

# CORONAVIRUS

## INFORMATION & UPDATES

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### In Response to COVID-19 NFA Issues Guidance Regarding Application of Branch Office Requirements to Remote APs; CFTC Relief Expected

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On March 13, 2020, the National Futures Association (“NFA”) issued a [notice to members](#) that addressed concerns raised by members regarding the application of the NFA’s branch office requirements to associated persons (“APs”) who are temporarily working remotely in response to the coronavirus (COVID-19).

Under NFA rules, member firms, including asset managers, are required to list on Form 7-R any location, other than a firm’s main business address, from which an AP is engaged in activities requiring registration (a “Branch Office”). In addition, each Branch Office must have a Branch Office manager and the firm must have Branch Office supervisory procedures.

The NFA recognized that in response to the coronavirus many members considered establishing remote working arrangements under their business continuity plans and that such arrangements could be problematic under its Branch Office requirements. The NFA therefore notified members that it will not pursue disciplinary action against members that permit APs to temporarily work from locations not listed as a Branch Office and without a branch manager provided that members implement alternative supervisory methods to adequately supervise the APs’ activities and meet their recordkeeping requirements.

The NFA has not specified what constitutes adequate supervisory methods but has noted that the determination will depend on the firm’s business and the AP’s responsibilities. However, members should consider, among other things, whether their procedures (i) seek to ensure all required records are retained in accordance with the member’s record retention policy; (ii) are consistent with the member’s cybersecurity safeguards; (iii) adequately address the treatment of documents containing confidential information including requiring the shredding of physical documents; and (iv) include periodic check-in phone calls. Members should also periodically test and document the adequacy and effectiveness of their remote working procedures.

The NFA expects that all APs will return to the member’s main office or listed Branch Office once the member is no longer operating under the remote working contingencies.

In addition, we understand that the Commodity Futures Trading Commission is preparing regulatory relief to address employees working remotely, which is expected to be issued shortly.

Please contact [Deborah A. Monson](#), [Jeremy A. Liabo](#), or the Ropes & Gray attorney who usually advises you with any questions you may have or if you would like additional information.