# Product Requirements Document

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## Legacy Business Description (from Legacy Code)

Files processed:- CBACT05C.cbl

**Requirement 1:** Business process from CBACT05C.cbl

**Business Description:** Provides business process from cbact05c.cbl. Key activities include: COMPUTE WSDAILYRATE = WSAPR / 365; CALCULATEINTEREST.Description: Provides business process from cbact05c.cbl.

Logic Description:- COMPUTE WS-DAILY-RATE = WS-APR / 365.- CALCULATE-INTEREST.- COMPUTE WS-DAYS-SINCE-TXN =.- COMPUTE WS-INTEREST =.

Dependencies:- Data elements: date, prev pmt full, card number, input output, else, function, init, balance, accept, main procedure

**Source:** Legacy Code

## Product Overview

"Product Overview\n\nThis product is a modern, in-house credit card core system designed for financial services organizations operating within the United States credit card sector. Delivered as an integrated digital platform, it supports real-time issuance of both virtual and physical credit cards while encompassing essential credit product lifecycle functions such as credit line management, authorizations, settlements, billing, payments, interest calculations, fees, rewards, disputes, and delinquency workflows.\n\nStrategically, the system aims to enhance operational control and agility by consolidating all credit card account-related processes within a modern infrastructure. This enables improved responsiveness to regulatory requirements and business needs while facilitating lifecycle management of complex account states, including charged-off accounts triggered by delinquency or customer events. The core's ability to handle accounts transitioning to charged-off status reflects a focus on maintaining trade credit integrity and risk management aligned with enterprise objectives and compliance standards."

## Feature Overview

"Feature Name: Create a Frontbook Charged-Off Account and Recoveries\n\nFeature Overview: The Create a Frontbook Charged-Off Account and Recoveries feature enables the establishment and management of credit card accounts that have transitioned into charged-off status, along with the handling of associated recoveries, within the in-house credit card core system. This capability extends the specialized account creation process to support the full lifecycle management of charged-off accounts triggered by events such as prolonged delinquency, customer death, or bankruptcy, as well as the recovery activities that follow. It ensures accurate representation and management of charged-off accounts and recoveries within the modern core infrastructure, facilitating downstream processes like collections, reporting, compliance, and recovery tracking.\n\nThis feature includes the creation of charged-off accounts and recovery records with all necessary attributes and status flags, integrating seamlessly with credit line management, billing, payments, interest calculations, fees, dispute workflows, and recovery processes. It excludes the initial origination of accounts in good standing and focuses specifically on the transition, ongoing management, and recovery of charged-off accounts. Critical constraints include strict adherence to regulatory compliance for charged-off account handling and recoveries, real-time data accuracy, and integration with legacy business logic such as interest calculation and daily rate computations derived from legacy processes (e.g., CBACT05C.cbl). Strategically, this feature supports the broader initiative of full ownership over credit issuance, account servicing, and recovery management, reducing reliance on third-party systems and enabling enhanced operational control and agility in managing credit risk and recoveries."

## Functional Requirements

Functional Requirements

**F1.** Trigger Creation of Charged-Off Account Upon Delinquency or Customer Event\*\*Functionality:\* The system must initiate the creation of a charged-off account when an account transitions from good standing due to defined triggers.\*Description:When an account meets charged-off criteria such as prolonged delinquency beyond a configured threshold, customer death, or bankruptcy notification, the system must automatically initiate the creation of a charged-off account record. This record must reflect the account’s new status and enable subsequent charged-off lifecycle management.Functional Specification:- If an account is delinquent beyond the configured number of days (e.g., 180 days) without full payment, or- If a verified customer death or bankruptcy event is recorded,- Then the system must create a charged-off account linked to the original account with appropriate status flags indicating charged-off state.Notes:- Delinquency thresholds and event types triggering charge-off are configurable.- The system must prevent duplicate charged-off accounts for the same original account.

**F2.** Assign Unique Identifier to Charged-Off Account\*\*Functionality:\* The system must assign a unique identifier to each charged-off account created.\*Description:Upon creation of a charged-off account, the system must generate and assign a unique account ID that distinguishes the charged-off account from active accounts and other charged-off accounts. This ID will serve as the primary reference for all charged-off account activities and reporting.Functional Specification:- The charged-off account ID must be unique across the system.- The format and length of the ID must comply with internal standards for charged-off accounts.Notes:- ID generation logic must ensure no collisions with existing active or charged-off accounts.

