



Quadrangle

Contract Management Webinar

- ✓ *How to Break Your Contract with Service Providers Mid-Term*
- ✓ *How to Fix NAV Termination and Default Events*
- ✓ *How Prime Brokers Can Terminate Lock-Ups*

May 17, 1PM EST



How to Break Your Contract with Service Providers Mid-Term

Provision	Right to Terminate	Cure Periods
(1) Service Level Requirements	Describe the specific service, deliverable, and timing of said service and deliverable. - E.g., monthly reporting of NAV within 5 calendar days.	N/A
(2) Representation, Warranties, and Covenants	Standard R,W&C plus those R,W&Cs related to the services. - E.g., licenses needed to perform the services.	N/A
(3) Standard of Care	Services and conduct must be professional and in accordance with industry standards.	N/A
(4) Compliance with Law	Including cyber security and data protection rules and policies applicable to the client (e.g., SEC, Cayman, GDPR).	N/A
(5) Failure to Perform or Disruption of Services	Described in Master Services Agreement or Statement of Work.	If curable, 10 days after failure or disruption. If not curable, N/A.
(6) Bankruptcy and Dissolution	As defined in the Agreement.	N/A
(7) Optional Termination Right	Upon 30 days prior notice.	N/A

Finding a Breach

- ✓ Add an audit right that includes review of personnel, technology, policies, and procedures

Remedies

- ✓ All future fees cancelled, refund of prepaid fees
- ✓ Transition Services
 - ✓ Upon termination, right to transition services at a predetermined cost

THE QDS PLATFORM IS A USER INTERFACE FOR MANAGING VENDOR RELATIONSHIPS, INCLUDING CONTRACTS, RENEWALS, PAYMENTS & DUE DILIGENCE.

QDS Platform Search Platform... ABC Capital

Vendor Management

Vendor Dashboard

Enter text to search...

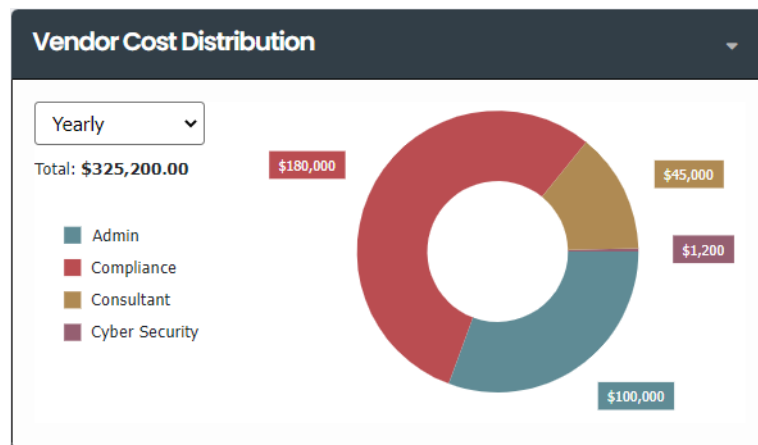
Vendor	Agreement Type	Renewal Date	Notice Period	Renewal Interval	Soft Dollar Eligibility	Payment Frequency
Administrator	Administrative Services Agreement	01/14/2023	90 days	24 months	Mixed Use – 30%	Semiannually
Compliance	Compliance Services Agreement	04/08/2023	30 days	12 months	Mixed Use – 40%	Quarterly
Data	Services Agreement	03/29/2023	15 days	12 months	Mixed Use – 40%	Yearly
IT	Data Feed Addendum	09/29/2022	60 days	12 months	Mixed Use – 30%	Yearly
OMS	OMS Agreement	02/01/2023	60 days	24 months	Mixed Use – 40%	Semiannually
Research	Research Services Agreement	09/01/2022	15 days	6 months	Select...	Select...

Vendor Library
119
[\(VIEW ALL\)](#)

Vendor Reports
61
[\(VIEW ALL\)](#)

Vendor Due Dilligence
42
[\(VIEW ALL\)](#)

Active Matters
14
[\(VIEW ALL\)](#)



Notification Center

- Expert Network contract expired – Action Required**
03/15/2022
- Outsourced CFO set to auto-renew
06/30/2022

[VIEW ALL](#)

