
 - b. No
 - c. Under review

- 9. Have plans been established to ensure to creation and incorporation of recommended infection control procedures are followed?
 - a. Yes
 - b. No
 - c. Under review

- 10. By Scenario Update 2, have you identified personnel who may be activated upon by local, state and federal authorities to assist in pandemic response and the impact of their unavailability on operations?
 - a. Yes
 - b. No
 - c. Identification initiated but not complete – impact on organization unclear

- 11. Have you developed scalable business continuity plans (BCP) using multiple scenarios that affect different product lines and/or sites of operation both domestic and international?
 - a. Yes
 - b. No
 - c. In active development
 - d. Under review

- 12. Does your company plan to stress test Business Continuity plans periodically to ensure effectiveness?
 - a. Yes
 - b. No
 - c. Already have tested BCPs
 - d. Under review

- 13. Given the Scenario Update 2 current situation, to what extent are you interested in having staff, who would normally be supervised in the office, work from home?
 - a. Not interested
 - b. Somewhat interested
 - c. Interested
 - d. Very interested

- 14. To what extent has your organization/firm considered the impact to associates attempting to work from home if their children need the computer to participate in remote learning online tutoring if the schools are closed?
 - a. We have completely addressed this
 - b. We have partially addressed this
 - c. We have not addressed this at all

- 15. Have plans been developed to ensure that building maintenance and cleaning services are available during a pandemic?
 - a. Yes
 - b. No
 - c. Under review

- 16. Does your company have arrangements to supplement these services?
 - a. Yes
 - b. No
 - c. Under review

- 17. What portion of your workforce is responsible for dependents under 18 years of age?
 - a. Under 10%
 - b. 10 - 25%
 - c. 25 – 50%
 - d. More than 50%

- 18. Do you have plans for alternate fuel supplies?
 - a. Yes
 - b. No
 - c. Under review

- 19. How reliant is your organization on the following to communicate with your workforce given the current situation?
 - a. One day or less
 - b. Less than a week
 - c. Two weeks or more
 - d. One month
 - e. More than one month

- 20. If absenteeism in another domestic geographic area were not a problem, do you have both infrastructure and trained business line personnel available to shift critical processing to another domestic geographic area?
 - 1. Retail Equities
 - a. Less than 25% of critical processing
 - b. 25% to less than 50%
 - c. 50% to100% of critical processing

 - 2. Institutional Equities
 - a. Less than 25% of critical processing
 - b. 25% to less than 50%
 - c. 50% to100% of critical processing

 - 3. Fixed Income
 - a. Less than 25% of critical processing
 - b. 25% to less than 50%
 - c. 50% to100% of critical processing

 - 4. Derivatives
 - a. Less than 25% of critical processing
 - b. 25% to less than 50%
 - c. 50% to100% of critical processing

- 5. Foreign exchange
 - a. Less than 25% of critical processing
 - b. 25% to less than 50%
 - c. 50% to100% of critical processing

- 21. If absenteeism in an overseas geographic area were not a problem, do you have both infrastructure and trained business line personnel available to shift critical processing to another domestic geographic area in Scenario Updates 1 and 2?
 - 1. Retail Equities
 - a. Less than 25% of critical processing
 - b. 25% to less than 50%
 - c. 50% to100% of critical processing

 - 2. Institutional Equities
 - a. Less than 25% of critical processing
 - b. 25% to less than 50%
 - c. 50% to100% of critical processing

 - 3. Fixed Income
 - a. Less than 25% of critical processing
 - b. 25% to less than 50%
 - c. 50% to100% of critical processing

 - 4. Derivatives
 - a. Less than 25% of critical processing
 - b. 25% to less than 50%
 - c. 50% to100% of critical processing

 - 5. Foreign Exchange
 - a. Less than 25% of critical processing
 - b. 25% to less than 50%
 - c. 50% to100% of critical processing

- 22. Within fixed income, which areas have deteriorated based on the Scenario Updates 1 and 2 environments?
 - 1. Retail Equities
 - a. No deterioration
 - b. Minimal deterioration
 - c. Moderate deterioration
 - d. Significant deterioration

 - 2. Institutional Equities
 - a. No deterioration
 - b. Minimal deterioration
 - c. Moderate deterioration
 - d. Significant deterioration

3. Fixed Income

- a. No deterioration
- b. Minimal deterioration
- c. Moderate deterioration
- d. Significant deterioration

4. Derivatives

- a. No deterioration
- b. Minimal deterioration
- c. Moderate deterioration
- d. Significant deterioration

5. Foreign Exchange

- a. No deterioration
- b. Minimal deterioration
- c. Moderate deterioration
- d. Significant deterioration

23. Will a significant increase in late payments have a material effect on your cash flow/liquidity?

- a. Yes
- b. No

If so, what are your plans for addressing this issue? Write your response in the text box provided.

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Absenteeism Distribution for Scenario Update 3

- ▶ The target absenteeism rate for Scenario Update 3 is 35%
- ▶ During the next scenario update, assume that all individuals from your organization with last names that begin with the following letters are absent and not available to work: **D, E, G, H, I, K, L, N, and R**
 - Given a normal distribution of last names across the alphabet, using these letters will achieve a 35% absenteeism rate
- ▶ Reasons for absence may include but are not limited to:
 - Taking care of dependents
 - Fear of infection
 - No access to transportation
 - Illness
 - Death