**F3.** Calculate and Apply Daily Interest Rate on Charged-Off Balances\*\*Functionality:\* The system must compute daily interest on charged-off account balances using legacy interest calculation logic.\*Description:For each charged-off account, the system must calculate interest daily based on the annual percentage rate (APR) divided by 365, applying this daily rate to the outstanding balance to compute accrued interest. This calculation must align with legacy business rules to maintain consistency.Functional Specification:- Compute daily interest rate as WS-DAILY-RATE = WS-APR / 365.- Calculate daily interest amount by applying WS-DAILY-RATE to the outstanding balance.- Accrue interest daily and update the charged-off account balance accordingly.Notes:- Interest calculation must integrate with legacy logic as defined in CBACT05C.cbl.- Interest accrual must stop if the account is fully paid or closed.Reference: Legacy Code

**F4.** Create and Manage Recovery Records Linked to Charged-Off Accounts\*\*Functionality:\* The system must enable creation and management of recovery records associated with charged-off accounts.\*Description:When recoveries (payments or settlements) are received against charged-off accounts, the system must create recovery records capturing payment details, status, and impact on the charged-off balance. These records must be linked to the charged-off account and support lifecycle tracking.Functional Specification:- Upon receipt of recovery payment, create a recovery record linked to the charged-off account.- Update charged-off account balance and status based on recovery amount.- Support multiple recovery records per charged-off account as needed.Notes:- Recovery records must include payment date, amount, and method.- System must support partial and full recoveries.

**F5.** Integrate Charged-Off Account Status with Billing, Payments, and Fees Modules\*\*Functionality:\* The system must synchronize charged-off account status with billing, payments, interest, and fee processing modules.\*Description:Charged-off accounts must be accurately reflected in billing cycles, payment processing, interest calculations, and fee assessments to ensure consistent account management and reporting. The system must route transactions and calculations appropriately based on charged-off status.Functional Specification:- Exclude charged-off accounts from standard billing cycles but enable specialized billing or reporting as required.- Apply interest and fees according to charged-off account rules.- Accept payments and update balances accordingly.Notes:- Integration must maintain data accuracy and real-time updates.

**F6.** Enforce Regulatory Compliance Rules for Charged-Off Account Handling\*\*Functionality:\* The system must enforce all applicable regulatory compliance requirements in the creation and management of charged-off accounts and recoveries.\*Description:Charged-off account processing must comply with U.S. financial regulations governing charge-offs, recoveries, reporting, and customer notifications. The system must validate compliance rules before finalizing charged-off account creation and during recovery processing.Functional Specification:- Validate charge-off eligibility criteria against regulatory thresholds.- Ensure proper documentation and status flags for compliance reporting.- Support audit trails for all charged-off account lifecycle events.Notes:- Compliance rules must be configurable to adapt to regulatory changes.

**F7.** Prevent Creation of Charged-Off Account if Account is Already Charged-Off or Closed\*\*Functionality:\* The system must prevent duplicate or invalid charged-off account creation.\*Description:Before creating a charged-off account, the system must verify that the original account is not already in a charged-off or closed state to avoid duplication or conflicting records.Functional Specification:- Check account status prior to charged-off account creation.- If account status is charged-off or closed, reject creation request with an appropriate error message.Notes:- This validation ensures data integrity and prevents operational errors.

**F8.** Provide Real-Time Updates and Notifications for Charged-Off Account Status Changes\*\*Functionality:\* The system must provide real-time updates and notifications when an account transitions to charged-off status.\*Description:Upon creation of a charged-off account, the system must update all relevant modules and notify downstream systems or users as configured to ensure timely awareness and action.Functional Specification:- Trigger real-time status update events upon charged-off account creation.- Send notifications to collections, reporting, and compliance modules.- Support configurable notification channels (e.g., system alerts, emails).Notes:- Real-time updates support operational agility and risk management.

