



TO: Joint Review Committee on UCC Article 9

FROM: Kelly Kopyt, International Association of Commercial Administrators

RE: UCC Article 9 Filing Office Minimum System Capabilities

DATE: March 2, 2009

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In the Forms Report of the Joint Task Force on Filing Office Operations and Search Logic, prepared for the February 6-8, 2009, meeting, the Task Force asked the Joint Review Committee to take up the issue of minimum system requirements and consider whether to set minimum system capabilities and data field capacity in an Article 9 revision. The International Association of Commercial Administrators' (IACA) provides the following recommendation in response to the Task Force's request.

At the Joint Review Committee's last meeting, we discussed the preliminary concerns that IACA's member jurisdictions may have regarding the inclusion of minimum system requirements in Article 9. Subsequently, IACA's Secured Transactions Section and Information Technology Section established the Electronic Filing/Character Fields Committee. This Committee's first objective shall be to review the issue of data field capacity throughout its member jurisdictions. With our initiatives already underway, IACA asks the Joint Review Committee to leave this issue to IACA's Committee until it is able to establish a recommended standard and report upon its adoption throughout our membership. IACA has been very successful with these initiatives in the past and we are confident that, given the initial opportunity to confront this issue, we can significantly bring about greater uniformity. We ask that you allow IACA an opportunity to work on this before the Joint Review Committee resorts to setting a minimum system capability in the black letter law of Article 9 or its official comment.

As presented in the Task Force's report, the minimum system capabilities seemed focused upon the field lengths in an electronic filing. If the Joint Review Committee decides to address these capabilities in Article 9, it will initiate a slippery slope on the topic of field lengths for filing office data entry processes, search fields and XML field lengths. Moreover, should the Joint Review Committee begin to address a technical issue like character field lengths, will it then take other technical considerations and system standards under advisement? IACA strongly suggests that these technical specifications are better addressed through alternative means.

Many states are subject to additional regulations or statutes governing their technical capabilities and this revision may cause conflict. Additionally, it may take time for certain states to become compliant with a minimum system capability. If the minimum capabilities are presented in statutory form before IACA is given an opportunity to work on the issue and a state is presented with a standard that it is unable to accommodate, it will simply not adopt the change, thereby leading to greater inconsistency.

Currently, the Electronic Filing/Character Fields Committee is gathering information from its member jurisdictions to determine what the minimum character field length should be for the fields associated with debtor names, secured party names, addresses and collateral. Once we establish what the field length in each case ought to be, IACA plans to implement a system certification process whereby a member jurisdiction may be deemed compliant with a seal of approval if it meets IACA's recommended minimum system capabilities. We are confident that our efforts will be productive for all the interested parties; IACA shares the same concerns on this issue as the Joint Task Force on Filing Office Operations and Search Logic.