

News about FinCEN's New Customer Due Diligence Requirements and jXchange (SilverLake System®, CIF20/20®, and Core Director®)

As communicated to our clients earlier this year, below please find system-specific information and behaviors about this matter for each core system (effected jXchange messages are covered later in this document):

SilverLake System AND CIF 20/20:

We have determined that Time/DDA/Savings/Christmas Club Deposits, Lease Accounts, Safe Deposit Boxes, Shareholders, Loans/Lines of Credit/Loan Renewals, and CD Renewals all fall under the Rule.

We will add a parameter, **FinCEN Legal Entity**, to give each institution the ability to identify legal entity customers at the CIF level as either being included in these rules or excluded from these rules. If excluded, the **Exclusion Reason** must be provided. At the time the enhancement is installed, all existing CIF records will be set to either 'I' (Include) or 'E' (Exclude) based on the value in the INDIVIDUAL field (CFINDI) in CFMAST. A new field, **Legal Entity Identifier**, is being added to allow you to enter the LEI for the legal entity customer, if provided. You will be able to add the beneficial owners and the required information for each owner per the rules, at the CIF level for new account legal entity customers during the CIF opening process, or during the account opening process. We will not assign a CIF number to beneficial owners. However, the FI has the ability to set each beneficial owner up with their own CIF number if they so choose (especially if the FI wants to track the ownership of a legal entity that is owned by other legal entities). A parameter will be added to allow each institution to indicate whether or not a CIF is to be created for beneficial owners. Additionally, users will be prompted to enter information pertaining to the identification used to verify the identity of each owner. You will be able to maintain or inactivate beneficial owner records when a triggering activity, such as the opening of an additional account for the legal entity, occurs. At the time a new account is added, you will be required to enter the name of the **Person Opening Account** and provide the **Title of Person Opening Account**.

Beneficial Owners in SilverLake and CIF 20/20 cores will be designated as follows: A **Controlling Owner** (required) is a single individual with significant responsibility to control, manage, or direct the legal entity customer. An **Entity Owner** is each individual, if any, who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, owns 25% or more of the equity interests of a legal entity customer. **Both** Controlling Owner and Entity Owner refers to a single individual who is both the Controlling Owner and an Entity Owner. If this designation is used, there cannot also be a separate Controlling Owner designated. Related new fields include **Owner Name, Title of Controlling Owner, Type of Owner, Percent Owned, Address Line 1, Address Line 2, City, State, Zip Code, Foreign Address, Foreign Country, Tax ID Number, Passport or Other ID Number, Country of Issuance, Birth Date, Documentation Type, Identification Code, Identification Number, Place of Issuance, Date of Issuance, Expiration Date, Verified By, and Contact Date**. New fields being added for subsequent updating and review purposes include **Date Last Verified/Maintained, Event Code, and Date Closed/Owner Removed**.

Parameters related to Entity Owner definition: **FinCEN CDD Regulatory Minimum Percentage** should represent the percentage defined in the regulation as the minimum percentage of equity ownership required to meet the definition of a Beneficial Owner. Currently, the minimum is 25%. **Entity Owner Minimum Threshold** will allow your FI to establish a lower global percentage (as low as zero) at which Entity Owner information will be required to be collected for a legal entity customer (which will apply only to the Entity Owner code). For an individual to be designated as BOTH Entity Owner and Controlling Owner, equity ownership for the individual must be greater than or equal to the value in the FinCEN CDD Regulatory Minimum Percentage field. The default at the time the enhancement is installed will be 25%. This parameter will be located in the CIF General Parameters. **Override Ownership Percentage** will be at the CIF level and can be used to override the global level minimum percentage and set a unique percentage for the individual legal entity customer (e.g., this customer is high risk). You will be required to provide an **Override Percentage Reason**.

Core Director:

Core Director will handle the new rules for due diligence for entities using relationships of the entity's CIF record and the CIF records of the beneficial owners and person with significant responsibility.

New fields should be used in the entity CIF to identify the CIF number of up to 4 beneficial owners and 1 significant responsibility person. This should be updated and reviewed every time the entity opens a new account of any module. In addition to the fields for these CIF numbers, banks should maintain the date of last due diligence review and the Legal Entity ID. Various conditions may identify a CIF as an entity, but if the entity is not subject to the new rules there is a field to exempt the CIF from due diligence.

