

COVID-19 Related Operational Issues

Update to May 27, 2020 SEC AMAC Discussion

- The May 27, 2020, AMAC meeting focused on operational issues relating to critical asset management and brokerage processes that arose at the onset of the pandemic. The pandemic highlighted a diverse set of operational challenges and potential solutions for the AMAC and the SEC to consider and address.
- A working group of AMAC members have continued to pursue a list of areas in which AMAC ultimately might recommend the SEC consider more permanent relief/improvement to policies and attendant processes that posed either a safety/personal health risk during this pandemic period, and/or exposed operational inefficiencies in a protracted work-from-home posture by industry stakeholders.
- Care continues to be taken in order to flag those areas for consideration for which there is clear attribution back to pandemic-related issues or concerns.
- Several temporary measures taken by the SEC (and others) were highly effective and could be recommended as permanent changes.
- The topics that follow will be the primary basis of our discussion on September 16, 2020

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Five Primary Categories of Permanent Improvement to Consider and Discuss

eDelivery

This Category is an area of focus at the SEC

- Scope and timing of a move to 'default' of eDelivery vs. paper
- Principles to keep top of mind (e.g., investor protection)

Remote Work

This broader theme includes sub-categories that can be pursued simultaneously or individually to make permanent existing temporary relief and/or leverage technology

- Remote supervision
- In-person Board meetings under '40 Act.
- Leveraging technology for exams/inspections
- Remote testing/licensing

eAuthorization

These policy changes would allow for permanent adoption of digitized methods of authorization (and may require coordination with states in certain circumstances)

- Alternatives to signature medallions
- Elimination of wet signatures
- eNotarization

De-materialization

This Category may contain a *spectrum* of recommendations given its complexity and multiple stakeholders

- A constructive first step could be the SEC convening a roundtable of such stakeholders

Future Crisis Playbook

Is there an opportunity to document key lessons learned through the handling of the pandemic and related market volatility?

- Industry stakeholders could benefit from a 'best practices' review

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Sample Questions/Issues to Consider During AMAC Discussion:

- Are there additional areas that should be considered?
- Do the above considerations strike the right balance?
- How would—or should—the AMAC prioritize the areas to recommend to the SEC (to the extent the AMAC feels a prioritization is necessary/prudent)?