

What's New in Regulatory Compliance

R24 AMR

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Regulatory Compliance

CRS Client Identification ⇒ Including Balances of Ex-joint Holders in the CRS Aggregation Process

Available from: **202307**

The joint account in which the customer had been a joint holder was not considered for aggregation of account balances. As a result, the joint account was not reported in the CRS year-end report for the current CRS reporting period, which was incorrect.

The functionality is enhanced to track any inclusion or exclusion from a joint relationship, either at the customer level or account level. The tracked information is then referred during the balance aggregation and CRS report generation processes. The CRS balance aggregation logic is enhanced to consider the accounts of the ex-joint holders and report the accounts based on the CRS.CCSI.CUSTOMER.STATUS live file.

The topics related to this feature are given below:

- ❖ Incl Ex Joint Holder
- ❖ Balance Aggregation for Ex-joint Ownership

FATCA Client Identification ⇒ Including Balances of Ex-joint Holders in the FATCA Aggregation Process

Available from: **202307**

The joint account in which the customer had been a joint holder was not considered for aggregation of account balances. As a result, the joint account was not reported in the FATCA year-end report for the current FATCA reporting period, which was incorrect.

The functionality is enhanced to track any inclusion or exclusion from a joint relationship, either at the customer level or account level. The tracked information is then referred during the balance aggregation and FATCA report generation processes. The FATCA balance aggregation logic is enhanced to consider the accounts of the ex-joint holders and report the accounts based on the FATCA.FCSI.AMENDMENTS live file.

The topics related to this feature are given below:

- ❖ Incl Ex Joint Holder
- ❖ Balance Aggregation for Ex-joint Holders

IFRS9 Financial Instruments ⇒ Bilateral Corporate Facility and Drawings

Available from: **202308**

According to the IFRS9 financial standards, it is now possible to classify and measure bilateral corporate facilities and their drawings, as well as apply impairment assessments. The IFRS9 financial standards allow the following actions to be performed on bilateral corporate drawings:

- **Classification and Measurement:** Allows to classify these facilities and drawings under one of the three IFRS9 classifications, namely Amortized Cost (AMC), Fair Value through Other Comprehensive Income (FVOCI), or Fair Value through Profit or Loss (FVPL).

- **Expected Credit Loss (ECL) and Impairment:** Enables the calculation of Expected Credit Loss (ECL) and the implementation of impairment assessments for these facilities and drawings.
- **Modification or Derecognition:** Allows to apply quantitative tests to modify or derecognise these facilities and drawings, following the guidelines of IFRS9.
- **Takeover from External Systems:** Provides the capability to transfer bilateral corporate facilities and their drawings from an external system to the Transact system.

Installation and Configuration Notes

IFRS provision calculation and posting is enabled for Facility contracts under the PV module.

The following points are to be noted during non-substantial modifications on contracts.

- On non-substantial modifications to contracts, when MODIFICATION.GAIN.LOSS accounting head is configured in **IFRS . ACCT . METHODS** and **IFRS . POSTING . DETAILS**, the NPV difference is recognised in the separate PL category.
- If the MODIFICATION.GAIN.LOSS accounting head is not configured, then on non-substantial modifications, the NPV difference is recognised to the PL category corresponding to the AMORTISED accounting head.
- When the I9 license code is present in the **COMPANY** record, MODIFICATION.GAIN.LOSS accounting head is available in **IFRS . ACCT . METHODS** and **IFRS . POSTING . DETAILS**.
- On non-substantial modifications to contracts, the *Modification Date*, *Ifrs Event*, *Npv Previous Cashflow*, *Npv Current Cashflow*, *Modification Percent*, *Modification Gain Loss*, and *Modification Status* fields in **EB . CASHFLOW** record are updated.

Technical Notes

The following are to be noted while configuring the MODIFICATION.GAIN.LOSS accounting head.

- MODIFICATION.GAIN.LOSS accounting head is posted with the NPV difference calculated at EIR. For FVPL and HYBRID kind of configuration, the *Npv Rate* field of **IFRS . ACCT . METHODS** record will not be EIR for any of the accounting heads and the EIR field is not updated in **EB . CASHFLOW** record.
- Hence MODIFICATION.GAIN.LOSS accounting head configuration is not applicable for FVPL and HYBRID classifications.

The topics related to this feature are given below:

- ❖ Bilateral Corporate Facility and Drawings
- ❖ Modules Supported by the Temenos IFRS9 Solution
- ❖ Acct Head Types
- ❖ Modification and derecognition of a financial instrument
- ❖ Example – Non-Substantial Modification

PSD2 Account Information ⇒ Retrieving the List of Beneficiaries based on ConsentAvailable from: **202308**

PSD2 in Temenos Transact allows the TPP to retrieve and display the list of beneficiaries to the Payment Service User (PSU) based on a valid consent. Account Consent Management (AIS) supports the returning of the beneficiary list according to Berlin Group Standards.

