Oracle Financial Services Capital Adequacy Application Pack 8.1.2.1.0 Maintenance Level Release #1(8.1.2.1.0)

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Description

ID **34861533**: OFS CAP 8.1.2.0.0 MAINTENANCE LEVEL RELEASE #1 (8.1.2.1.0)

Pre-installation Requirements

The minimum patch set level must be OFS CAP Application Pack version 8.1.2.0.0.

Installing this Release

For detailed instructions on installing this Maintenance Level Release, see OFS CAP Installation Guide 8.1.2.1.0.

New Features

In the OFS Basel Regulatory Capital Release 8.1.2.1.0, we are catering to the latest guidelines pertaining to Basel 3.0 compliance for Prudential Regulatory Authority, United Kingdom. And this release also had the Internal Ratings Based Approach compliance for EBA regulatory compliance based on CRR II. The changes pertaining to the Fundamental Review of the Trading Book (FRTB) for the Standardized Approach based on the latest Basel Framework, with respect to the different risk classes catering to the Sensitivity-Based Approach are also part of this release.

There were user options brought into the system for catering to Nettable Pool Formation, and also for viewing and editing the different regulatory thresholds. The regulatory definition options were enhanced to provide flexibility to the user in terms of selecting the multiple assessment logic.

There have also been changes in terms of having a user interface that will help in specifying the parameters to be used for creating the nettable pool. There has also been a user interface that helps in viewing the thresholds that are defined for complying with the capital calculations, and as specified by the regulator.

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 Market Risk Standardized Approach based on the 2019 guidelines, with

respect to the below functionality. The system already supports the January 2016 guideline for Market Risk pertaining to Standardized Approach (FRTB).

- Market Risk
    - o Standardized Approach (FRTB)
        - ▪ Sensitivity Based Approach for Risk Classes

European Union Jurisdiction (EBA)

As part of this release, the solution is compliant with the CRR II updates for the Credit Risk Internal Model Based Approach. The key functionalities addressed in this release are as below:

- Credit Risk
    - o Revised Foundation IRB Approach
    - o Revised Advanced IRB Approach
- Counterparty Credit Risk
    - o Standardized Approach

United Kingdom Jurisdiction (PRA)

As part of this release, the solution is compliant with the Basel 3.0 compliance for United Kingdom, in conjunction with the latest guidelines available for the same. The key functionalities addressed in this release are as below:

- Credit Risk
    - o Standardized Approach
    - o Foundation IRB Approach
    - o Advanced IRB Approach
- Counterparty Credit Risk
    - o Derivatives
        - ▪ Standardized Approach
        - ▪ Revised Original Exposure Method
    - o Securities Financing Transaction
        - ▪ Comprehensive Approach
        - ▪ Simple Approach
    - o Default Fund Contribution for QCCP
    - o Default Fund Contribution for Non - QCCP
    - o Credit Valuation Adjustment
        - ▪ Standardized Approach
- Settlement Risk
    - o Capital Charge Calculation for DvP Exposures

- o   Capital Charge Calculation for Non-DvP Exposures
- Operational Risk
  - o   Basic Indicator Approach
  - o   Standardized Approach
  - o   Alternative Standardized Approach
- Capital Structure & Buffers
- Large Exposures Framework
- Leverage Ratio

Common Functionality Impacting Across Jurisdictions

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

- User Interface for Specifying Derivatives EAD as a user input
  - o   Functionality allowing the user to specify whether the Derivatives EAD will be provided as an input, or will be computed by the product, using the specified method. This allows the flexibility to modularize the computations for counterparty credit risk.
- User Interface for Regulatory Capital Threshold
  - o   Functionality allows the user to edit and view the thresholds specified by the regulator for capital calculations.
- User Interface for Regulatory Capital Source
  - o   Functionality allowing the user to edit and view the capital data source required for the capital calculations.
- Regulatory Definition Options for Rating Assessment
  - o   Functionality allowing the user to select the Multiple Assessment Logic based on either the Risk Weight Rankings or the Rating Ranking.
- Regulatory Definition Options for Counterparty Credit Risk
  - o   Functionality allowing the user to select Counterparty Credit Risk related supervisory options based on approval and the bank's discretionary option based on the bank's internal processes as a separate option, instead of being part of the Credit Risk.
- Integration of the Reclassification User Interface for all Runs
  - o   The Reclassification user interface has been integrated into each of the out-of-box supported jurisdictional runs.
- Integration of the Portfolio for all Runs
  - o   Functionality allowing the user to select different portfolios that are applicable for each regulatory calculation, within a single jurisdictional calculation.