

# NASD Small Firm Best Practices Conference

February 4, 2004 Los Angeles, CA

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## **Business Continuity Case Study**

Museum

10:30 am – 12:00 pm

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### ***Case Study***

You own a firm, Continual Securities, Inc., that employs 15 people. Ten of those employees are registered persons. Continual mainly operates out of one office in Chicago, Illinois. The firm, however, also employs one registered representative that works from home in the Chicago suburb of Oak Park, Illinois. The firm is a fully-disclosed introducing firm and all customer funds and securities are maintained at its clearing firm Clear Securities, Inc. Clear is located in New York. Your firm maintains a Web site and customers may conduct online trading. The firm's customers are located in almost every state. Continual is a member of NASD and the Securities Investor Protection Corporation.

The firm maintains its operating account at Bank Local, located only in Chicago. Among others, Continual's critical business constituents include No-Bell Telecommunications for phone services, No-Watts for power, and Cableless for Web access.

On its Web site and through mailings, your firm discloses to customers that it intends to continue business in the event of a significant business disruption. Continual, however, also discloses that, based on the severity of the disruption, it may need to discontinue its business. In that case, it informs customers that they will have access to their funds and securities.

On Monday night, the Midwest experiences an extensive power outage that lasts for one week. For purposes of this case study, assume that NASD's proposed rules regarding Business Continuity Plans and Emergency Contact Information are effective.



