

NFA Members: Regulatory Oversight in a Virtual Environment
May 27, 2020

Christie Hillsman:

Hello everyone. Thank you for joining us for today's Member educational webinar. My name is Christie Hillsman, Communications Manager at NFA, and I will be moderating today's webinar. To start, I hope you are all doing well, and I want to recognize that we know this is an uncertain time for everyone. Like many of you, NFA staff is working remotely, but we are fully operational and continue to fulfill our regulatory responsibilities. We're holding today's webinar to provide information on NFA's current regulatory approach and relief issued, as well as answer your questions.

Please note that today's webinar will be conducted in a panel format, so there aren't many slides in today's presentation. Don't worry, although you won't see slides advancing for longer periods of time, as per usual, your computers are not frozen. Our hope is that through this conversational panel, we remove any uncertainty regarding regulations.

Additionally, NFA has a dedicated webpage that contains timely updates related to COVID-19 and corresponding operational and regulatory updates. You can access it at any time from NFA's homepage.

Just a few housekeeping remarks before we dive into today's content. We will begin with a panel discussion following which we've allocated ample time to answer any questions. To ask the question, locate the box labeled Ask-a-Question on the left side of your webinar screen, type in your question, and click Send. We are able to see questions as they are submitted, and you can submit them at any time during today's webinar. For questions that are firm-specific, we will reach out to you individually following our presentation. Additionally, if you'd like to talk with NFA staff, please feel free to call us at any time using the contact information for NFA's Information Center, which will be on the final slide of today's presentation. I also want to mention that a recording of this webinar, along with a written transcript, will be on NFA's website in the coming weeks.

And now I'd like to introduce today's panelists. Joining me today are Chris Brettman, Senior Manager of Business Systems and Info Center in NFA's Registration department, Patty Cushing, Director of Futures Compliance, and Joe Zangri, Managing Director of Exams in NFA's OTC Derivatives department.

My first question today is for Chris. Chris, can you talk about the changes applicants can expect as they navigate the registration process?

Chris Brettman:

Sure, Christie. To begin, I want to emphasize that NFA's Registration staff continues to effectively process registration applications. However, you will notice a few changes that I want to talk about today. First, we are not sending out annual registration updates or invoices by mail. 45 days before the firm's annual filing requirements are due, NFA will send an email to the individual that the firm has designated to receive the annual registration update email, notifying them of this requirement. NFA Members and CFTC registrants may access their annual filing requirements in ORS by logging onto the NFA Dashboard and looking under the Periodic Filings Due section.

Second, I want to talk about the extensions to deadlines for submitting certain registration material. In late April, NFA issued temporary relief from fingerprinting requirements for registrants and applicants that satisfy the conditions in the CFTC's April 24, 2020 No-Action letter. A person with authority to bind the registrant or applicant may submit a signed certification in accordance with the No-Action letter to the email address on your screen, PrintcardAlternativeFilings@NFA.futures.org. Individuals relying on this relief will be required to submit their fingerprint cards to NFA within 30 days of NFA announcing the resumption of fingerprint processing.

Regarding proficiency exams, Prometric, the testing services provider that facilitates NFA's proficiency examinations, closed its testing centers in the United States and Canada. However, as of May 1st, some of its locations in the United States and Canada have reopened. For a list of open Prometric test centers, as well as anticipated reopening dates for currently closed test centers, visit Prometric's Site Openings webpage. At this time, NFA is not withdrawing pending applications for individuals with exam deficiencies. I do want to note that because NFA's proficiency requirements are administered online, the compliance date remains January 31, 2021.

Christie Hillsman:

Thanks, Chris. How does this release impact temporary licenses?

Chris Brettman:

Sure. For those individuals with a fingerprint card deficiency, NFA is not withdrawing the individual's temporary license. Once NFA resumes fingerprint processing, individuals will have 30 days to fulfill their fingerprint card requirement.

Christie Hillsman:

Great. This is helpful information for applicants. Chris mentioned relief based on a recent CFTC No-Action letter. In the past few months, NFA has issued a number of Notices to Members outlining various forms of relief to be in line with CFTC No-Action letters. Patty, can you walk us through those?