**F9.** Maintain Audit Trail for Charged-Off Account Lifecycle Events\*\*Functionality:\* The system must maintain a comprehensive audit trail for all charged-off account lifecycle events.\*Description:Every creation, update, recovery, status change, and closure event related to charged-off accounts must be logged with timestamp, user or system actor, and event details to support compliance and operational review.Functional Specification:- Log all charged-off account lifecycle events in an immutable audit log.- Include event type, date/time, initiating user or system process, and before/after state where applicable.Notes:- Audit logs must be accessible for compliance audits and investigations.

**F10.** Support Manual Override and Correction of Charged-Off Account Status by Authorized Users\*\*Functionality:\* Authorized users must be able to manually override or correct charged-off account status and related data.\*Description:In cases of error or exceptional circumstances, authorized personnel must have the ability to update charged-off account status, reverse charge-off, or correct recovery records through controlled workflows.Functional Specification:- Provide user interface and controls for authorized roles to modify charged-off account data.- Require justification and logging of manual overrides.- Prevent unauthorized access or changes.Notes:- Manual override capability supports operational flexibility and error correction.

References

**Reference:** Legacy Code (CBACT05C.cbl)

* U.S. Financial Regulatory Guidelines for Charge-Offs and Recoveries (internal compliance documentation)
* Internal Credit Card Core System Design Documents

## Non-Functional Requirements

**NFR1.** charged-off account creation latency\*\*Category:\* Performance\*Functionality:\* Ensure timely creation of charged-off accounts in the system\*Description:\* The system must create and register a charged-off account within 2 seconds of receiving the trigger event (e.g., delinquency threshold met, customer death, bankruptcy) under normal operating conditions and standard load.\*Dependencies:\* Account management service, event processing engine, database write operations\*Notes:Applies to 95th percentile of transactions during peak business hours

**NFR2.** recovery record processing throughput\*\*Category:\* Performance\*Functionality:\* Support high-volume processing of recovery records associated with charged-off accounts\*Description:\* The system must process at least 500 recovery records per minute without degradation in performance or data accuracy.\*Dependencies:\* Recovery management module, database indexing, batch processing infrastructure\*Notes:Throughput target based on expected operational volume in U.S. credit card environment

**NFR3.** system availability for charged-off account management\*\*Category:\* Availability\*Functionality:\* Maintain high availability of charged-off account creation and recovery features\*Description:\* The charged-off account and recovery management functionality must be available 99.95% of the time monthly, excluding scheduled maintenance windows.\*Dependencies:\* Core platform infrastructure, database replication, failover mechanisms\*Notes:Availability measured from U.S. data centers supporting financial services SLAs

**NFR4.** data consistency and integrity for charged-off accounts\*\*Category:\* Data integrity\*Functionality:\* Ensure accurate and consistent data representation of charged-off accounts and recoveries\*Description:\* All charged-off account and recovery records must maintain ACID compliance during creation and updates, with zero tolerance for data loss or corruption. Data must reflect real-time status changes accurately across integrated modules (billing, payments, interest calculations).\*Dependencies:\* Transactional database systems, integration middleware, legacy business logic modules (e.g., interest calculation from CBACT05C.cbl)\*Notes:Real-time synchronization required to support downstream processes and compliance reportingReference: Legacy Code

**NFR5.** secure handling of charged-off account data\*\*Category:\* Security\*Functionality:\* Protect sensitive customer and account data during charged-off account lifecycle\*Description:\* All data related to charged-off accounts and recoveries must be encrypted at rest and in transit using industry-standard encryption protocols (e.g., AES-256, TLS 1.2+). Access must be role-based with audit logging of all create, read, update, and delete operations.\*Dependencies:\* Encryption services, identity and access management (IAM), audit logging infrastructure\*Notes:Compliance with U.S. financial data protection regulations (e.g., GLBA)

**NFR6.** regulatory compliance for charged-off account processing\*\*Category:\* Compliance\*Functionality:\* Adhere to U.S. financial regulatory requirements for charged-off accounts and recoveries\*Description:\* The system must enforce business rules and data retention policies that comply with applicable U.S. regulations governing charged-off accounts, including accurate reporting, audit trails, and data privacy controls.\*Dependencies:\* Compliance rule engine, audit logging, data retention management\*Notes:Includes adherence to CFPB guidelines and other relevant federal/state regulations