How to Fix NAV Termination or Default Events

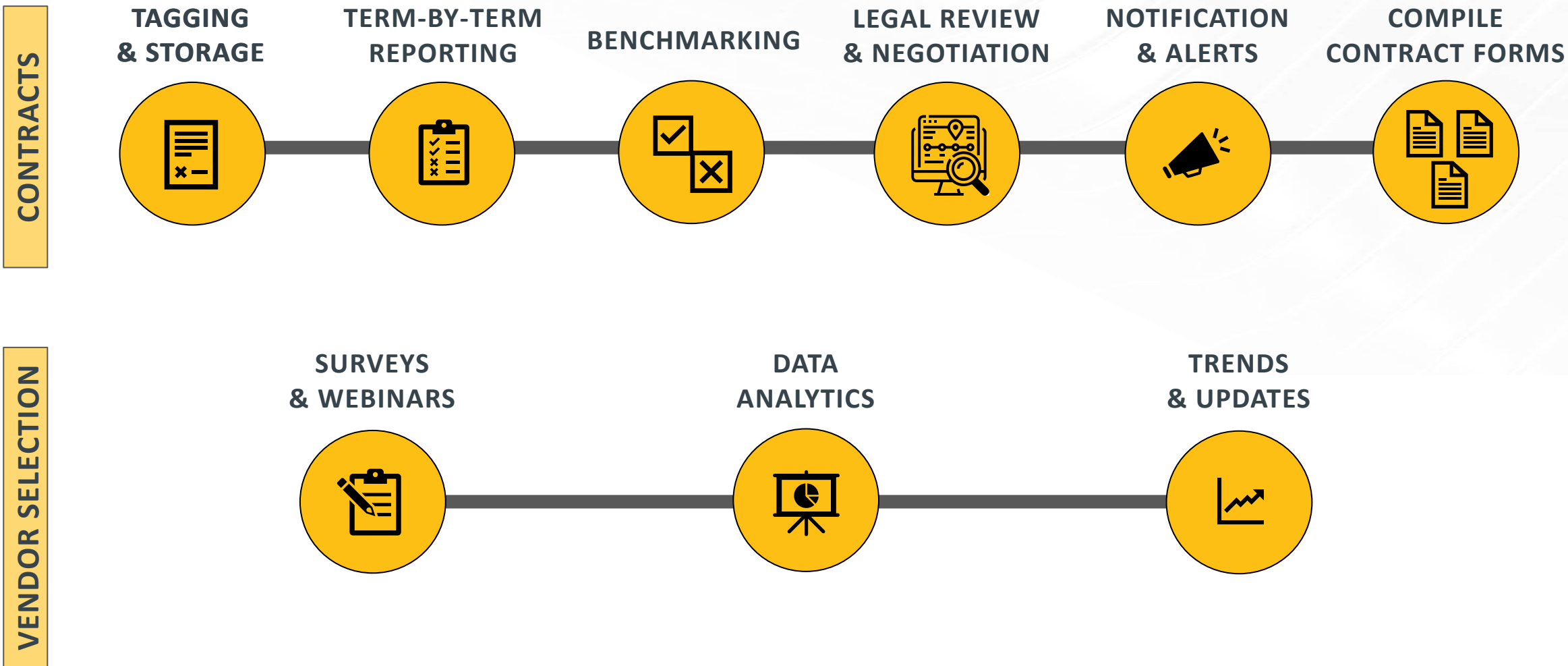
Process

- (1)** Identify agreements with NAV triggers (e.g., ISDA, Repo, Lock-Ups).
- (2)** Which NAV triggers have been breached? (e.g., monthly/quarterly/annually/floor).
- (3)** Notification requirements to bank. Typically, on delivery of monthly financial information. Review deliverable requirements.
- (4)**
 - (a)** Review cross-default provisions in each contract with that bank and third-party banks.
 - (b)** The NAV breach may cause a cross-default.
 - (c)** Review waiver provisions for these defaults. Typically, automatic waiver occurs between 30-60 days after notice to bank.
- (5)** Request waivers and resets of the NAV triggers and a waiver of the cross-default, if needed.

How Prime Brokers Can Terminate Lock-Ups

Provision	Right to Terminate	Cure Periods
(1) Fund Event – NAV Triggers	Fund’s NAV falls below a certain amount monthly/quarterly/annually/floor.	N/A
(2) Fund Event – PB, ISDA or other contract default	Fund’s default under any contract with bank.	Add a notice and cure period of 1-2 days.
(3) IM Event – Key Person(s)	Key Person departs from IM.	Replacement reasonably acceptable to bank or N/A.
(4) Bank Event – CDS Increase	CDS spread increases above a threshold amount (e.g., 300 bps). Modification to lock-up not a right to terminate.	CDS spread exceeds threshold over 5 consecutive days. Once the CDS spread drops below threshold, lock-up is restored.
(5) Market Event – LIBOR – OIS Spread Increase	LIBOR – OIS Spread increases above a threshold amount (e.g., 50 bps). Modification to lock-up not a right to terminate.	LIBOR – OIS Spread exceeds threshold over 5 consecutive days. Once the LIBOR – OIS Spread drops below threshold, lock-up is restored.

FEATURES & CAPABILITIES



The QDS Platform is the information hub that assists in your decision-making to identify **SAVINGS OF TIME AND MONEY** and **REDUCE RISK** associated with vendor services (e.g., cyber security and data protection).

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