

Oracle Financial Services Capital Adequacy

Release Notes

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ORACLE
Financial Services

OFS Capital Adequacy Application Pack Release Notes

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Document Control

Version Number	Revision Date	Change Log
1.0	Created April 2022	Captured new features for OFS Capital Adequacy Pack 8.1.2.0.0 release.

Table of Contents

1	Preface	5
1.1	Scope of This Document	5
1.2	Intended Audience	5
1.3	Access to Oracle Support	5
1.4	Related Information Sources	5
2	Introduction	10
2.1	About Oracle Financial Services Analytical Applications (OFSAA)	10
2.2	Oracle Financial Services Capital Adequacy Application Pack	10
2.2.1	<i>Components of Oracle Financial Services Capital Adequacy Application Pack</i>	10
2.3	What is New in this Release for OFS CAP ADQ Application Pack	11
2.3.1	<i>New Features</i>	11
2.4	Installing this Major Release	15
3	Oracle Financial Services Analytical Applications Infrastructure	15
4	Hardware and Software Tech Stack Details	15
5	Licensing Information	15
	OFSAA Support	16

1 Preface

This section provides supporting information for the Oracle Financial Services Capital Adequacy Release Notes.

You can find the latest copy of this document in the [OHC Documentation Library](#) which includes all the recent additions or revisions (if any) done to date.

- [Scope of This Document](#)
- [Intended Audience](#)
- [Access to Oracle Support](#)
- [Related Information Sources](#)

1.1 Scope of This Document

This document contains release information for Oracle Financial Services Basel Regulatory Compliance.

1.2 Intended Audience

This document is intended for users of the Oracle Financial Services Capital Adequacy Application Pack.

1.3 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.

1.4 Related Information Sources

We strive to keep this and all other related documents updated regularly; visit the [OHC Documentation Library](#) to download the latest version available there. The list of related documents is provided here:

- [OHC Documentation Library](#) for **OFS Capital Adequacy (CAP) Application Pack**:
 - *OFS Capital Adequacy Installation Guide*
 - *OFS Basel Regulatory Compliance User Guide*
- [OHC Documentation Library](#) for **OFS AAAI Application Pack**:
 - *OFS Advanced Analytical Applications Infrastructure (OFS AAAI) Application Pack Installation and Configuration Guide*
 - *OFS Analytical Applications Infrastructure User Guide*
 - *OFS Analytical Applications Infrastructure Administration Guide*

- *OFS Analytical Applications Infrastructure Environment Check Utility Guide*

Additional documents:

- [OFSAA Licensing User Manual, Release 8.1.2.0.0](#)
- [OFS Analytical Applications Infrastructure Security Guide](#)
- [OFSAAI FAQ Document](#)
- [OFS Analytical Applications 8.1.2.0.0 Technology Matrix](#)
- [OFS Analytical Applications Infrastructure Cloning Guide](#)

2 Introduction

This chapter includes information about Oracle Financial Services Analytical Applications (OFSAA) and Oracle Financial Services Capital Adequacy (OFS CAP ADQ).

- [Oracle Financial Services Analytical Applications \(OFSAA\)](#)
- [Oracle Financial Services Capital Adequacy Application Pack](#)

2.1 About Oracle Financial Services Analytical Applications (OFSAA)

In today's turbulent markets, financial institutions require a better understanding of their risk-returns, 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 models, 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, promotes a transparent risk management culture, and provides pervasive intelligence.

OFSAA delivers a comprehensive, integrated suite of financial services analytical applications for both banking and insurance domains.

2.2 Oracle Financial Services Capital Adequacy Application Pack

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.

2.2.1 Components of Oracle Financial Services Capital Adequacy Application Pack

OFSCAP 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 Basel III guidelines laid out in the BIS Guidelines. This includes the calculations as per the standardized approach of the risk-weighted asset calculations. This also caters to multiple jurisdictions by considering the national discretions adopted by the regulators over the guidelines published by BIS – Australia, Canada, European Union, Hong Kong, India, Saudi Arabia, Thailand, and United States of America.

