

NFA Issues COVID-19 Alert on Business Continuity Plans, Relief for Branch Office Requirements and Reminder on Upcoming Deadline for CTA-PR Filing Relief

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Business Continuity Plans

On **March 4, 2020**, the National Futures Association (the “NFA”) issued a notice to its members addressing concerns surrounding the coronavirus (COVID-19). With the coronavirus’s potential to interfere with members’ regulatory requirements and disturb their day-to-day operations, the NFA provided assurance that it, and the CFTC, will remain practical and flexible in working with members as issues arise.

- The NFA encouraged members to ensure that any business continuity plans (“BCP”) are up-to-date and adequately equipped to handle a pandemic. NFA Compliance Rule 2-38 and NFA Interpretive Notice 0952 requires all members to maintain a BCP. The NFA requires members to submit the name and contact information for their designated disaster recovery contacts, whom the NFA can contact in the event of an emergency.
- The NFA requested members to contact the staff with any questions, concerns or needs regarding regulatory relief.
- Document your activities under your BCP related to COVID-19. We anticipate the staff will want to review your actions during your next exam.

Annual Pool Financial Statements and Other Regulatory Filings such as CTA-PR/CPO-PQR

Commodity Pool Operators (“CPOs”) should discuss with their auditors whether each of their commodity pools will be able to meet the deadline for fiscal year-end December 2019 pools. For most CPOs, the deadline for distributing and filing pool financials is 90 days after the pool’s fiscal year-end. The NFA maintains a process to request an extension. Please contact us if you need assistance with an extension.

Following conversations with the staff, we don’t expect to see detailed relief on CTA-PR or CPO-PQR filing deadlines. To the extent you need additional time to meet regulatory filings, the NFA requests that you contact them. We are happy to assist you with that process.

Relief for Branch Office Requirements

In light of COVID-19’s spread, the NFA issued a separate notice to members on **March 13, 2020** regarding Compliance Rule 2-7 for branch offices. Under Form 7-R, a member is required to list the location of their branch office, along with the name of a qualified branch office manager. Each branch manager is required to maintain a Series 30.

- Due to COVID-19, the NFA has received a number of inquiries asking whether a BCP that allows a member’s associated person (“AP”) to work from a remote location violates the NFA’s branch office requirements.
- In response, the NFA affirmed that it will not pursue disciplinary action against a member who allows an AP to work from a remote location that lacks a branch manager and is not listed on Form 7-R.
- The NFA conditioned the relief on (1) the member meeting recordkeeping requirements and (2) implementing adequate safeguards to supervise the AP’s activities. The NFA emphasized the temporary nature of this arrangement, and expects APs to be back working at the branch listed on Form 7-R upon the return to standard business operations.

Reminder on Upcoming Deadline for CTA-PR Filing Relief for Certain CTAs

To the extent a Commodity Trading Advisor (“CTA”) directs trading solely for pools for which the firm operates as a registered or exempt CPO, the CFTC has provided relief under Rule 4.27 to eliminate the requirement for the CTA to file CTA-PR. The NFA has a procedure by which the CTA can claim the exemption from CTA-PR. No later than **March 31, 2020** the eligible firms should log in to their annual questionnaire and check “no” to the question “Does the firm currently direct any trading of commodity interest accounts?” and then click “Submit Filing.” Responding “No” will discontinue all future notifications to complete a CTA-PR.

The March 4, 2020 notice is available [here](#).

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If you have any questions regarding the topics discussed in this article, please contact **Joseph M. Mannon** at +1 (312) 609 7883, **Jeff VonDruska** at +1 (312) 609 7563, **Tyrique J. Wilson** at +1 (312) 609 7689 or any Vedder Price attorney with whom you have worked.

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