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Working to Ensure Funds Can Maintain Vital Services

BY PAUL SCHOTT STEVENS

On Friday, I wrote about a **critical problem** emerging throughout the nation as states issue “shelter-in-place” orders in response to the COVID-19 pandemic: the need to ensure that key personnel of mutual fund sponsors and service providers are deemed “essential workers” and thus permitted to report to work to maintain security and services for fund investors.

Over the weekend, two key developments offered some hope that state governors will hear our message and provide the needed relief from their shelter-in-place orders:

- » Treasury Secretary Steven M. Mnuchin issued a **memorandum for the financial services sector** clearly stating federal guidance to states and localities that “the financial services sector is identified as a critical infrastructure sector.” The memo goes on to state: “If you work in a critical infrastructure sector, as defined by the Department of Homeland Security, you have a special responsibility to maintain your normal work schedule”—consistent, of course, with social distancing safeguards to limit the spread of COVID-19.
- » On behalf of the Institute, I **wrote** to Governor Larry Hogan of Maryland, chair of the National Governors Association, and Governor Andrew Cuomo of New York, vice chair, urging them and their fellow governors to take the mutual fund industry and providers of critical services to funds into account as they impose shelter-in-place directives. I pointed out the need for mutual fund companies and their service providers to remain operational to ensure access to invested monies for shareholders across the country.

ICI and its members are not seeking an exemption from these orders for all employees. Quite the contrary. Mutual fund sponsors have risen to the challenge of COVID-19 and, as part of their robust business continuity plans, have ordered much of their staff to work from home.

But *not all* vital functions can be completed from home:

- » Critical information technology and data security activities, such as maintaining optimal computer systems’ performance to support shareholder needs and protect shareholders’ information from cybercriminals, require personnel physically present at a facility.
- » Staff also need to pick up and process mail to ensure that shareholder transactions, such as purchases and redemptions, are completed quickly and efficiently on behalf of retail investors.
- » Call centers where fund shareholders contact the fund complex with questions and concerns may need some staff in the facilities to maintain full support of the fund shareholders. If staff are prohibited from accessing facilities, mutual funds may be forced to curtail their activity, with severe impact on shareholders across the country.

- » Many mutual fund complexes also rely on a network of service providers that deliver vital support to the servicing of the mutual fund shareholders and the operation of the fund. Many of the critical services described above are outsourced to service providers and without their support, the mutual fund may find itself unable to meet the critical needs of fund shareholders.

Secretary Mnuchin’s memorandum—which I have also directed to Governors Hogan and Cuomo—offers strong support for the exemptions that funds and their service providers need for these key personnel. The secretary’s memo, my letter to the governors, [earlier guidance](#) from Homeland Security, and other materials on this issue are available at ICI’s [COVID-19 Resource Center](#). I encourage all ICI member firms to call these materials to the attention of relevant officials in states and localities where they have operations.

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