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During COVID-19 Crisis, Fund Company Staff Are Essential

BY PAUL SCHOTT STEVENS

In just a few hours on March 19, two of America's largest states—California and Pennsylvania—ordered their 52 million residents to "shelter in place" to help limit the spread of COVID-19. The state of New York, with 20 million residents, followed suit today. Many other jurisdictions are considering issuing similar strict limits on personal movement.

As governments consider extending these orders, they must include staff of fund companies among the "essential" workers who qualify for an exemption. Fund company staff are very much part of the country's critical infrastructure—providing essential services that underpin the US economy—and they must be able to offer their full support to shareholders during these uncertain times.

Early indications are that governors have granted such exemptions to large fund complexes headquartered in their states. But hundreds of smaller fund sponsors and operations for complexes headquartered in other states could still be vulnerable to orders that would keep critical personnel from maintaining essential investor services.

So far, fund companies have risen to the challenge posed by COVID-19—implementing robust business continuity plans and flexing their extensive remote work capabilities. But some vital functions cannot be performed from home.

Critical information technology and data security activities—such as maintaining optimal performance of computer systems and protecting sensitive information from cybercriminals—require personnel physically present at a facility. Staff also need to pick up and process mail to ensure that transactions are executed quickly and efficiently. If staff are unable to perform these vital functions, the harm to fund shareholders could be severe.

The federal government has long recognized the financial services industry as "critical infrastructure" that must continue to function during a national emergency. In 1998, **Presidential Decision Directive 63**, issued by President William J. Clinton, produced a workable and innovative framework for critical infrastructure protection. In that directive, the federal government set a clear example for the rest of the United States of how to protect critical infrastructure.

In 2013, President Barack Obama issued **Presidential Policy Directive 21—Critical Infrastructure Security and Resilience**. As Directive 21 states, "The nation's critical infrastructure provides the essential services that underpin American society. Proactive and coordinated efforts are necessary to strengthen and maintain secure, functioning, and resilient critical infrastructure—including assets, networks, and systems—that are vital to public confidence and the nation's safety, prosperity, and well-being."

Crucially, Directive 21 defined the 16 critical infrastructure sectors of the US economy, including the financial services sector. As a vital part of the financial services sector, mutual funds must be treated as critical infrastructure to allow them to maintain efficient and seamless services in support of shareholders.

We believe that a **March 19 memorandum** from the head of the US Cybersecurity and Infrastructure Security Agency will serve as useful guidance for any US jurisdiction considering a shelter-in-place order. It names financial services as an industry that provides critical infrastructure and identifies categories of workers who should be deemed essential.

ICI stands ready to assist any members facing shelter-in-place orders. Please feel free to use the materials listed above or to contact Chief Industry Operations Officer Marty Burns at **mburns@ici.org**.

Hundreds of millions of people entrust US fund companies with their savings, and depend on them to meet their most important financial goals. With the spread of COVID-19 showing no signs of abating, it's essential that investors be able to access and manage their savings no matter how governments choose to combat it.

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