Patty Cushing:

Sure, Christie. Before I get into the specific relief that's been granted, I want to emphasize that Members who follow the conditions in the CFTC's relief will also be in compliance with related NFA Rules. Let's start by talking about the relief issued for NFA Member FCMs, FDMs, IBs, CPOs, and CTAs. And then I'll ask Joe to jump in and talk about relief for swap dealers.

Every membership category has been afforded some form of relief, but not all of the relief applies to everyone, so bear with us here. I'll start with the relief that applies to FCMs, IBs, CPOs and CTAs. Following the various stay-at-home or shelter-in-place orders, you know that almost all firm employees are working from home, pursuant to your firms' business continuity plans. In mid-March, we issued relief that allows APs to temporarily work from locations not listed as a branch office and to do so without a branch manager. This is acceptable, provided that Members implement alternative supervisory methods to adequately supervise APs' activities and meet record-keeping requirements. These procedures must be documented and we do expect that these APs will return to the Member's main office or a listed branch office location once a Member firm is no longer operating under the contingency plans.

Now I will discuss recordkeeping relief that is applicable to FCMs, FDMs or IBs. These firms are subject to requirements relating to the time stamping of customer orders and the recordkeeping -- I'm sorry -- and the recording of oral communications that lead to the execution of a customer order. In mid-March, we issued recordkeeping relief consistent with the CFTC's No-Action letter that relieves our Members who are not operating from their normal business locations, from time stamping with an electronic timing device, as long as the firms manually document and maintain a record of the date and the time to the nearest minute of each order. These FCMs, FDMs and IBs who are not operating from their normal business locations also received relief from recording their required oral communications, as long as the firm documents and maintains a written record of the oral communications. This includes date, time, persons participating, the subject matter of the communication, and any related notes. FCMs, FDMs and IBs that are in compliance with the terms of the CFTC's No-Action relief in each of these areas will be deemed to be in compliance with NFA's related requirements through June 30th, 2020. And we understand that the CFTC is currently looking to see if they can extend that date.

The same No-Action covered CCO annual reports that FCMs are required to file with the

CFTC between now and September 30th, NFA also requires FCMs for which NFA is the DSRO to provide NFA with a copy of the CCO annual report and FDMs to file a report as well. Consistent with the CFTC's relief for CCO annual reports due between March 31, and September 1 of this year, NFA is extending the due date for 30 calendar days from the date on which the report would have been required to be filed with NFA.

Christie Hillsman: Great. Thanks, Patty. Before we continue, since we're talking about recordkeeping, Joe, can you talk about the related swap dealer relief?

Joe Zangri: Of course. Similar to FCMs and IBs, NFA Compliance Rule 2-49 requires SD Members to comply with the recordkeeping requirements of CFTC Regulation 23-202, including those related to time stamping and recording oral communications.

Regarding time stamping, the CFTC's No-Action letter 20-06, gives relief to time stamping daily trading record requirements pursuant to CFTC Reg 23.202. This means no enforcement action will be recommended for any failure to be in compliance with these rules up to June 30th, 2020 of this year, or longer if extended, as Patty previously mentioned.

Regarding recording of oral communications during the course of business, the same No-Action letter states that these requirements will not be enforced until at least June 30th of this year, or longer if extended. This is, of course, reliant upon the firm maintaining a written record of the oral communications and the details of that are specified in the No-Action letter and the Member firm collecting these materials and maintaining them in accordance with Regulation 1.31. This is intended to help with the obvious situation firms have been placed in where traders and sales personnel are working remotely.

While we're on the topic of the No-Action letter, it's also worth mentioning the final piece of relief that it grants. As you know, NFA Compliance Rule 2-49 requires swap dealer Members to file a copy of their CCO annual reports with the NFA in accordance with CFTC Regulation 3.3. However, the CFTC's No-Action letter provides additional time to submit this document. Therefore, if the firm is expected to submit their CCO annual report on a given day within the relief period, which extends back from March 17th through September 1st of this year, the Commission provides an additional 30 days to furnish this report without penalty or enforcement action. swap dealer Members that are in compliance with the terms of the CFTC's No-Action relief in each of these areas, the time periods provided in the relief will be deemed to be in compliance with the NFA's related requirements.

