

COVID-19: State and Federal Responses Updates

Wednesday, April 1, 2020

- There are 921,924 confirmed COVID-19 cases in 180 countries/regions, including 206,207 in the U.S. 192,964 of those cases have recovered.
- The U.S. now has the most cases of COVID-19 in the world, and has a death toll that is higher than China.

KEY UPDATES:

Federal:

- President Trump and the White House Coronavirus task force released new models projecting more than 100,000 COVID-19 deaths in the U.S., peaking in 14 days.
- President Trump is continuing his media campaign “30 Day to Slow the Spread”, which expanded his “15 Days to Slow the Spread” order from March.

State:

- A number of states have issued orders to shelter in place, stay at home or close all non-essential businesses. In each state, the financial services sector is carved out and deemed an essential business. We are monitoring these and posting updates to the resource center as we learn of them.
- NASAA has cancelled their spring conference, scheduled for the first week of May, due to the coronavirus.
- Many states are extending their tax deadlines to align with the federal government’s July 15 extension. New Jersey is the latest to announce intent to file legislation to change the deadline. Each state needs to weigh budgetary issues before taking this step, since they rely on taxes to pay for critical programs and often need to borrow money to make up for temporary deferral of cash because of the 90 day extension.

All Federal:

TRUMP ADMINISTRATION

Phase 4 Coronavirus Economic Stimulus Package. President Trump today [tweeted](#) his intention to include a \$2 trillion infrastructure package “focused solely on jobs and rebuilding the once great infrastructure of our Country.”

- While Speaker Pelosi has indicated her interest in supporting infrastructure provisions in the next package, the Republicans in the House and Senate are taking more of a wait and see approach to proceeding with another big spending bill.

Treasury Releases Small Business Guidance. Today, the Department of Treasury released additional information on the Paycheck Protection Program (PPP), including an overview of the program, lender information, as well as an application.

- The release reiterates that the Department of Treasury and Small Business Administration (SBA) expect to have the program “up and running by April 3 [Friday] so that businesses can go to a participating SBA 7(a) lender, bank, or credit union, apply for a loan, and be approved the same day.”
- The new program will be available retroactive to February 15, 2020 so that employers can rehire their recently laid-off employees through June 30, 2020.
- We have heard further documentation could be released, which would provide some additional clarity with regard to the role SBA will play in qualifying borrowers and Treasury’s process for approving lenders and providing implementation oversight.
- Separately, the SBA has [launched](#) a Small Business Guidance & Loan Resource.

The White House is dispatching staff to the SBA as the agency struggles with a flood of requests for financial aid to cope with the pandemic. The SBA is coping with unprecedented demand for loans historically distributed after small regional droughts or other natural disasters.

HOUSE

- House Ways and Means Committee Chairman Richie Neal (D-MA) asked the Department of Treasury and Social Security Administration to find a way for seniors, veterans and others who aren't required to file returns to the IRS to get their stimulus payments without needing to file additional paperwork. The IRS had announced that those "who typically do not file a tax return will need to file a simple tax return" to get their check.
- While the House may not physically be in session, the House Democratic Caucus is using this time to host a series of conference calls on the various implementation issues concerning the CARES Act. Topics include small business and education, state and tribal stabilization and direct assistance, infrastructure, and public health and housing. All of this is being done with an eye on the next package. Minority Leader McCarthy (R-CA) is arguing that additional Congressional assistance may not be necessary at this time.

SENATE

Majority Leader Mitch McConnell shares the concerns of his House Republican colleagues and said we need to wait a few weeks to see how the CARES Act is implemented before even considering another large stimulus bill. Senator McConnell said that confirming Federal judges would continue to be the Senate's top priority when they return next month.

Senate Banking Committee Chairman Crapo (R-ID) sent a [letter](#) to Secretary Mnuchin and Fed Chair Powell urging them to release public guidance as soon as possible related to implementation of the CARES Act. In particular, with regard to how the 13(3) facilities and direct loans will work. The letter also urges the regulators to prioritize facilities that stabilize markets that FSOC has highlighted, such as mortgage servicing.

CONGRESSIONAL SCHEDULE

House Majority Leader Steny Hoyer (D-MD) told colleagues to "keep your schedules very flexible" despite an expectation that Congress won't return until April 20, saying that "in order to make up for time that has been lost, the House may meet during weeks that had previously been scheduled as District Work Periods, and four-day weeks may become five-day weeks." The Majority Leader also added: "While we have lost legislative days, we have not reduced the amount of work we have to do."