- **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 (or IRB) approaches for BIS as published by BCBS. This also caters to multiple jurisdictions by considering the national discretions adopted by the regulators over the guidelines published by BIS – Australia, Canada, European Union, Hong Kong, India, Saudi Arabia, Thailand, and United States of America.
- **Oracle Financial Services Basel Regulatory Capital Analytics:** This application allows institutions to capitalize on their Basel III compliance investments by providing extensive dashboards that are used for management outlay and that enable efficient and timely Pillar 2 analysis and certain quantitative templates pertaining to Pillar 3 disclosures and provide a complete platform for strategic decision-making across the institution.

2.3 What is New in this Release for OFS CAP ADQ Application Pack

This section describes the new features and changes in OFS CAP ADQ Application Pack Release v8.1.2.0.0.

Topics:

- [New Features](#)

2.3.1 New Features

In the OFS Basel Regulatory Capital Release 8.1.2.0.0, we are catering to the latest guidelines pertaining to Basel III: Finalizing Post Crisis Reforms compliance for Canada, Hong Kong, and Saudi Arabia, with respect to the Standardized Approach. This release also catered to Credit Risk – IRB changes for BIS, and Counterparty Credit Risk related changes for Australia. And this release also had the Process Modeling Framework related changes for Thailand regulatory compliance for Basel III.

This release also has additional features that help banks in complying with any changes to their data and re-execution of previous dates, based on the regulatory needs or strategic needs of the bank. It also caters to the incremental processing, which is the calculation of only specific data that has changed across different dates, and considering the remaining as is, and computing the total regulatory risk weighted assets and capital for the total. This has a significant benefit in terms of the reduced end to end processing time.

There has also been changes in terms of having a user interface that will help in viewing the reclassification rules that are currently available in the product, and also having a workflow associated with it, to control the editing and changes made to the existing reclassification rules. There has also been a user interface that helps in viewing the thresholds that are defined for complying with the operational risk loss calculations, and as specified by the regulator.

The OFS Base Regulatory Capital Analytics 8.1.2.0.0 has been enhanced to cater to Operational risk related dashboards that are related to the Basel III: Finalizing Post Crisis Reforms compliance.

BIS Jurisdiction (BIS)

As part of this release, the solution is compliant with the Basel III: Finalizing Post Crisis Reforms and the Basel Framework updates for the Credit Risk, Counterparty Credit Risk and Operational Risk. The key functionalities addressed in this release are as below:

- Credit Risk
 - Revised Foundation IRB Approach
 - Revised Advanced IRB Approach
- Counterparty Credit Risk
 - Credit Valuation Adjustment – Basic Approach – Reduced Version
- Operational Risk
 - Revised Standardized Approach

Also, there has been processing modeling changes to cater with the Basel III: Credit Valuation Adjustment for the Standardized Approach.

Australia Jurisdiction (APRA)

As part of this release, the solution is compliant with the Basel III: Finalizing Post Crisis Reforms and the Basel Framework updates for the Counterparty Credit Risk and Operational Risk. The key functionalities addressed in this release are as below:

- Counterparty Credit Risk
 - Standardized Approach (SA – CCR)
 - Adjusted Current Exposure Method
 - Default Fund Contribution for QCCP
 - Default Fund Contribution for Non - QCCP
 - Credit Valuation Adjustment – Standardized Approach
- Operational Risk
 - Revised Standardized Approach
- Capital Structure
 - Net Capital Ratio and Capital Buffers

There has also been design changes to cater to Credit Risk Mitigation

Saudi Arabia Jurisdiction (SAMA)

As part of this release, the solution is compliant with the Basel III: Post Crisis Reforms Compliance for Saudi Arabia, in conjunction with the latest guidelines available for the same. The key functionalities addressed in this release are as below:

- Credit Risk
 - Revised Standardized Approach
- Securitization Risk
 - Revised Standardized Approach
- Counterparty Credit Risk

- Standardized Approach (SA – CCR)
- Securities Financing Transactions Calculation using Simple and Comprehensive Approach
- Default Fund Contribution for QCCP
- Default Fund Contribution for Non - QCCP
- Credit Valuation Adjustment – Basic Approach – Reduced Version
- Operational Risk
 - Revised Standardized Approach
- Leverage Ratio
 - Revised Exposure Measure Calculation

Canada Jurisdiction (OSFI)