Christie Hillsman: Great. Thanks, Joe. Patty, what other recent relief for intermediaries is there?

Patty Cushing: So I want to touch on two additional topics pertaining to FCMs and IBs. As you may know, each independent IB Member is required to file a certified annual financial report within 90 days after its fiscal year-end, or within 60 days for IB Members that are also registered with the SEC as securities broker-dealers. IBs are also required to file financial reports either semi-annually, quarterly, or monthly within 17 business days of the date for which the report is prepared. In late March, NFA provided all independent IBs with a 30-calendar day extension for filing certified financial reports for fiscal years ending in December 2019, through March 2020. NFA also provided all independent IBs with a 10-business day extension for filing the semi-annual, quarterly or monthly reports for reporting periods ending February through April of this year. This relief is automatic, which means you don't have to file a request for this relief or notify us if you intend to take advantage of it.

Lastly, in late April, the CFTC issued a No-Action letter to FCMs and IBs addressing the net capital treatment of covered loans obtained under the Paycheck Protection Program

and unpaid FINRA assessment fees. The Paycheck Protection Program is a component of the CARES Act. Subject to several conditions, the No-Action letter permits any FCM or IB that receives a covered loan to add back to its capital the eligible forgivable expense amount under the program. The letter also permits any FCM or IB that is an SEC-registered broker-dealer and qualifies as a small firm under FINRA bylaws, to add back to its capital the amount of any accrued and unpaid FINRA 2020 annual assessments permitted to be deferred by FINRA's guidance. NFA issued similar relief from NFA requirements for FCM and IB Members that are in compliance with the terms of the CFTC's No-Action relief.

Now, I will talk about relief for CPOs and CTAs. I categorize all this relief as due date extensions. NFA issued similar relief from NFA requirements as the CFTC's March 20, 2020 No-Action relief letters to the CPOs. The relief extends deadlines for upcoming CPO Form PQR filings, full annual reports, and periodic account statements for pool participants. Specifically, in addition to extending the due date for the December 31, 2019 PQR, NFA extended the due date for the March 31 PQR, which was originally due on May 30th, but is now due on July 15th. CPO Members are required to file pool annual reports with NFA and provide a copy to participants in accordance with the timing requirements set forth in part four of the CFTC's regulations.

For any of these reports due on or before April 30, 2020, a CPO Member will be deemed to be in compliance with the requirement if the report is distributed to its pool participants and filed with NFA within 45 days of its original due date. CPO Members must also distribute periodic accounts statements to pool participants on either a monthly or quarterly basis in accordance with the CFTC Regulations. For all reporting periods ending on or before April 30, 2020, CPO Members will be in compliance with the requirements if the report is distributed within 45 days of the end of the reporting period rather than the usual 30.

Finally, NFA also extended its deadlines for CTA Form PR filings due on or before April 30, 2020. CTA Members were initially required to file NFA Form PR for the quarter ended March 31, 2020 by May 15th, but NFA is extending the due date for March 31, 2020 PR until June 30th. And I just wanted to quickly respond to a question that I saw pop up. All of these financial statements filing extensions for the CPOs and CTAs were automatic, so no one has to file anything. Christie, that's what we've got on relief.

Christie Hillsman:

Excellent. Thanks Patty and Joe for that great overview. I do want to just remind everybody listening that links to all of the relief-related Notices to Members, along with brief summaries of each one, can be found on NFA's dedicated COVID-19 webpage.

Now I want to turn to exams, which I'm sure is top-of-mind for many of our Member firms. We are now conducting exams for all Members on a virtual basis by utilizing email, phone, and WebEx video technologies. We do remain flexible in accommodating the current work arrangements of our Members in conducting these exams or requesting documents. If you have concerns or need accommodations, please reach out to your NFA exam contact, or as I mentioned earlier, NFA's Information Center.