New fields have also been added for those CIFs identified as the beneficial owners/significant responsibility person to meet the new rules. Those fields include Passport ID, Country of Issue, and physical address fields (in case the normal address fields are of a PO Box).

Banks may also activate links from the entity CIF to the beneficial owners/significant responsibility person CIF's to view.

jXchange impacted

The following jXchange operations and complexes have been impacted. Not only do most of these operations have new elements to support the requirements, most have new faults jXchange may return related to the new edits around new elements and behaviors. The DMZ (test site) has updated operations for your testing needs.

- AcctAdd
- AcctAddValidate
- AcctInq
- AcctMod

- CustAcctRelIng
 - CustAdd
 - CustIng
 - CustMod
 - CustRelAdd
 - CustRelAddValidate
 - CustRelMod
 - LnAcctAdd
 - LnAcctAddValidate
 - LnAcctMod
-
- RegDetail_CType
 - X_RegDetail)CType
 - BenflOwnInfo_CType (new)
 - BenflOwnRecArray_AType (new)
 - BenflOwnRec_CType (new)
 - CustAcctRelInqRec_CType
 - DepAcctInfo_CType
 - TimeDepAcctInfo_CType
 - SafeDepAcctInfo_CType
 - LnDepAcctInfo_CType

Updated XSDs and WSDLs can be found in the download section of the Integration Development Group Content Management Site at:

<https://idg.jhahosted.com/>

If you have not visited this site before, your username and password match your DMZ test ones.

jX Buisness Service behavior

Adding a new customer via jXchange message CustAdd will successfully add even though a consumer has not yet consumed the new elements that were added for the new regulatory Beneficial Owner. The business service will default the “FinCEN Legal Entity (I=Include or E=Exclude)” value based on if it is a non-individual or individual customer. If it is an individual customer that is being added it will also default the “Beneficial Owner Exclusion Reason Code” with either a “NP = Natural Person” or a “FP = Foreign Person” depending on the alien customer flag / “AlienTypeCode”.

News about HMDA reporting changes: core and jXchange

This enhancement provides for the storage and reporting of additional Home Mortgage Disclosure Act (HMDA) reportable fields and information for providing compliance with the Consumer Financial Protection Bureau (CFPB) which requires that financial institutions report HMDA information with new and changed fields.

The **Universal Loan Identifier** has been added to Customer and Account inquiry screens. The ULIs are captured and stored to remain in compliance with pertinent government regulations in tracking and reporting specific loan identification throughout the life of the loan. This includes tracking for ULIs for purchased loans after January 1, 2018, and generating ULIs for loans purchased prior to January 1, 2018. The **Universal Loan Identifier (ULI)** is generated through a 20-digit **Legal Entity Identifier (LEI)** and a randomly generated 23-digit bank account identifier. The combination of the **LEI** and the bank account identifier is used to generate the two-digit Check Digit. The combination of the **LEI**, the bank account identifier, and the Check Digit results in the 45-digit **ULI**.

Within **Loan Application Tracking Menu (LNAPPL)**, two options were changed to accommodate the required reporting changes for HMDA: **Enter New Loan Applications** and **Update Loan Applications**. Many new fields are presented on these options. The **ULI** is generated for the user during the **Enter New Loan Application** process.

jXchange impacted

The following jXchange operations and complexes have been impacted.

- LnAppRgtrAdd
- LnAppRgtrAddValidate
- LnAppRgtrMod
- LnAppRgtrSrch
- SvcDictSrch

- ResLnAppRgtrInfo_CType
- LnAppBorwInfo_CType
- LnAppCoBorwInfo_CType
- LnAppRgtrSrchRec_CType
- BorwRaceInfo_CType

Additionally a new Attribute was added, **JHANA**:

- There could exist conditions that require a **consumer** to convey to a **service provider** that an element value is not applicable (NA) rather than a null value. The element value, NA or not applicable, could be a valid entry for certain elements.
- The JHANA attribute could be decorated on any element with the exception of closed enumerated elements.

- The attribute is specifically for elements with a primitive type :decimal and :integer since an element data value of NA would invalidate schema for these element types but is equally useful for :string elements.
- The JHANA attribute will be ignored when an element's JHANull attribute equals true.

Again, Updated XSDs and WSDLs can be found in the download section of the Integration Development Group Content Management Site at:

<https://idg.jhahosted.com/>

If you have not visited this site before, your username and password match your DMZ test ones.