![TEMENOS — THE BANKING SOFTWARE COMPANY]

What's New in

Regulatory Compliance

January 2022

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|Release Highlights

Financial Crime Mitigation

KC+ » Fraud Check for Customer Onboarding Forms

Initially, the fraud check feature was enabled for both customer onboarding forms and Enhanced Due Diligence (EDD) forms during creation or import, by default. Now, FCM allows you to decide whether fraud check is required for a specific customer onboarding form. To enable this feature, the *Fraudcheck Required* check box is introduced in the Forms Designer page. You can enable fraud check while creating a new form or importing an existing form.

> **The topic related to this feature is given below:**
>
> Working with Fraud Detection

Common Features » Providing Access Based on Case Name

FCM Case Manager now allows users to assign access to cases based on the case type names. Users with Supervisor role can provide access to user profiles based on case names, using the Cases.caseTypeName interface rule. In addition, a comment box is introduced in the Case Investigations page, to allow a compliance user provide comments for changes in case status.

> **The topics related to this feature are given below:**
>
> Working with Case Manager

Watchlist Management » Section 314(a) List Import

Section 314(a) of the Act authorizes the Financial Crimes Enforcement Network (FinCEN) to provide financial institutions a Section 314(a) list, which contains the names of the individuals or entities suspected of criminal activities. A batch and shell script file introduced in the FCM Watchlist Manager helps to import the Section 314(a) list as a CSV file from FinCEN, screen customer records against it and trigger alerts in the Customer Information File (CIF) Alert Manager. The Watchlist Manager maintains the imported information as a public list.

> **The topics related to this feature are given below:**
>
> Importing 314(a) Watchlist

KC+ » Party Relationship File Import

The `PARTY.RELATIONSHIP` table in Transact stores the relationship details among customers, which can now be extracted from Transact and uploaded into FCM. The *Manage Customers* menu displays the customer relationships in a separate panel. Banks can use relationship details of the customers and/or entities with each other to perform the risk scoring activity.

> **The topic related to this feature is given below:**
>
> Party Relationship File Import

Regulatory Compliance

FATCA Client Identification » Capturing Multiple GIINs and Structural Validation

The FATCA functionality is enhanced to allow users to capture multiple GIINs and to include GIIN format validation rules as defined by IRS. This supports the correct GIIN format and protects against user input error.

The new functionality includes the following:

- The *Nature Of Giin* multi-value field is introduced in the `FATCA.CUSTOMER.SUPPLEMENTARY.INFO` application with the following options to allow a user to specify the type of Global Intermediary Identification Number (GIIN):
    - Own
    - Other
    - Sponsored
    - Sponsoring

- The *Giin* and *Sponsor Giin* fields are enhanced as follows:
    - *Giin* – Allows a user to specify Own or Other GIINs
    - *Sponsor Giin* – Allows a user to specify Sponsoring or Sponsored GIINs

- The *Nature Of Giin*, *Giin* and *Sponsor Giin* fields in the `FATCA.CUSTOMER.SUPPLEMENTARY.INFO` application are part of a multi-value set, which allows a user to capture multiple GIIN numbers when multiple numbers are provided by customers.

- The structural GIIN format validation is introduced to support the correct GIIN format as specified by the Internal Revenue Service (IRS). The format validation rules are applied to the *Giin* and *Sponsor Giin* fields. This format validation is an override message and is only applicable when a user wants to add a new value or update the existing value in the *Giin* field or the *Sponsor Giin* field in `FATCA.CUSTOMER.SUPPLEMENTARY.INFO`. Any existing and previously entered values within these fields are not affected.

> **The topic related to this feature is given below:**
>
> Multiple GIIN Capture and Structural Validation

Definition of Default Rules » Unlikeliness to Pay Criterion

Default is defined under the EBA Capital Requirements Regulation (CRR). UTP indicators is one of the two criteria on the basis of which default is identified. The identification of default of an obligor is based on two criteria.

- Delay in payment or Days Past Due (DPD)
- Unlikeliness to Pay (UTP)

Default due to Unlikeliness to Pay (UTP) refers to where the financial institution has reasonable doubts with regards to the likeliness of repayment of the obligation in a timely manner, in this case, the obligor is considered as default. The system provides the user the ability to set one or more UTP's manually or automatically at the obligor level. The only UTP allowed to be set as automatic is 'Defaulted Facility Exceeds Threshold'.

This functionality enables banks to set an obligor as default based on the identified unlikeliness to pay automatic indicators such as substantial exposure at default and manual indicators such as non-accrued interest status, increase in credit risk and legal issues and so on.

> **The topic related to this feature is given below:**
>
> Unlikeliness to Pay Criterion

Recognition of Fees » Takeover of IFRS charge-off

As part of migration process, all the balances pertaining to a contract are migrated from legacy system to Temenos Transact. Contracts that are migrated are taken over to FASB reporting using an activity by attaching the reporting property.

This functionality enhances the migration process to build the product with reporting property along with the charge-off and recovery balances from the legacy system on non-performing contracts and to account them as non-contingent balances using IFRS charge off.

The benefits of this functionality are:

- Banks can takeover the charge-off and recovery balances for IFRS charge-off from legacy system.
- Balances can be accounted based on the accounting requirements of Non-Refundable Fees and Cost as per FAS91 requirements.

> **The topic related to this feature is given below:**
>
> Takeover of IFRS Charge-off

Definition of Default Rules » Days Past Due Criterion

This functionality supports the identification and monitoring of the default status of an obligor using the Days Past Due (DPD) criterion. In Temenos Transact, DPD is first applied at the facility or loan level and then extended to the obligor level. The ability to determine and track the changes in the past due amount, performing materiality threshold test and monitoring the days past due count to identify the default of an obligor is the essence of the functionality.

The topic related to this feature is given below:

Days Past Due Criterion