While we're on the topic of exams, Joe, can you talk a bit about specific areas of focus for swap dealers during these virtual exams?

Joe Zangri:

Sure, Christie. Before I get into the specific areas of focus, I want to highlight that while we are continuing to conduct exams, we are being mindful of the current environment and the challenges are Members space in coordinating document production, arranging meetings, and at the same time dealing with market volatility and the high stress environment generally. As such, we're being flexible with the timing for document production during the examinations. Generally, we expect firms to produce documents in

three business days, but during this time we're encouraging and offering firms more time if needed. Similarly, we're being flexible with the timing of meetings and it is completely okay for us to conduct separate meetings for separate topics, which may in the past have only required one large meeting. We realize that it may be more difficult to get everyone together at the same time. I would encourage all of you please to just ask us for what you need and we will try and make it work.

That said, the exam topics for now remain similar to the past, such that they are risk-based. It depends on each firm's risk profile. NFA is not performing any additional testing given the current market situation as of yet. Instead, we have Members submit weekly or bi-weekly data to us, expanding various areas such as margin disputes, risk limit breaches for liquidity, market and credit risks, counterparty defaults, business continuity plans, cybersecurity, and so on. It is safe to assume that at some point we will be taking a closer look at firms' compliance with the rules during this time period, but that is some time away.

Christie Hillsman: Great, thanks Joe. Patty, how about on the futures compliance side?

Patty Cushing: So like what Joe said about the swap dealer exams, the focus of our CPO, CTA, IB, and FCM examinations remains similar to what it's always been. We too follow a risk-based approach when determining our areas of testing. Risk area depends on the registration category and the firm's operations, but will also include how the firm is complying with any new or updated rules. And as we discussed during our Member workshops earlier this year, there have been updated rules relating to promotional material, supervision of branch offices, and GIBs, and CTA performance reporting and disclosure. We also have a continued emphasis on internal controls at FCMs and CPOs. In light of the recent market volatility, firms with exposure to the impacted markets are facing additional risks.

NFA has been in contact with CPOs whose pools are trading those markets, and FCMs whose customers have been most impacted. During CTO exams, we look at risk management policies and the CPOs financial reporting to pool participants, as well as whether the pool's disclosure document needs to be updated for any possible changes to the pool's trading strategy as a result of the market conditions. At FCMs, the volatility can impact the firm's risk management program, as well as the daily margin efficiencies and debit deficits of customer and non-customer accounts, which we monitor on a daily basis at the FCMs for which NFA is the DSRO.

Christie Hillsman: Great. Thanks, Chris, Patty, and Joe, for all of that helpful information. This concludes the panel discussion portion of today's webinar. But I'd like to open up the forum to any questions that all of you might have.

We've already received a number of great questions, so thank you for those. And as a note, if for whatever reason we don't get to your question today or if you've submitted a firm-specific question, an NFA staff member will respond to you via email within a week. Our first question is for you, Chris. And that question is, if I want to file an arbitration claim, can I do so?

Chris Brettman: Yes, that's an excellent question. NFA's Arbitration staff continue to process claims as usual. To ensure timely claim processing, file any new NFA arbitration claims online rather than via email, or rather via just regular US mail.

Christie Hillsman: Perfect. Thank you for that clarification. Joe, I'm going to turn to you next. Our next question is, you said that examinations are currently being conducted in a virtual manner. Is this the plan going forward? And what about completed or soon to be completed remediation?

Joe Zangri: Good question, Christie. Yes, the game plan going forward is to continue to conduct virtual examinations and remediation validations until it is determined that on-site exams are safe for all relevant parties. As with examinations, please communicate with us as you attempt to produce documents and schedule meetings in a timely manner. We will remain flexible as long as both sides keep the lines of communication open. Additionally, remediation of closed exams will continue as previously scheduled. If, however, action plans need to be modified by the firm, let us know as soon as possible. And also, please continue to check the NFA's COVID-19 webpage for updates. But know that conducting NFA's mission in keeping our staff and yours safe is our utmost priority.