All State:

As of today, every state has declared a state of emergency to handle COVID-19 and increase resources, open access to federal resources, coordinate emergency response, instruct insurers to waive charges for coronavirus testing and treatment, and help contain the spread of the virus. Most schools are closed.

When each state issues a "stay at home", "shelter in place" or "non-essential business closure" order, we are advocating for them to follow federal CISA guidelines for essential infrastructure. The financial services sector is considered essential and has been included on all orders that are currently active.

The following states have issued an order:

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|------------------------|-----------------|------------------|-----------------|
| • Arizona | • Illinois | • Nevada | • Tennessee |
| • Alaska | • Indiana | • New Jersey | • Utah |
| • California | • Kansas | • New Mexico | • Vermont |
| • Colorado | • Kentucky | • New York | • Virginia |
| • Connecticut | • Louisiana | • North Carolina | • Washington |
| • Delaware | • Maine | • Ohio | • West Virginia |
| • District of Columbia | • Maryland | • Oklahoma | • Wisconsin |
| • Florida | • Massachusetts | • Oregon | • Wyoming |
| • Hawaii | • Michigan | • Pennsylvania | |
| • Idaho | • Minnesota | • Rhode Island | |
| | • Montana | • South Carolina | |

Financial Services:

- SIFMA has created a [page](#) with updates on BCP and COVID-19, with industry guidance, regulator updates, and government resources.
- FINRA:
 - Cancelled their annual conference.
 - Has a [list](#) of state stay at home orders.
 - Issued a [Regulatory Notice](#) outlining guidance for Pandemic-Related Business Continuity Planning.
 - Issued a [Technical Notice](#) to alert members to its efforts to maintain business continuity with respect to its Trade Reporting Facilities and its Alternative Display Facility as well as to remind members of their obligations with regard to OTC trading and reporting in the event the members experience systems issues in their own or their vendor's systems.
 - Postponed hearings of Disciplinary Proceedings scheduled through April with the exception of pending Expedited Proceedings, as they are not conducted in person.
 - Guidance on FINRA-Administered exams. Prometric closed testing centers in the U.S. and Canada for a period of 30 days, starting March 18, 2020. Existing appointments will be rescheduled. To change an existing appointment scheduled over 30 days (April 16 or later) or to schedule a new appointment, please access the [Prometric website](#). FINRA will extend all enrollment windows that are currently open for candidates who want to take exams and that are scheduled to expire by the end of May. Each FINRA administered exam enrollment end date will be extended through the same end date of May 31, 2020.
- The SEC:
 - Issued an [order](#) that provides publicly traded companies an additional 45 days to file certain disclosure reports that would have been due between March 1, 2020 and April 30, 2020. The relief is conditional on companies meeting certain requirements, including an explanation of why the relief is needed.
 - Issued a [statement](#) on the effects of Coronavirus on Financial Reporting that encouraged firms to work with their audit committee and auditors to disclose potential exposure to the effects of COVID-19, including how they plan for and will respond to unfolding events and disclosure of subsequent events. Disclosure of material risks to business and operations is intended to keep investors and markets informed of material developments.
 - Will consider comments submitted after a comment period closes and allow additional time for comments on select pending actions. <https://www.sec.gov/sec-coronavirus-covid-19-response>
 - Temporarily relaxed implementation requirements of consolidated audit trail (CAT) systems so that market participants and broker/dealers can focus energy and resources on business continuity plans, operational readiness and reducing operational risk stemming from the pandemic <https://www.sec.gov/news/public-statement/statement-clayton-cat-covid-19-nal-cybersecurity-2020-03-17>; suspended CAT compliance enforcement through May 20, 2020.
 - Addressed the need to grant extensions to or relief from certain delivery and filing obligations <https://www.sec.gov/news/press-release/2020-53>, <https://www.sec.gov/news/press-release/2020-62>, <https://www.sec.gov/news/press-release/2020-63>, <https://www.sec.gov/rules/other/2020/34-88318.pdf>
 - Providing conditional relief for certain in-person meeting and advance notice requirements <https://www.sec.gov/investment/staff-statement-im-covid-19>, <https://www.sec.gov/news/press-release/2020-62>, <https://www.sec.gov/news/press-release/2020-63>

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