As part of this release, Canada Compliance for Capital Adequacy based on the Capital Adequacy Requirements (CAR) 2023 has been introduced. The key functionalities addressed in this release are as below:

- Credit Risk
 - Revised Standardized Approach
- Securitization Risk
 - Revised Standardized Approach
- Counterparty Credit Risk
 - Standardized Approach (SA – CCR)
 - Securities Financing Transactions Calculation using Simple and Comprehensive Approach
 - Default Fund Contribution for QCCP
 - Default Fund Contribution for Non - QCCP
 - Credit Valuation Adjustment – Basic Approach – Reduced Version
- Operational Risk
 - Revised Standardized Approach
- Leverage Ratio
 - Revised Exposure Measure Calculation

Hong Kong Jurisdiction (HKMA)

As part of this release, Hong Kong Compliance for Capital Adequacy based on the draft Basel III: Finalizing Post Crisis Reforms has been introduced. The key functionalities addressed in this release are as below:

- Credit Risk
 - Revised Standardized Approach
- Securitization Risk
 - Revised Standardized Approach
- Counterparty Credit Risk

- Standardized Approach (SA – CCR)
- Securities Financing Transactions Calculation using Simple and Comprehensive Approach
- Default Fund Contribution for QCCP
- Default Fund Contribution for Non - QCCP
- Credit Valuation Adjustment – Basic Approach – Reduced Version
- Operational Risk
 - Revised Standardized Approach
- Leverage Ratio
 - Revised Exposure Measure Calculation

Thailand Jurisdiction (BOT)

As part of this release, Thailand Jurisdictional compliance for Basel III has been updated with the technical changes to comply with the Process Modeling Framework.

European Union Jurisdiction (EBA)

As part of this release, there have been certain changes to the calculation of defaulted exposures, which was more on the lines of common design changes.

Common Functionality Impacting Across Jurisdictions:

As part of this release, there have been newer functionalities introduced to cater across jurisdictions:

- Incremental Exposure Processing
 - Functionality to support processing of specific exposures, for a particular Reporting Date, and using the Previous Reporting Date's calculation for other exposures, to arrive at the Final Capital Charge, Risk Weighted Assets and Total Capital, across approaches.
- Back Dated Exposure Processing
 - Functionality to support processing of data for a Previous Date, which might be changes due to regulations becoming effective retrospectively or due to any strategic decisions that affect the regulatory calculations retrospectively.
- User Interface for Reclassification
 - Functionality allowing the user to view the reclassification of bank specific data to the regulatory / OFSAA specific data. This also has the functionality to enable user to edit and make changes to it, using a controlled work flow.
- User Interface for Operational Risk
 - Functionality allowing the user to view the thresholds specified by the regulator for the Loss Calculations.

There have been changes to certain processes to help in reducing the end to end processing time, and helping in achieve a better performance.

OFS Basel Regulatory Capital Analytics

The OFS Basel Regulatory Capital Analytics 8.1.2.0.0 has been enhanced with dashboards catering to the newer functionality of Operational Risk.

2.4 Installing this Major Release

For detailed instructions to install this Major Release, see the [OFS Capital Adequacy Pack Installation and Configuration Guide Release 8.1.2.0.0](#).

3 Oracle Financial Services Analytical Applications Infrastructure

For details about the requirements, new features, bugs fixed, and list of Known Issues in OFS Analytical Applications Infrastructure, see the OFS Advanced Analytical Applications Infrastructure (OFS AAAI) Application Pack Release Notes and documents on [OHC Documentation Library](#).

4 Hardware and Software Tech Stack Details

The hardware and software combinations required for OFS Capital Adequacy Application Pack 8.1.2.0.0, are available at the OFS Analytical Applications 8.1.2.0.0 Technology Matrix.

5 Licensing Information

Information about the third-party software tools used in OFS Capital Adequacy Application Pack 8.1.2.0.0 is available in the [OFSAA Licensing Information User Manual Release 8.1.2.0.0](#).

OFSAA Support

Raise a Service Request (SR) in [My Oracle Support \(MOS\)](#) for queries related to the OFSAA Applications.

Send Us Your Comments

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- Is the information clearly presented?
- Do you need more information? If so, where?
- Are the examples correct? Do you need more examples?
- What features did you like most about this manual?

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