Christie Hillsman: Excellent. Thanks, Joe. And I am going to pass our next question to you as well. That question is, you said swap dealers are typically expected to produce documents within three days, but that you would remain flexible. Can you give us a little bit more detail about that?

Joe Zangri: Sure. We understand that there are certain areas where document production may take people away from their central roles or where the documents being produced, for example surveillance alerts, may result in substantially more material than expected, particularly during this time. The exam set will still set with three-day deadlines as usual. However, what we would like to see during the exam, just communication between Member firms and the exam staff on when firms can expect to produce that material. If you do not believe you can get us the document for a week, just tell us. It will not be held against you. But we will take your own deadlines seriously and expect the documents to be produced by the dates you have set.

Christie Hillsman: Perfect.

Patty Cushing: Christie, if I could jump in and talk about the examinations of the other registration categories other than swap dealers, there really is no standard deadline. So the deadlines are set by the team based on their workflow and the breadth of their request. So however, the team, the exams teams are being flexible. So, just as Joe said, if you are concerned about a request for a deadline, please discuss it with your exam team and propose an alternate date of when you expect to produce those materials.

Christie Hillsman: Perfect. Thanks for jumping in there, Patty. Our next question I am going to pass back to you, Chris. That question is, given the current circumstances, are you planning to extend the compliance date for the swaps proficiency requirements?

Chris Brettman: It's a good question. Because the swaps proficiency requirements are entirely online and APs can take them at their own pace, we have not changed the January 31, 2021 deadline. We encourage firms to continue to take the necessary steps to identify and ensure that those individuals who must take the exam remain aware of this obligation. If I could just add one more thing here, Christie, online we did get a question about are there any study materials available for the swaps proficiency requirements? And it's really the actual swaps proficiency exams are really training. Each module will have a training piece. You go through the training, then you take a short exam at the end. And the second part of that question online was, can they sign up and do that now? And yes, you can sign up and do it now. We are actively matching those exam results with people on our online registration system so that it shows up on their proficiency screens.

Christie Hillsman: Fantastic. Thanks for all of that information, Chris. Our next question is for you, Patty. And that question is, what will the branch office manager rule be if brokers work from home for an extended period of time? So will each broker need to complete the Series 30?

Patty Cushing: So the release that was issued actually says that as long as your firm is operating under its

business continuity plan and you have these alternative supervisory methods in place, that it is acceptable to work there in your branch office location that's not listed and doesn't have a branch office manager. But as soon as your firm deems it reasonable to get back to business as normal and not be under your business continuity plan, then at that point, if the employee is going to, the AP is going to continue to work at home, at that point it does need to be listed as a branch and needs to have a branch office manager. So that employee would need to take the Series 30. So we don't really have a set time in place as to when this happens. It is really based state-by-state and when your firm deems it reasonable to get back to business as normal.

Christie Hillsman: Perfect. Thanks, Patty. And Chris, it looks like next I'm going to turn back to you with a series of questions that fall into your area of subject matter expertise. The first of those questions is, for firms that are based overseas, is NFA taking into consideration that they may not be able to obtain fingerprint cards as soon as NFA announces that there are 30 days in which to provide those prints if the country that they are based in still has restrictions in place?

Chris Brettman: Thanks, Christie. NFA would not, if the country that you're based in has restrictions about coming outside or you still have phased stay-at-home orders in place, NFA would take that into consideration to give your company a little bit more time to get us fingerprint cards.

Christie Hillsman: Excellent. Thanks, Chris. And the next question I've got for you here is, are Series 3 exams still being delivered?

Chris Brettman: Yes. Series 3 exams are being delivered. It is recommended that you go to our website that's under the COVID section, and then I believe it's under the registration subsection. And you can click in there and go to the Prometric site and that will tell you the sites that are currently opened and the sites that they are going to be opening up in the near future. This all started on May 1st, opening the sites back up. So please refer to those websites to schedule your Series 3 examination.

Christie Hillsman: Excellent. And the third question I've got for you in this battery of questions is, if NFA is not withdrawing temporary licenses, do we still need to submit a letter requesting that temporary relief?