**NFR7.** resilience and fault tolerance in charged-off account workflows\*\*Category:\* Resilience\*Functionality:\* Ensure uninterrupted charged-off account lifecycle management despite system faults\*Description:\* The system must gracefully handle failures in any component involved in charged-off account creation or recovery processing by retrying operations or failing over to backup services without data loss or process interruption. Recovery from transient faults must occur within 5 minutes.\*Dependencies:\* Circuit breaker patterns, retry mechanisms, failover infrastructure\*Notes:Critical to maintain operational control and risk management integrity

**NFR8.** auditability and traceability of charged-off account events\*\*Category:\* Auditability\*Functionality:\* Provide comprehensive logging and traceability for all charged-off account lifecycle events\*Description:\* Every creation, update, and status transition of charged-off accounts and recoveries must be logged with timestamp, user/system actor, and change details. Logs must be immutable and retained for a minimum of 7 years.\*Dependencies:\* Audit logging system, secure log storage, access controls\*Notes:Supports regulatory audits and internal compliance reviews

**NFR9.** integration latency with legacy interest calculation logic\*\*Category:\* Performance\*Functionality:\* Minimize delay in invoking legacy interest calculation during charged-off account processing\*Description:\* Calls to legacy business logic modules (e.g., CBACT05C.cbl) for interest and daily rate calculations must complete within 1 second to avoid bottlenecks in charged-off account workflows.\*Dependencies:\* Legacy system adapters, middleware, compute resources\*Notes:Legacy integration is critical for accurate financial calculationsReference: Legacy Code

**NFR10.** user role-based access control for charged-off account management\*\*Category:\* Security\*Functionality:\* Restrict charged-off account creation and recovery management to authorized user roles\*Description:\* Only users with designated roles (e.g., collections agents, risk managers) may create or modify charged-off accounts and recovery records. Unauthorized access attempts must be blocked and logged.\*Dependencies:\* Identity and access management system, role definitions, authentication services\*Notes:Ensures operational security and compliance with internal policies

References

* CFPB Guidelines on Charged-Off Accounts – https://www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/charged-off-accounts/
* GLBA (Gramm-Leach-Bliley Act) – https://www.ftc.gov/tips-advice/business-center/privacy-and-security/gramm-leach-bliley-act
* OWASP Top 10 Security Risks – https://owasp.org/www-project-top-ten/
* NIST SP 800-53 Security and Privacy Controls – https://csrc.nist.gov/publications/detail/sp/800-53/rev-5/final

## Data Requirements

**Data Requirements for Feature:** Create a Frontbook Charged-Off Account and Recoveries

**DR1.** Account Reference IDCategory: Data InputDescription: Unique identifier for the credit card account transitioning to charged-off statusPurpose: To distinctly identify the account within the core system for lifecycle management, status updates, and integration with billing, payments, and recovery processesGovernance Considerations: Classified as PII; must be protected under data privacy regulations (e.g., GLBA, CCPA); retained for the life of the account plus regulatory retention periodsSource/Target: Originates from existing account records; used across UI, billing, collections, and reporting modules

**DR2.** Charged-Off Status FlagCategory: Data Input / Data OutputDescription: Boolean or enumerated flag indicating that the account is in charged-off statusPurpose: To trigger charged-off account workflows, including recovery processes, delinquency management, and reportingGovernance Considerations: Must be updated in real-time; changes logged for audit and compliance purposes; retained for regulatory reportingSource/Target: Set by system upon delinquency or triggering event; used by collections, reporting, and compliance systems

**DR3.** Charged-Off DateCategory: Data InputDescription: The exact date when the account status changed to charged-offPurpose: Critical for calculating interest accruals, fees, and for compliance with regulatory timelines on charge-off reportingGovernance Considerations: Immutable once set; retained for statutory compliance and audit trailsSource/Target: System-generated at status change; used in interest calculation, reporting, and recovery workflows

**DR4.** Delinquency Trigger Reason CodeCategory: Data InputDescription: Coded reason for account charge-off, e.g., prolonged delinquency, customer death, bankruptcyPurpose: Enables accurate classification of charge-off causes for risk management, reporting, and complianceGovernance Considerations: Sensitive financial data; must comply with privacy and regulatory standards; retained per regulatory requirementsSource/Target: Input from risk or collections system; used in reporting and compliance modules