The topics related to this feature are given below:

- ❖ Additional Consent Type
- ❖ Allowed Consent Types under Berlin Group
- ❖ Get Trusted Beneficiaries

Customer Data Protection ⇒ Supporting Multi-Entity Retention Period for Erasing Customer DataAvailable from: **202309**

The Customer Data Protection module is enhanced to support the retention period for erasing customer data at a multi-entity level for Phased Erasure. Customer eligibility for data protection processing and setting up the retention period for erasure at the country level is possible for banks that are multi-entities, given the data protection policy varies from country to country. Erasure dates are derived based on *Company Ret Period*.

The topics related to this feature are given below:

- ❖ Company ID
- ❖ xxPurpose
- ❖ Amending a Purpose
- ❖ Phased Customer Erasure Process Workflow
- ❖ Allow Active Erasure

PSD2 Account Information ⇒ Returning a List of Standing Orders Linked to the Addressed AccountAvailable from: **202310**

Transact PSD2 solution is enhanced to allow Third Party Providers (TPP) to retrieve and display the standing order details for an account to the Payment Service User (PSU) using the transaction list endpoint based on valid consent. Account Consent Management (AIS) supports the return of the standing orders list for an account based on the Berlin Group standards.

The topics related to this feature are given below:

- ❖ Account Information Calls
- ❖ Additional Consent Type
- ❖ Transactions

Identity Comparison ⇒ Name MatchingAvailable from: **202310**

Names are often used as an identifier. However, misspellings, aliases, nicknames, name similarities, and transliteration errors bring unique challenges in matching names. To overcome this, a new module named Name Matching is introduced to solve one or several of these challenges in a unique way to match names across various applications.

The topics related to this feature are given below:

- ❖ Name Matching

FATCA Client Identification ⇒ FATCA Balance Aggregation for a Joint PortfolioAvailable from: **202311**

The FATCA balance of the portfolio account was considered for FATCA balance aggregation process only when the role of the customer was defined as the primary owner. The portfolio balance was not considered for joint owners as part of the balance aggregation process.

This functionality is now enhanced to include the balances of the portfolio of all the joint owners in the FATCA Balance Aggregation process, based on the type of ownership defined. The system determines the portfolio as eligible for the aggregation process. The existing FATCA Aggregation logic is modified to consider the entire balance of the portfolio and attribute to all the customers eligible for the aggregation.

The topics related to this feature are given below:

- ❖ Portfolio Cr Role
- ❖ Balance Aggregation for a Jointly Owned Portfolio

CRS Client Identification ⇒ CRS Balance Aggregation for a Joint PortfolioAvailable from: **202311**

The balance of the portfolio account was considered for CRS Balance Aggregation process only when the role of the customer was defined as the primary owner. The portfolio balance was not considered for joint owners as part of the balance aggregation process.

This functionality is now enhanced to include the balances of the portfolio of all the joint owners in the CRS Balance Aggregation process, based on the type of ownership defined. The system determines the portfolio as eligible for the aggregation process. The existing CRS Aggregation logic is modified to consider the entire balance of the portfolio and attribute to all the customers eligible for the aggregation.

The topics related to this feature are given below:

- ❖ Portfolio Cr Role
- ❖ Balance Aggregation for a Jointly Owned Portfolio

IFRS9 Financial Instruments ⇒ Corporate Club Facilities and Drawings

Available from: **202311**

IFRS9 Financial Instruments functionality is enhanced to classify and measure corporate club facilities and their drawings.

It enables the following actions on corporate club facilities and their associated drawings:

- **Classification and Measurement:** Ability to classify and measure the club facilities and drawings into one of the three IFRS9 classifications - Amortized Cost (AMC), Fair Value through Other Comprehensive Income (FVOCI), or Fair Value through Profit or Loss (FVPL).
- **Modification or Derecognition:** Ability to apply quantitative tests to modify or derecognize the drawings under the club facilities, following IFRS9 guidelines.
- **Takeover from External Systems:** Capability to transfer the drawings under the club facilities from an external system to the Transact system.

The topic related to this feature is given below:

❖ [Corporate Club Facilities and Drawings](#)

Payment Regulations ⇒ Confirmation of Payee (CoP)

Available from: **202312**

Confirmation of Payee (CoP) service checks the account and reference details when the payer is setting up a new beneficiary/payee to initiate CHAPS, Faster Payment, or record a standing order. CoP is one of the many ways the finance industry handles fraud. The end-to-end CoP flow comprises of:

- **CoP Requester** – The payer sets up a beneficiary through his online banking capability at Bank A. The Bank A (payer bank) forwards the beneficiary information captured by the payer to the third-party CoP service provider (gateway). The CoP service provider after validating the information in the request connects with the Bank B (beneficiary bank) to retrieve the beneficiary account data. With the information retrieved from Bank B, a CoP check is performed and a response is sent back to Bank A by the CoP provider. This response received from CoP check is then relayed back to the payer for review by Bank A. The payer takes necessary actions based on the received information, and once a successful "Add New Beneficiary" journey is completed, the beneficiary information is recorded and stored.
- **CoP Responder** – Facilitates retrieval of payee account details (Beneficiary) by the CoP service provider using API data exchange.

