

Under-Compliance

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Discussion

Under-Compliance occurs when a participant, Node, or implementation performs work that is less governed than the applicable obligation requires. In the FX Demo Reference Architecture, under-compliance affects cost comparisons because an implementation that omits required work appears less expensive than one that performs the required work and records the required evidence.

Under-Compliance differs from efficient compliant processing. Efficient compliant processing reduces cost while satisfying the same semantic, policy, evidence, security, residency, sovereignty, operational, and service-level obligations. Under-compliance reduces apparent cost by omitting, weakening, or failing to evidence required governed work.

The Cost Recovery, Compensation, and Settlement Plane helps identify under-compliance by comparing required governed work with available work records, qualification records, cost records, and evidence references.

Definition

failure to satisfy an applicable obligation for governed work

Source

FX Demo Reference Architecture, Part 6: Cost Recovery, Compensation, and Settlement Plane

Note

Under-Compliance differs from non-performance. Non-performance indicates the absence of required work or evidence. Under-compliance also includes incomplete work, weakened controls, insufficient evidence, or work that fails to satisfy the applicable obligation.

Under-Compliance does not by itself establish misconduct. Governance, audit, regulatory, contractual, or remediation processes determine cause, responsibility, and consequence.

Example

An FX transaction requires fraud screening, sanctions checking, and evidence retention. A provider

performs fraud screening and sanctions checking but omits evidence retention. The provider appears less expensive than a provider that performs all three functions. The omitted evidence retention represents Under-Compliance.

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