**DR5.** Recovery Record IDCategory: Data OutputDescription: Unique identifier for each recovery transaction or record linked to a charged-off accountPurpose: To track and manage recoveries associated with charged-off accounts for accounting and audit purposesGovernance Considerations: Retained for the duration of recovery lifecycle plus audit retention periods; subject to financial recordkeeping regulationsSource/Target: Generated by recovery management system; used in collections, accounting, and reporting

**DR6.** Recovery AmountCategory: Data InputDescription: Monetary amount recovered against a charged-off accountPurpose: Used to update account balances, calculate net losses, and support financial reporting and audit trailsGovernance Considerations: Financial data subject to accuracy and audit requirements; retained as part of financial recordsSource/Target: Input from collections or recovery processing; used in account balance updates and financial reports

**DR7.** Interest Rate (APR) for Charged-Off AccountCategory: Data InputDescription: Annual Percentage Rate applied to the charged-off account for interest calculation purposesPurpose: Required to compute daily interest accruals on charged-off balances as per legacy and regulatory rulesGovernance Considerations: Sensitive financial data; must be accurate and auditable; retained for the life of the account plus regulatory retentionSource/Target: Derived from product setup or legacy data; used in interest calculation engine (e.g., referencing legacy logic from CBACT05C.cbl)

**DR8.** Daily Interest RateCategory: Data OutputDescription: Computed daily interest rate derived from the APR (APR / 365) for charged-off accountsPurpose: Enables precise daily interest calculations on outstanding balances during charged-off statusGovernance Considerations: Calculated value; must be consistent with legacy business logic; logged for auditabilitySource/Target: Calculated internally using APR; used in interest accrual and billing modulesReference: Legacy Code

**DR9.** Days Since Last TransactionCategory: Data InputDescription: Number of days elapsed since the last transaction on the charged-off accountPurpose: Used in interest and fee calculations, delinquency tracking, and recovery prioritizationGovernance Considerations: Derived data; must be accurate and consistent; retained as part of transaction historySource/Target: Calculated from transaction timestamps; used in interest calculation and delinquency workflowsReference: Legacy Code

**DR10.** Account Balance at Charge-OffCategory: Data InputDescription: Outstanding principal and interest balance on the account at the time it was charged offPurpose: Serves as the baseline for recovery efforts, interest accrual, and financial reportingGovernance Considerations: Financial data; must be accurate and retained for audit and complianceSource/Target: Extracted from account ledger at charge-off event; used in recovery and reporting systems

**DR11.** Customer Death or Bankruptcy Documentation FlagCategory: Data InputDescription: Indicator flag confirming receipt and verification of customer death or bankruptcy documentation triggering charge-offPurpose: Ensures compliance with regulatory and internal policies for charge-off due to customer death or bankruptcyGovernance Considerations: Sensitive PII and legal documentation; subject to strict privacy and retention policiesSource/Target: Input from collections or legal department; used in compliance and audit reporting

**DR12.** Charge-Off Reason NarrativeCategory: Data InputDescription: Textual description or notes explaining the circumstances leading to the charge-off statusPurpose: Provides context for collections, compliance reviews, and audit trailsGovernance Considerations: Contains sensitive customer information; access controlled and retained per policySource/Target: Entered by collections or account management staff; used in case management and reporting

**DR13.** Recovery Status FlagCategory: Data OutputDescription: Status indicator of recovery efforts (e.g., pending, in progress, completed, written off) linked to charged-off accountsPurpose: Tracks recovery lifecycle stages for operational management and reportingGovernance Considerations: Must be updated in real-time; changes logged for audit; retained for recovery lifecycle durationSource/Target: Updated by recovery management system; used in collections dashboard and reporting

**DR14.** Regulatory Compliance FlagsCategory: Data GovernanceDescription: Flags indicating compliance with relevant US financial regulations (e.g., FCRA, FDCPA, GLBA) for charged-off accounts and recoveriesPurpose: Ensures all charged-off account handling and recovery activities meet regulatory requirementsGovernance Considerations: Must be maintained and audited regularly; subject to compliance reviews and reportingSource/Target: System-generated based on account status and recovery actions; used in compliance monitoring and audit reports