In Transact, the CoP Responder side service that is, online account data provisioning to CoP service provider is available. This feature is enabled through "CNFPYE" module licensing.

The topic related to this feature is given below:

❖ [Confirmation of Payee \(CoP\) - Responder](#)

FATCA Reporting ⇒ Generating Country Variation Report

Available from: **202401**

The FATCA Reporting module is now enhanced with the the 'Generating Country Variation Report' functionality which generates an XML report based on a country's specific schema. For example, an XML report generated in Canada must follow the Canadian schema.

An exit point is enabled to support these country-specific extensions which accept a locally customised API to fetch the information required for populating the additional tags in **FATCA . REPORTING . PARAMETER**. Then, this information is captured into the interim FATCA Tax Base file and the XML report is generated subsequently based on the country-specific schema, which is a pre-defined XSLT in the system.

The topic related to this feature is given below:

❖ [Generating Country Variation Report](#)

IFRS9 Accounting ⇒ Impairment of Contingent Liabilities under IFRS9

Available from: **R24AMR**

This feature enables the impairment of contingent liabilities under IFRS9 and facilitates standard provisioning for Guarantees or Standby Letters of Credit (SBLCs) issued using the 'Guarantees' product line within the Arrangement Architecture (AA) framework.

The Provisioning (PV) framework is now extended to provide support for the following under the 'Guarantees' product line in AA.

- IFRS9 Stage and Expected Credit Loss (ECL):
 - Determines the IFRS9 risk stage for contingent liabilities.
 - Calculates and records Expected Credit Loss (ECL) by applying the probability of default and loss given default parameters.
- Standard Provision:
 - Classifies contingent liabilities.
 - Computes and records provisions based on specified standard percentages.

The topic related to this feature is given below:

❖ [Impairment of Contingent Liabilities](#)

Financial Risk Management ⇒ Liquidity Ratios and ALM (FRM04)

Available from: **R24AMR**

The new Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) enhancements now support the below

features:

- LCR and NSFR computation on Analytics platform
- Pre-configured reporting templates as per Basel guidelines
- Ability to configure multiple reporting templates
- Ability to setup liquidity limits and early warning indicators
- Flexible rule-definition engine to support complex mapping requirements
- Simplified user interface
- Standard out-of-box visualizers and dashboards

The topic related to this feature is given below:

❖ [Liquidity Ratios and ALM \(FRM04\)](#)

IMPA36 ⇒ Impairment of Assets under IAS36

Available from: **R24AMR**

IAS 36 is an accounting standard issued by the International Accounting Standards Board (IASB) that outlines the procedures to be followed for recognising, measuring, and disclosing impairments of assets. This standard applies to all assets except those that are specifically covered by other IFRS standards (for example, inventories, financial assets, and assets arising from construction contracts).

Temenos Transact supports the impairment of assets under the cost model of IAS 36 accounting standards with the new module 'IMPA36.'

With 'IMPA36,' it is now possible to:

- Identify assets subject to IAS36.
- Facilitate periodic reviews for the impairment of fixed assets by comparing the carrying amount with the recoverable value and enabling the booking of impairment losses.
- Depreciate the asset based on the net carrying value of the asset (net of impairment loss).
- Reverse previous impairments if there have been significant favorable changes in the asset's value and market conditions.

Installation and Configuration Notes

Ensure that the IMPA36 license, along with the FIXAMT and IA modules, is available for the impairment of assets under the IAS36 functionality to work.

The topics related to this feature are given below:

- ❖ [Introduction to Impairment under Cost Model](#)
- ❖ [Introduction to Impairment Reversal under Cost Model](#)
- ❖ [Impairment under Cost Model](#)

PSD2 Payment Initiation/PSD2 User Agent ⇒ Supporting Temenos UUX-based User Agent for PSD2 Services

Available from: **R24AMR**

Temenos provides a User Agent for PSD2 services, which assists with the User Interaction flows. The PSD2 Account Information, Payment Initiation and Confirmation of Funds Services user journey that used the UXP user agent are now built on the new Temenos UUX (WebComponents) technology.

The topics related to this feature are given below:

- ❖ Aspects of PSD2 in Scope of Temenos Transact Module
- ❖ Introduction to PSD2 Payment Initiation
- ❖ Introduction to PSD2 Account Information
- ❖ PSD2 User Agent
- ❖ Payment Initiation API