

What's New in

Regulatory Compliance

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| Release Highlights



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FATCA Client Identification » FATCA Portfolio Identification

FATCA status identification at the portfolio level is a key consideration in determining the FATCA withholding tax (WHT) on income received from US securities. Most types of US source income received by a foreign person are subject to US tax of 30%. If there is a tax treaty between the foreign person's country of residence and the United States, a reduced rate, including exemption, may apply. FATCA status identification at the portfolio level supports the Securities module to determine whether a US income transaction processed by it is liable for FATCA Withholding or not.

The FATCA status identification at portfolio level functionality is now available for joint ownership of a portfolio. The logic considers the individual customer's *FATCA status* of all the owners of a joint portfolio and assigns one of the customer's *FATCA status* to the portfolio, based on a hierarchy as defined for each of the FATCA statuses. The *FATCA status* that is identified at the portfolio level is used in evaluating the withholding applicability and for reporting purposes.

This functionality supplements the QI Status functionality in Temenos Transact to handle US taxation on income from US securities from the Qualified Intermediary (QI) perspective.

The topics related to this feature are given below:

[FATCA Portfolio Identification](#)

[View FCSI Customer Relationship Records](#)

[FATCA.PARAMETER](#)

[FATCA.TAX.STATUS](#)

[FA.FATCA.COUNTRY](#)



CRS Client Identification/FATCA Client Identification » Standing Instruction as an Indicia for CRS and FATCA

The identification of standing instruction indicia in Temenos Transact is based on an outbound payment transaction sent to a bank account in a non-local CRS Reportable Jurisdiction (for CRS) or a US-based bank account (for FATCA). The payment country was identified from the

`TZ . PAYMENT . REGULATORY . REPORT` table.

Temenos Transact has been enhanced to identify standing instruction as an indicia for CRS and FATCA based on the standing order or deposit arrangement and not on the transaction itself. Standing instruction indicia is met if the payout beneficiary country is a non-local CRS Reportable Jurisdiction (for CRS) or US (for FATCA).

The topics related to this feature are given below:

[RT.REGULATORY.RULES for Due Diligence](#)

[RT.REGULATORY.RULES for FATCA Client Identification](#)

[Standing Instruction Indicia Identification for Due Diligence](#)

[Standing Instruction Indicia Identification for FATCA Client Identification](#)

Recognition of Fees » Moving and Resuming of Non-Performing Loans

The Statement of FASB 91 (Financial Accounting Standards Board) establishes the accounting for non-refundable fees and costs associated with lending or committing to lend at amortised cost at the time of disbursement and must be amortised over the life of the related loan, using Effective Interest Rate (EIR).



The treatment of amortisation depends on the performance of the loan. A loan is considered performing, when the borrower makes the loan repayments on time. A loan changes to non-performing status, when the borrower defaults the loan repayments beyond 90 days according to normal banking practice.

According to the FASB91, after a loan is placed in non-performing (non-accrual) status, the accrual of interest and amortisation of fees, costs and purchase premium or discount must be either stopped or suspended.

This functionality allows the accrual of interest to be suspended and amortisation of fees/cost to be stopped, when a performing loan moves to non-performing status. Delta accounting and the splitting of delta are also stopped. When a suspended loan is resumed to performing status, delta accounting and the splitting of delta are resumed with the recalculation of a new Effective Interest Rate (EIR).

Banks can now comply with the accounting treatment as required by FASB91 on the non-refundable fees and costs with the new functionality, when:

- Moving a performing loan to non-performing status.
- Resuming a non-performing loan to performing status.

Click [here](#) to understand the installation and configuration updates for this enhancement.

The topic related to this feature is given below:

[Moving and Resuming of Non-Performing Loans](#)

Installation and Configuration Notes



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Recognition of Fees » Moving and Resuming of Non-Performing Loans

To enable the Suspending and Resuming changes for non-performing loans, RN licencing must be available.