



Financial Services

Oracle Financial Services Capital Adequacy Pack (OFS CAP ADQ)

Release **8.0.7.0.0**

Release Notes

February 2019





Document Versioning

Version	Date	Change Reference
8.0.7.0.0	Created: February 2019	Captured new features, known issues for Oracle Financial Services Capital Adequacy Application Pack 8.0.7.0.0 release.



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Preface

This Preface provides supporting information for the Oracle Financial Services Analytical Applications Infrastructure (OFSAAI)/ Oracle Financial Services Capital Adequacy (OFS CAP ADQ) Pack Release Notes and includes the following topics:

- ◆ [Overview of OFSAA](#)
- ◆ [Purpose of This Document](#)
- ◆ [Intended Audience](#)
- ◆ [Documentation Accessibility](#)
- ◆ [Related Documents](#)

Overview of OFSAA

In today's turbulent markets, financial institutions require a better understanding of their risk-return, while strengthening competitive advantage and enhancing long-term customer value. Oracle Financial Services Analytical Applications (OFSAA) enable financial institutions to measure and meet risk adjusted performance objectives, cultivate a risk management culture through transparency, lower the costs of compliance and regulation, and improve insight into customer behavior.

OFSAA uses industry-leading analytical methods, shared data model and applications architecture to enable integrated risk management, performance management, customer insight, and compliance management. OFSAA actively incorporates risk into decision making, enables to achieve a consistent view of performance, promote a transparent risk management culture, and provide pervasive intelligence.

Oracle Financial Services Analytical Applications delivers a comprehensive, integrated suite of financial services analytical applications for both banking and insurance domain.

Purpose of this Document

This document contains release information for Oracle Financial Services Analytical Applications Infrastructure (OFSAAI)/ Oracle Financial Services Capital Adequacy (OFS CAP ADQ) Pack.

Oracle recommends you review its contents before installing, or working with the product.

Intended Audience

This document is intended for users of Oracle Financial Services Analytical Applications Infrastructure (OFSAAI)/ Oracle Financial Services Capital Adequacy (OFS CAP ADQ) Pack.

Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=docacc>.



Access to Oracle Support

Oracle customers have access to electronic support through My Oracle Support. For information, visit <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=info> or visit <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=trs> if you are hearing impaired.

Related Documents

This section identifies additional documents related to OFS CAP ADQ Application 8.0.7.0.0. You can access Oracle documentation online from the Documentation Library ([OHC](#)).

- ◆ OFSAA Capital Adequacy 8.0.7.0.0 Installation Manual
- ◆ OFS Basel Regulatory Capital IRB 8.0.7.0.0 User Guide
- ◆ OFS Basel Regulatory Capital Basic 8.0.7.0.0 User Guide
- ◆ OFS Basel Regulatory Capital Analytics 8.0.2.0.0 User Guide
- ◆ OFS Operational Risk Economic Capital Release 8.0.3.1.0 User Guide

Introduction

Oracle Financial Services Advanced Analytical Applications Infrastructure (OFS AAAI) Application Pack provides integrated stress testing and modeling capabilities that you can readily apply across multiple risk areas enabling institutions to devise appropriate enterprise-wide and holistic risk and economic capital strategies.

Oracle Financial Services Capital Adequacy (OFS CAP ADQ) Application Pack enables you to comply with regulatory requirements on stress testing, enables advanced customer and portfolio analytics, and utilizes multiple industry standard techniques, tests, and models with complete data integrity.

Components of OFS Capital Adequacy Application Pack

OFS CAP ADQ Application Pack includes the following applications:

- ♦ **Oracle Financial Services Basel Regulatory Capital Basic:** The application encompasses Credit, Market, and Operational Risks and provides a detailed breakup of the Capital Requirements across various tiers of capital, namely, Common Equity Tier 1, Additional Tier 1 and Tier 2 capital. The application supports the computation of Capital Adequacy Ratio (CAR) as per the Basel I, Basel II and Basel III guidelines laid out in the BIS, India, USA, Islamic Banking, Brazilian, CBRC, BOT and European Jurisdictions.
- ♦ **Oracle Financial Services Basel Regulatory Capital Internal Ratings Based Approach:** This application is based on the approaches supported by the OFS Basel Regulatory Capital Basic Application as well as the advanced approaches for BIS, USA, CBRC, Indian, BOT, and European Jurisdictions.
- ♦ **Oracle Financial Services Basel Regulatory Capital Analytics:** This application allows institutions to capitalize on their Basel II / Basel III compliance investments by providing extensive dashboards that enable efficient and timely Pillar I analysis and Pillar 3 disclosures, and provide a complete platform for strategic decision-making across the institution.
- ♦ **Oracle Financial Services Operational Risk Economic Capital:** This application provides pre-configured models based on actuarial methods that enable institutions to calculate capital for operational risk. This is achieved through the computation of the risk measures such as Operational Risk VaR and Conditional VaR.