**DR15.** Audit Trail TimestampCategory: Data OutputDescription: Timestamp recording each change or update to charged-off account status and recovery recordsPurpose: Provides traceability and accountability for all modifications for audit and regulatory complianceGovernance Considerations: Retained for statutory audit periods; immutable and access-controlledSource/Target: System-generated on each update; stored in audit logs and accessible to compliance teams

References

**Legacy Code:** CBACT05C.cbl business logic for interest calculation and daily rate computation

* GLBA (Gramm-Leach-Bliley Act) Compliance Guidelines: https://www.ftc.gov/tips-advice/business-center/privacy-and-security/gramm-leach-bliley-act
* FDCPA (Fair Debt Collection Practices Act): https://www.consumer.ftc.gov/articles/debt-collection
* FCRA (Fair Credit Reporting Act): https://www.consumer.ftc.gov/articles/pdf-0096-fair-credit-reporting-act.pdf
* CCPA (California Consumer Privacy Act): https://oag.ca.gov/privacy/ccpa

## Legal & Compliance Requirements

L1. Compliance with Fair Debt Collection Practices Act (FDCPA)\*\*Law or Regulation:\* Fair Debt Collection Practices Act (FDCPA) (U.S.)\*Obligation:\* The feature must ensure that all communications and actions related to charged-off accounts and recoveries comply with FDCPA provisions, including prohibitions on harassment, false statements, and unfair practices.\*Scope of Application:\* Charged-off accounts and recovery processes involving U.S. consumers\*Enforcement Mechanism:\* System controls to log all recovery communications, restrict unauthorized actions, and enable audit trails for compliance verification\*Compliance Consequences:Potential legal penalties, consumer lawsuits, and regulatory sanctions

L2. Compliance with the Truth in Lending Act (TILA)\*\*Law or Regulation:\* Truth in Lending Act (TILA) (U.S.)\*Obligation:\* The feature must accurately calculate and disclose interest, fees, and other charges on charged-off accounts, including any post-charge-off interest accruals, consistent with TILA requirements.\*Scope of Application:\* All charged-off credit card accounts under U.S. jurisdiction\*Enforcement Mechanism:\* Automated interest and fee calculations based on legacy business logic (e.g., WS-DAILY-RATE = WS-APR / 365) with audit logs of calculations and disclosures\*Compliance Consequences:Risk of fines, consumer restitution, and regulatory enforcement actionsReference: Legacy Code

L3. Data Privacy Compliance under the Gramm-Leach-Bliley Act (GLBA)\*\*Law or Regulation:\* Gramm-Leach-Bliley Act (GLBA) (U.S.)\*Obligation:\* The feature must protect non-public personal information (NPI) of customers with charged-off accounts, ensuring confidentiality and secure handling during account lifecycle and recovery processes.\*Scope of Application:\* Customer data involved in charged-off accounts and recoveries within the U.S. financial sector\*Enforcement Mechanism:\* Access controls, encryption, and secure data handling protocols integrated into the feature\*Compliance Consequences:Regulatory penalties and reputational damage

L4. Compliance with the Fair Credit Reporting Act (FCRA)\*\*Law or Regulation:\* Fair Credit Reporting Act (FCRA) (U.S.)\*Obligation:\* The feature must accurately report charged-off account status and recovery information to credit reporting agencies, ensuring data integrity and timeliness.\*Scope of Application:\* Charged-off accounts impacting consumer credit reports in the U.S.\*Enforcement Mechanism:\* Automated reporting interfaces with validation and audit trails for data submissions\*Compliance Consequences:Potential legal liability and regulatory fines

R1. Compliance with Consumer Financial Protection Bureau (CFPB) Regulations\*\*Regulatory Framework:\* CFPB Regulations (U.S.)\*Obligation:\* The feature must support regulatory requirements for managing charged-off accounts, including dispute handling, customer notifications, and recovery practices.\*Scope of Application:\* U.S. credit card accounts transitioning to charged-off status and subsequent recovery workflows\*Enforcement Mechanism:\* Workflow controls enforcing notification timelines, dispute logging, and recovery action tracking\*Regulatory Impact:Subject to CFPB audits and examinations