Chris Brettman: Could you say that one more time, Christie? You were breaking up.

Christie Hillsman: Sure. If NFA is not withdrawing temporary licenses, do firms still need to submit a letter requesting temporary relief?

Chris Brettman: No, they don't, Christie. We stopped withdrawing temporary licenses in April, and we have not commenced doing that yet. Once we get back into the office, which is not happening right now, there is still a stay-at-home order in Chicago, we would give people some time to get the material, registration material they need so their temporary license would not be taken withdrawn. So they don't have to file anything at this point. We're automatically extending every temporary license withdrawal base for the foreseeable future. And when we stop doing that, we will send something out around people having enough time to get us the registration material.

Christie Hillsman: Excellent. Thanks, Chris.

Chris Brettman: Christie, there was one more question online that someone had. I thought I'd just grab that to too, if it's okay. Someone asked about relief from Bylaw 1101. And I want to kind of just point out that the Registration department is operating. We are effectively operating and everything is being processed. Test results are matched online, so once you take the

test, they'll be matched to your ORS file. The one thing we did have an issue with was processing fingerprint cards, but the relief took care of that. So you don't have to worry about that. We're not withdrawing temporary licenses, we're not withdrawing any pending applications at this time. So firms are effectively, once they give us the material, they are effectively being registered and approved as Members. So there's really no delay in that process whatsoever. Thanks.

Christie Hillsman: Perfect. Thanks for taking that one as well, Chris. Our next question is for you, Patty, and that is, are there any NFA interpretive notice documents available on the NFA website relating to recordkeeping and temporary rule suspension during this relief period?

Patty Cushing: So thanks, Christie. I think you would answer that better than me, but it is definitely NFA has this webpage regarding all of the COVID relief and it's all outlined there. It's a great resource. In fact, it helped me remember everything for this webinar. So it is -- they are all there and with the links to the CFTC's No-Action relief.

Christie Hillsman: Fantastic. Thanks, Patty. And Joe, I'm going to turn back to you with another question about our swaps AP proficiency requirements. That question is, can non-NFA Members complete the swaps proficiency requirements?

Joe Zangri: Sure, Christie. The short answer to that is yes. The longer answer is, most firms have a swaps proficiency coordinator that is working with us. And so if you know who your swaps proficiency coordinator is, it will be helpful to see if they can add your name to the list because that will make the process go faster. But absolutely, you can take the proficiency exam if you're not an AP.

Christie Hillsman: Great. Thanks, Joe. And Patty, I'm going to turn back to you with a couple of more questions. The first of those is, is there any relief for annual onsite inspections for branch offices?

Patty Cushing: So, there sort of is actually, because NFA updated our supervision of branch office and GIB interpretive notice earlier this year and put into place that you can do this risk-based analysis of your branch offices. And although you still officially have to do an inspection of every branch every year, it did allow flexibility so that you could conduct this inspection remotely. So I think this would be a good time for you to say in your procedures that because of the situation, we are going to do these remotely. And that means telephone calls, Skype, WebEx, whatever you can do to interact with your branches and have them send you things and for you to be able to inspect according to your branch office review process. Just as NFA is doing our examinations remotely, we encourage you to do the same of your branch offices during this time. So although there's nothing that says you don't have to do a branch office inspection this year, you do have flexibility on how you do that. And I would take advantage of that new interpretive notice that was updated I believe it was in February.

Christie Hillsman: Excellent, thanks, Patty. And one more question for you at this point. You mentioned that exams do include cybersecurity testing. How are you testing cybersecurity? Are you asking for an attestation or using some sort of video testing?

Patty Cushing: So reviewing the firm cybersecurity program is part of our examination process. And we're not necessarily testing your systems, we're looking to how you have tested your systems. But yes, we would, if it's appropriate for us to review something that you've done, we have been using WebEx to help us do that. It's become very useful in the examination process. As I mentioned, at FCMs and CPOs, we are very much into internal control reviews and so we've been doing walk-throughs by video. So it could be something similar that we would look at what you are doing over the WebEx or through

documents. It really depends on your particular situation, what you've been doing. But we're not going to go in and try to hack into your system. That's not what we do. But we're going to see what it is you've been doing to ensure that your cybersecurity program is working.

