



## Notices to Members

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### **Notice I-20-19**

April 23, 2020

#### **Coronavirus (COVID-19) Update—Regulatory Relief for FCMs and IBs**

On April 23, 2020, the CFTC issued a [no-action letter](#) to futures commission merchants (FCM) and introducing brokers (IB) addressing the net capital treatment of covered loans obtained under the Paycheck Protection Program (PPP) and unpaid FINRA assessment fees. PPP is a component of the Coronavirus Aid, Relief, and Economic Security Act administered by the Small Business Association.

Subject to several conditions, the no-action letter permits any FCM or IB that receives a PPP-covered loan to add back to its capital the eligible forgivable expense amount under the PPP when computing adjusted net capital under [CFTC Regulation 1.17](#). The letter also permits any FCM or IB that is an SEC registered broker-dealer and qualifies as a small firm (under FINRA By-laws) to add back to its capital, when computing adjusted net capital under CFTC Regulation 1.17, the amount of any accrued and unpaid FINRA 2020 annual assessments permitted to be deferred by [FINRA's guidance](#). As discussed below, NFA is issuing similar relief from NFA requirements for FCM and IB Members that are in compliance with the terms of the CFTC's no-action relief.

#### **FCM Net Capital Requirements under NFA Financial Requirements Section 1**

[NFA Financial Requirements Section 1](#) requires FCM Members to maintain a minimum level of adjusted net capital as defined in CFTC Regulation 1.17. FCM Members that are in compliance with the terms of the CFTC's no-action relief regarding calculating adjusted net capital, will be deemed to be in compliance with NFA's related requirements.

#### **Independent IB Net Capital Requirements under NFA Financial Requirements Section 5**

[NFA Financial Requirements Section 5](#) requires each independent IB Member to maintain a minimum level of adjusted net capital as defined in CFTC Regulation 1.17. IB Members that are in compliance with the terms of the CFTC's no-action relief regarding calculating adjusted net capital, will be deemed to be in compliance with NFA's related requirements.

If you have any questions on this Notice, please contact Dale Spoljaric, Managing Director, Compliance ([dspoljaric@nfa.futures.org](mailto:dspoljaric@nfa.futures.org)).

NFA continues to closely monitor the latest developments related to COVID-19 and its significant impacts on NFA Members and the derivatives industry. Timely information and guidance for Members and the investing public continues to be posted to NFA's dedicated [COVID-19 webpage](#) as it becomes available.

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