R2. Adherence to Office of the Comptroller of the Currency (OCC) Guidelines\*\*Regulatory Framework:\* OCC Guidelines for Credit Card Lending and Charge-Offs (U.S.)\*Obligation:\* The feature must implement charge-off triggers, account status changes, and recovery processes consistent with OCC supervisory expectations, including timely charge-off recognition and accurate accounting.\*Scope of Application:\* All credit card accounts managed by the in-house core system under OCC jurisdiction\*Enforcement Mechanism:\* Automated status transition rules, audit trails, and reporting capabilities for supervisory review\*Regulatory Impact:Required for OCC examination readiness and compliance reporting

R3. Compliance with Payment Card Industry Data Security Standard (PCI DSS)\*\*Regulatory Framework:\* PCI DSS\*Obligation:\* The feature must ensure secure handling of cardholder data during charged-off account management and recovery processes, including encryption, access controls, and logging.\*Scope of Application:\* Cardholder data processed or stored in charged-off account workflows\*Enforcement Mechanism:\* Integration with PCI-compliant security controls and regular security audits\*Regulatory Impact:PCI DSS certification maintenance

C1. SOC 2 Type II Controls for Data Integrity and Access\*\*Framework or Standard:\* SOC 2 Type II\*Requirement:\* All changes to charged-off account status and recovery records must be logged with user ID, timestamp, and action details to ensure traceability and accountability.\*Feature Scope:\* Charged-off account lifecycle management and recovery modules\*Traceability Reference:SOC-AUDIT-09

C2. ISO 27001 Information Security Management\*\*Framework or Standard:\* ISO 27001\*Requirement:\* The feature must comply with internal information security policies for data confidentiality, integrity, and availability, including secure coding practices and vulnerability management.\*Feature Scope:\* Entire charged-off account and recovery feature implementation\*Traceability Reference:ISMS-CTRL-12

C3. Internal Audit Controls for Interest and Fee Calculations\*\*Framework or Standard:\* Internal Audit Framework\*Requirement:\* Interest and fee calculations on charged-off accounts must be auditable, with clear documentation of calculation logic and data inputs, including legacy-derived computations (e.g., daily rate calculations).\*Feature Scope:\* Interest and fee calculation components within the charged-off account feature\*Traceability Reference:INT-AUD-05Reference: Legacy Code

C4. Change Management and Release Controls\*\*Framework or Standard:\* Internal Change Management Policy\*Requirement:\* All updates to the charged-off account feature must follow formal change management procedures, including testing, approval, and documentation to prevent unauthorized or erroneous changes.\*Feature Scope:\* Development and deployment lifecycle of the charged-off account feature\*Traceability Reference:CHG-MGMT-01

References

* Fair Debt Collection Practices Act (FDCPA) – https://www.ftc.gov/enforcement/statutes/fair-debt-collection-practices-act
* Truth in Lending Act (TILA) – https://www.consumerfinance.gov/rules-policy/regulations/1026/
* Gramm-Leach-Bliley Act (GLBA) – https://www.ftc.gov/tips-advice/business-center/privacy-and-security/gramm-leach-bliley-act
* Fair Credit Reporting Act (FCRA) – https://www.consumer.ftc.gov/articles/pdf-0096-fair-credit-reporting-act.pdf
* Consumer Financial Protection Bureau (CFPB) – https://www.consumerfinance.gov/
* Office of the Comptroller of the Currency (OCC) Guidelines – https://www.occ.gov/topics/consumers-and-communities/credit-cards/index-credit-cards.html
* Payment Card Industry Data Security Standard (PCI DSS) – https://www.pcisecuritystandards.org/pci\_security/
* SOC 2 Framework – https://www.aicpa.org/interestareas/frc/assuranceadvisoryservices/soc2report.html
* ISO 27001 Standard – https://www.iso.org/isoiec-27001-information-security.html

## References

* Reference: Legacy Code
* Reference: Legacy Code (CBACT05C.cbl
* <https://csrc.nist.gov/publications/detail/sp/800-53/rev-5/final>
* <https://oag.ca.gov/privacy/ccpa>
* <https://owasp.org/www-project-top-ten/>
* <https://www.aicpa.org/interestareas/frc/assuranceadvisoryservices/soc2report.html>
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* <https://www.iso.org/isoiec-27001-information-security.html>
* <https://www.occ.gov/topics/consumers-and-communities/credit-cards/index-credit-cards.html>
* <https://www.pcisecuritystandards.org/pci_security/>