



Chris Walsh, CEO
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Monday April 27, 2020

Dear GMAC Committee,

My name is Chris Walsh and I am the CEO of AcadiaSoft and a member of your sub-committee on Uncleared Margin rules.

Following the vote on our proposal document which I voted in favor, I am submitting comments to emphasize how important it is that Sep 2021 is a firm deadline and that if the proposed Grace Period were to be approved (on top of a 12 month COVID delay), it is strictly conditioned on:

1. Clients coming into compliance as soon as possible after breaching the \$50mm threshold (specified in II.A.5.b.3 of the proposal document)
2. Such grace period “should be used only to the point that it is necessary and, as such, parties would need to begin exchanging IM as soon as they are ready to do so.”

By making it clear that Phase 5 market participant must do everything they can to comply with UMR by Sep 2021, we believe we can sustain momentum towards reaching compliance (while still providing time necessary to resolve issues arising from COVID-19) and avoid the possible interpretation that the Grace Period is simply an additional extension. The following paragraphs explain both the momentum and the risks connected with losing it.

Through March 2020, AcadiaSoft had identified 100 new firms that expected to exchange margin in Sep 2020. Of those, 75 had signed agreements with AcadiaSoft and had commenced projects to deploy the interfaces and calculations required to support the new requirements. Many of these projects were initiated in 2019 and each can require 6-18 months effort depending on the approach taken by the client. Although all firms had different levels of progress, overall there was significant momentum and commitment to meeting the Sep 2020 deadline, and substantial investment was made to achieve this.

In response to the COVID-19 pandemic, our committee had no choice but to figure out how a potential 12-month COVID delay would impact our Grace Period recommendation. With so many uncertainties surrounding COVID-19 impacts, we made an assumption was that no progress would be expected during a COVID delay. So, the 6-month grace period that when drafted was to be proposed effective Sep 2020 would be proposed “as-is” Sep 2021.

Since the announcement of a 12-month COVID delay, a number of our Phase 5 clients have asked AcadiaSoft (as well as the dealers and custodians) to assure them we would not stop providing the resources required to support their regulatory IM projects. Thus far, we remain committed to providing the supporting resources to run a “soft launch” starting in Sep 2020 – where the infrastructure would be tested and analysis performed leading up to the new Sep 2021 go-live. If any client was to view the 6 month grace period as not to be provided out of necessity and instead as simply an extended delay it would be harder to justify continued resourcing for all parties required to make this successful, including not only the Phase 5 firms, but the dealers, custodians and infrastructure providers such as AcadiaSoft.

As mentioned at the outset, I believe the two points noted substantially reduce implementation risk by making it clear that all parties must do everything possible to start posting IM on Sep 2021 with or without a grace period. With this understanding, we will be more successful keeping focus on meeting the deadline.

Sincerely,



Chris Walsh

Chief Executive Officer
AcadiaSoft, Inc.