

State Regulators Continue to Issue Special Guidance Allowing Financial Services Companies to Work Remotely Due to COVID-19

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As noted in a [previous alert](#), the ongoing global spread of coronavirus disease 2019 (COVID-19) has created a conflict between the legal requirements that financial services companies conduct regulated activity only from certain licensed or authorized locations and the standard COVID-19 recommendation (in some cases, now a requirement) that employees work from home to limit the spread of the coronavirus. In response, state regulatory agencies have continued to provide guidance granting relief from these restrictions so that financial services industry personnel may work from home when necessary without violating these requirements.

As of this writing, dozens of state regulatory agencies have issued guidance. The Conference of State Bank Supervisors (CSBS) has created [this resource](#) to gather this guidance and hosted it on the Nationwide Multistate Licensing System (NMLS). Given the speed at which this situation is evolving, however, it is no surprise that this list is not completely current – with several regulators issuing guidance on a daily basis that then takes some time to be included within the resource.

Financial services companies should be mindful, however, that the nature and conditions of the guidance may vary significantly. Some regulatory agencies are requiring financial services companies to provide specific notice of intent to work from home. Others, such as the New York Department of Financial Services, are requiring the submission of business continuity plans explaining how the companies will continue to operate during the period when COVID-19 is active.

For most regulatory agencies, however, the goal is simply to provide relief from the concerns noted above in a responsible manner, and make sure financial services companies do not have to choose between compliance with financial services laws and following COVID-19 guidance or orders, as applicable. The Arkansas Securities Department is a typical example of this type of guidance. On Wednesday, March 11, Governor Asa Hutchinson issued an emergency order directing state agencies to use all resources necessary to prepare for and respond to the outbreak. 48 hours later, on Friday, March 13, the Arkansas Securities Department issued interim regulatory [guidance](#) temporarily allowing licensed Mortgage Loan Officers to work from home. The guidance specified that all state and federal data security requirements must be met but otherwise was in effect, subject to change or

withdrawal, until June 1. It is worth noting, some guidance specifically references mortgage loan officers/originators only, without providing specific guidance regarding other employees and staff.

A few caveats are in order. Guidance is state – and agency – specific and what’s permitted in one situation may not be in another. Also, a consistent theme is the requirement that cybersecurity and other regulatory requirements are still in effect. However, given the speed and severity of the COVID-19 outbreak, the list of agencies adapting their regulations in a similar fashion is growing very rapidly.

Please reach out to the authors for additional information regarding the evolving multi-state regulatory agency response to coronavirus and legal restrictions that may impact the implementation of your company’s business continuity plan.

Related people

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