Christie Hillsman: Excellent. Thanks, Patty. And Chris, I'm going to turn back to you with our next question. That is, does NFA have a target date for opening its offices?

Chris Brettman: Well, as of as of today, Chicago, where NFA's main office is located, is still under a stay-at-home order by the state of Illinois. And then it appears from my watch of the news, the City of Chicago may extend that order for a week or two. So at this time, we don't have any idea of when NFA offices will be open. Certainly, not before the stay-at-home order is lifted. Thanks, Christie.

Christie Hillsman: Great. Thank you, Chris. Patty, I'm going to turn back to you with our next question. That is, how are you conducting international exams? So for example, exams going on in Hong Kong, London, etc.?

Patty Cushing: You know, we're following the same process, Christie. If -- we're doing these things remotely, and we do a lot of our exams of London and Hong Kong firms remotely. We go to some in-person when it's not this situation, but we still do a lot of that remotely anyway. So it's a matter of sending firms document requests. They upload their records to a secure webpage. It's a lot of emailing questions, setting up times for conference calls. As I mentioned, doing walk throughs of internal controls over video. Obviously, it's -- we're working remotely, our staff is working remotely, as are your staff. So we understand that it's a very tough time. We're doing our best to continue these exams. But as we've mentioned, both Joe and I mentioned we are being flexible. Our staffs are. We constantly reinforce with them to be flexible. So if you are having difficulty meeting an exam request, than please discuss it with your exam team. We do want to be understanding, as we expect you to be understanding with us as well during this difficult time. So we're all doing our best here to continue to monitor our firms as these markets are continued to be open. And so we continue to do our own exams remotely.

Christie Hillsman: Great, thanks for that, Patty. Next, Joe, I would like to turn back to you. An NFA exam is due to happen in June and due to the remote exam procedure, is there relief granted to conduct that exam at a later date in 2020?

Joe Zangri: So NFA is trying to stick to its schedule. We are operating as usual with these changes now taking place. My answer to that would be if the firm has a reasonable explanation as to why they wouldn't be able to do it on the date that it is set, we're happy to talk about that. What we are usually looking to do is if the firm needs more time to produce documents, we can start in June but give them more time to get through it. If there is something particular about that time on the calendar, we would certainly take that into consideration.

Patty Cushing: Christie, if I could jump in, I'm seeing some follow-up questions on the branch office requests and whether or not they have to be on-site inspections. I mean, I do understand that your procedures are written looking at a risk-based approach, and trying to identify the branches that you should still go into onsite inspections and that's just not reasonable right now. So I do think it's reasonable to indicate that although we wanted to do an onsite inspection of this firm, considering the circumstances, we're doing it remotely. So just document these things and next time, next year, hopefully this is all behind us and you will be able to do that onsite inspection. So that's how I would handle that one.

Christie Hillsman: Excellent. Thanks for that, Patty. Our next question looks like a specific scenario that Chris, I'm hoping you can talk a little bit about for us. So this firm has two individuals

that have pending branch manager exams where the due dates are quickly approaching. And given the current situation, they will not be able to sit for that exam by the deadline in place. So this firm was wondering is there an overall extension period? Do they have to apply for an extension on a rolling monthly basis? What would we recommend?

Chris Brettman: Well, thanks, Christie. Yes. So just to kind of emphasize the point once again, we are not withdrawing temporary licenses and we are not withdrawing pending applications for individuals. So those individuals would have extended time to take their Series 30 exams. What they should do though, however, is go to our website and try to make an appointment to take that exam. Because I know that just like we have social distancing, Prometric is also doing the social distancing when they give the exams, so less people can take the exams. So it's very important that people go online now and register to take those exams. It maybe a week or two or a month in the future, but you should go online now and register to take those exams. We are not withdrawing any applications at the present time. We would not start withdrawing them until at least, at the very earliest, until we get back into the office. And even at that point, we would give people enough, we would give people additional time to get us the registration materials in. I just want to point out that registration, the registration department and NFA as a whole, is operating. We're operating from home, but some people do go into the office, essential people, and we are effectively and efficiently operating just like we're open. People are being registered as APs, firms are being registered. So we are operating just like we are in the office even though we're not. Thanks, Christie.