Oracle Financial Services Capital Adequacy Application Pack

Oracle Financial Services Capital Adequacy (OFS CAP ADQ) Application Pack is a separately licensed product.

This chapter includes the following topics:

- ♦ [New Features](#)
- ♦ [How to Apply this Maintenance Release?](#)
- ♦ [Limitations or Known Issues of AAI and AAAI](#)
- ♦ [Hardware/Software Tech Stack Details](#)
- ♦ [Licensing Information of Third Party Software](#)

New Features

In the OFS Basel Regulatory Capital Release 8.0.7.0.0, we are catering to the requirements as per the latest guidelines from Federal Reserve regarding Long Term Debt (LTD) amount and Total Loss-Absorbing Capacity (TLAC) amounts for large U.S. Bank Holding Companies and the U.S operations of large Foreign banking organizations. The application covers the following calculations:

- Eligible Long Term Debt Amounts (internal and external) for Bank holding companies (BHCs) of Global systemically important banks (GSIBs) and Intermediate holding companies (IHCs) of foreign GSIBs.
- Minimum required level of TLAC to be maintained by a holding company.
- Total Eligible Total Loss Absorbing Capital (TLAC) amount.
- Risk-based TLAC ratio and Leverage-based TLAC ratio.
- Total Loss-Absorbing Capacity (TLAC) buffers for the RWAs component as well as the leverage component.
- Total Loss-Absorbing Capacity (TLAC) based payout amount and payout ratio.

The current release covers the Federal Reserve guidelines on Single-Counterparty Credit Limits for Bank Holding Companies and Foreign Banking Organizations. The application covers the following calculation:

- Gross direct credit exposure amounts for different exposure types of the Bank :
 - On balance sheet exposures
 - Off balance sheet exposures
 - Derivatives exposures
 - Securities Financing Transactions (SFTs) and
 - Market risk exposures

- Indirect credit exposure amounts of the Bank
- Additional exposures of the Bank
- Risk shifting and Net credit exposure amount calculation
- Exempted exposure identification and exempted amount calculation
- Total credit exposure amount calculation for a Single counterparty
- Aggregation of related or connected counterparties and calculation of total credit exposure amount for group of connected parties
- Large exposure identification and Regulatory threshold percent assignment for both major and non-major counterparties
- Credit limit threshold amount calculation for both major and non-major counterparties and identification of counterparties breaching the threshold limit.

This release also covers the calculation requirements for the securitization exposures in compliance with the Bank of Thailand (BOT) guideline published for the same. The application covers the following calculations:

- Exposure Amount calculation for the Securitization Exposures
- The Risk Weight assignment to various parties involved in the securitization transaction, depending on the bank's role being:
 - Investor
 - Credit Enhancement Provider
 - Servicer/ Back up Servicer
 - Underwriter
 - Liquidity Facility Provider
- The excess amount calculation which is above the underwriting threshold specified by the regulator.

The OFS CAP ADQ application is aligned with the Basel reporting framework to ensure seamless reporting using OFS Regulatory Reporting framework.

For detailed information on usage of the existing features, see *Oracle Financial Services Capital Adequacy Pack Release 8.0.7.0.0 User Guide* from [OHC](#) Documentation Library.

How to Apply this Maintenance Release?

1. Login to <https://support.oracle.com/> and search for Bug# **29238477** under the Patches & Updates tab.
2. For detailed instructions on installing this OFS CAP ADQ Pack release, see *Oracle Financial Services Capital Adequacy Pack Release 8.0.7.0.0 Installation Guide* from [OHC](#) Documentation Library.

NOTE In an environment consisting of multiple OFSAA applications, if the October 2020 Critical Patch Update is applied for any one application, it is mandatory to apply the respective October 2020 Critical Patch Updates for all other applications on that OFSAA instance, regardless of the application's version. See the My Oracle Support Doc ID [2724021.1](#) for details.

Limitations and Known Issues of OFS CAP ADQ Pack

The limitations or known issues in OFS CAP ADQ Pack Release 8.0.7.0.0 is as follows.

Bug ID	Description
29231019	IDENTIFICATION OF GUARANTEES FOR SUBSIDIARY'S LIABILITY
29262824	CLEAN HOLDING COMPANY REQUIREMENT NEEDS TO BE HANDLED IN THE STANDALONE TLAC RUN

Limitations and Known Issues of AAI and AAAI

The limitations or known issues and other details of OFS AAI and OFS AAAI Release 8.0.7.0.0 are described in the *OFS Advanced Analytical Applications Infrastructure (OFS AAAI) Application Pack Readme* in [OHC Documentation Library](#).

Hardware/Software Tech Stack Details

The hardware/software combinations required for OFS AAI/AAAI 8.0.7.0.0 are available at [OHC Tech Stack](#). Refer to **OFSAA 8.0.7.0.0** for hardware and software requirements.

Licensing Information of Third Party Software

For details on the third party software tool used, see *OFSAA Licensing Information User Manual Release 8.0.7.0.0* available in the [OHC Documentation Library](#).



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