



Oracle Financial Services Capital Adequacy Application Pack 8.1.2.0.0 Maintenance Level Release #5(8.1.2.7.0)

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Description

ID **37515678**: OFS CAP 8.1.2.0.0 MAINTENANCE LEVEL RELEASE #5 (8.1.2.7.0)

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 8.1.2.7.0](#).

New Features

In the OFS Basel Regulatory Capital Release 8.1.2.7.0, we are catering to the latest guidelines pertaining to India, in terms of the Master Circular 2024 changes. This release also had enhancements in the calculations to comply with the large exposure reporting guidelines of Canada and US as published by OSFI and FED respectively.

This release also complied with the Leverage Ratio requirements of Canada.

There were also further enhancements to the regulatory definition option for considering the provision amount for the Exposure Amount at Default calculation for the drawn and undrawn portion, based on the accounting practice followed by the Bank.

Further enhancements were also brought in for catering to the different reclassification of SME. This is specifically for handling the different annual sales or consolidated assets, based on the customer's data.

There were also enhancements to handle the FX Forwards and Option contracts, as a single contract, with both the pay and receive captured.

There were also enhancements to handle the incremental exposures for the scenario wherein multiple solo runs can be considered "as-is", when the shareholding percentage of the entities are more than 50%.

Bank of International Settlements (BIS)

Output Floor and Mixed Approach

The mechanism of output floor as defined in the Basel III Post Crisis Reforms has been implemented for BIS along with the functionality to assign different methodologies (STD/FIRB/AIRB) to different portfolio while executing a run. This is called the Mixed Approach Run where some portfolio can be processed with one methodology and another portfolio can be processed with another methodology in a single execution.

India Jurisdiction (RBI)

As part of this release, the solution is compliant with the latest Master Circular guideline (2024) for India. The key functionalities that have undergone changes are as below:

- Market Risk
 - Standardized Approach
- Counterparty Credit Risk
 - Bilateral Netting
- Securitization
 - Standardized Approach or Revised Standardized Approach based on the Issue Date

Canada Jurisdiction (OSFI)

As part of this release, the solution had enhancements to the leverage ratio requirements.

There were also enhancements in the calculation of the Large Exposure calculation for handling specific regulatory reporting requirements, as per OSFI 930 template.

USA Jurisdiction (FED)

As part of this release, the solution had enhancements to the data sourcing to handle the equity investment in funds. Till the prior release, the solution expected data in Stage Fund Equity Investments and from the current release, the solution expected data in Stage Fund CIS Composition.

There were also enhancements in the calculation of the Single Counterparty Credit Limits for handling specific regulatory reporting requirements, as per FR 2590 template.

Common Functionality Impacting Across Jurisdictions

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

- Enhancements for the Incremental Exposure Calculations
 - There were enhancements to the incremental exposure calculation to handle different scenarios of data requirement.
 - When Bank wants to use the different solo runs, for a consolidated run, when the shareholding percentage has not changed between the solo run and the consolidated run.
- Enhancements to handle the Party Reclassification of SME
 - The SME classification is dependent on different attributes for each jurisdiction – it is based on annual sales, consolidated assets, and in certain jurisdiction, even the number the employees etc. This is handled in the out of box product.
- Regulatory Definition Enhancements - Treatment of Provision Amount for EAD calculation

- The Exposure at Default amount for both Drawn and Undrawn Amount has to consider the provision amount based on the accounting practices followed – only for the drawn portion of the exposure or for both drawn and undrawn portion of the exposure. This is being provided as a regulatory option.

Known Issues

Bug Number	Bug Description	Change Description
37578137	COLUMN CHANGE FOR FCT_REG_CAP_CVA_SUMMARY. N_SYSTEMATIC_RISK_COMPONENT	<p>The calculation of Systematic Risk Component (N_SYSTEMIC_RISK_COMP) in the processing table FSI Capital CVA Summary (FSI_CAP_CVA_SUMMARY) has the data type as NUMBER(38,3). The corresponding reporting table Fact Regulatory Capital CVA Summary (FCT_REG_CAP_CVA_SUMMARY) has the data type as NUMBER(22,3) for the column Systematic Risk Component (N_SYSTEMATIC_RISK_COMPONENT). Due to this difference, there are certain scenarios when the reporting T2T T2T_REG_CAP_CVA_SUMMARY fails.</p> <p>This can be overcome by running an alter script to update the data type in the reporting table. Refer to the Data Model change CR sheet and merge the change with 8.1.2.7.0 DM before upload.</p>