Christie Hillsman: Great. Thank you, Chris. Our next question I'm going to pass over to you, Joe. And that is, are there any updated rules or regulations due to COVID-19 that firms should include in their business continuity plans, cybersecurity policies and procedures, or could they just update in accordance with how they are tackling this pandemic that we're all dealing with?

Joe Zangri: Sure. So I would say of the two choices, the first is preferable. If you've made changes to your BCP plans to accommodate people working from home, which pretty much everyone has done, having those at the ready for when we do come in sometime in the future and ask how did things go during this time period, and what changes have you made to your BCB plans, that would make things move much more quickly and much more efficiently as well. So we would expect that.

Christie Hillsman: Thanks, Joe. Our next question may be our last, but we'll see if anything comes through as, Chris, you're answering this next question. And that question is, are APs who are in pending status due to Series 3 examinations limited in their marketing and solicitation activities?

Chris Brettman: Christie, could you just repeat that one? You were breaking up again, I'm sorry.

Christie Hillsman: Sure. So are APs who are currently in a pending status due to Series 3 examinations limited in their marketing and solicitation activities?

Chris Brettman: Yes. So that hasn't changed. If you are pending as an AP, you cannot act as a registered AP unless you have a temporary license. So you are limited. You cannot function as associated persons. Once again, we have the relief out there for the fingerprint card processing, so please feel free to take advantage of that. And then my recommendation is to get online, take the Series 3 and try to sign up sitting for a test as soon as you can. Thanks, Christie.

Christie Hillsman: Great. Thanks, Chris. And it looks like we've got one more that we will want to address at this point. And Patty, if you wouldn't mind taking this one, that would be great. So regarding branch office managers and location, it was said that when everything goes

back to normal work, we are expected to return and to register as a branch. So trade floors are crowded places and we're working to have social distancing in our offices, which will obviously mean that not everyone will go back to offices at the same time. So essentially, will NFA consider that although stay-at-home orders may be lifted, firms may continue to have social distancing for the foreseeable future which will impact their operations, who and how many people will return to the office, all of that?

Patty Cushing:

Thanks, Christie. And I'm seeing lots of questions that are in the same vein, so I thought it was important to answer this one. We understand that because of the situation, even though stay-at-home orders are lifted, there's different phases. Every state is doing this differently, every firm is doing this differently. So it's important to remember what I said, not just that the stay-at-home orders are lifted, but that your firm stops operating under its business continuity plan, so it's contingency plans. So this means that once your firm says, okay, we are 100% back to business as usual, at that point, you look and say, okay, are these people coming back to the main office? Are they going to continue to work at home forever or for the foreseeable future, and therefore need to be a branch office? So you do have to -- it is a firm-by-firm thing. And I just can't stress enough how important it is to document what your decisions are so that you know that you are in fact still operating under your business continuity plan or your contingency plan or whatever you want to call it, versus, okay, we are back to this is our new norm.

Christie Hillsman:

Fantastic. Thanks for that, Patty. And at this point I think we will go ahead and wrap things up. Right now, I have just a few quick reminders before we adjourn. First, as a reminder, all of you will be able to access both the recording and a transcript of today's webinar on NFA's website in the coming weeks. And in addition to this resource, again, I want to remind you to visit NFA's dedicated COVID-19 webpage for up-to-date information. We are updating that on an ongoing basis.

And then additionally, if at any time you have a question or a concern, please reach out to NFA's Information Center using the contact information on your screen. As several of us have alluded to, we are operating as usual although our offices are for the most part, closed at this point in time. To close, we hope that all of you are staying safe and well, and thank you very much for participating in today's webinar.