

# **Business Continuity Plan Template for Small Introducing Firms**

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## **[Firm Name] Business Continuity Plan (BCP)**

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Updated May 12, 2010

This optional template is provided to assist small introducing firms in fulfilling their need to create and maintain business continuity plans (BCPs) and emergency contact person lists under FINRA Rule 4370 (Business Continuity Plans and Emergency Contact Information). The template recognizes that many small introducing firms rely on parts of a clearing firm's or other entity's BCP for many of the mission-critical functions of the introducing firm. Nothing in this template creates any new requirements on clearing firms or other entities, or new requirements for BCPs.

**Note:** Following this template does not guarantee compliance with or create any safe harbor with respect to FINRA rules, the federal securities laws or state laws. The obligation to develop a BCP is not a “one-size-fits-all” requirement, and you must tailor your plan to fit your particular firm's situation.

FINRA Rule 4370(c) requires that firms relying on another entity for elements of their BCP or mission-critical systems must address that relationship in their plan. This template is written for small introducing firms that use a clearing firm, and includes sample language regarding the nature of that particular relationship only. If your firm conducts a different type of business (*e.g.*, sells only mutual funds), you must modify the template to describe the entities you rely on and the nature of those relationships.

The language contained in this template is provided as a starting point for developing your firm's plan. It is highly unlikely that the language of this template standing alone will fully fit your firm's business situation. In this regard, you must customize the language of this template to reflect your firm's activities and issues. If you have prepared a plan in a different format, you may wish to attach the appropriate sections of that plan to this template to confirm that you have addressed all of the individual elements.

### Critical Elements

There are 10 critical elements of a BCP specified in FINRA Rule 4370. Each firm need only address the elements applicable to its business, but if you do not include a specified element in your firm's plan, your plan must document why it is not included:

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| <ol style="list-style-type: none"><li>(1) Data back-up and recovery (hard copy and electronic);</li><li>(2) All mission critical systems;</li><li>(3) Financial and operational assessments;</li><li>(4) Alternate communications between customers and the member;</li><li>(5) Alternate communications between the member and its employees;</li><li>(6) Alternate physical location of employees;</li><li>(7) Critical business constituent, bank, and counter-party impact;</li><li>(8) Regulatory reporting;</li><li>(9) Communications with regulators; and</li></ol> |
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- (10) How the firm will assure customers' prompt access to their funds and securities in the event that the member determines that it is unable to continue its business.

Keep in mind that the above-listed elements are not exhaustive; you should address other key areas for your plan to be complete and thorough, based on your firm's business and operations.

<p><u>TEXT EXAMPLES</u> are provided to give you sample language that you can modify to create your firm's plan.</p> <p>Material in <i>italics</i> provides instructions, citations to relevant rules and other resources that you can use to develop your firm's plan.</p> <p>The <a href="#">FINRA BCP Web page</a> includes important information and links to other websites with useful information. You may also consider consulting the General Accounting Office's reports on "Potential Terrorist Attacks: Additional Actions Needed to Better Prepare Critical Financial Market Participants," Report Nos. <a href="#">GAO-03-251</a> (Feb. 2003) and <a href="#">GAO-03-414</a> (Feb. 2003); the Draft Interagency White Paper on Sound Practices to Strengthen the Resilience of the U. S. Financial System by the Securities and Exchange Commission (SEC) and other federal financial institution regulators; and the business continuity information on the websites of the <a href="#">Securities Industry and Financial Markets Association (SIFMA)</a>, the <a href="#">Business Continuity Institute (BCI)</a> and the <a href="#">Financial Services Sector Coordinating Council for Critical Infrastructure Protection and Homeland Security (FSSCC)</a>. Firms relying on third-party providers to provide services in connection with their BCPs should review <i>Notice to Members (NTM) 05-48</i>, (July 2005). For historical guidance and background, see <i>NTM 04-37</i> and <i>Regulatory Notices 07-42</i> and <i>09-60</i>.</p>
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## **I. Emergency Contact Persons**

*Identify your firm's two emergency contact persons. Your firm must identify its emergency contact persons through the FINRA Contact System (FCS). In addition, your firm must use FCS to update the contact information promptly (but no later than 30 days following any change in the information) and annually review and update, if necessary, the information within 17 business days after the end of each calendar year. Each emergency contact person must be an associated person of the firm, and at least one emergency contact person must be a member of senior management and a registered principal of the firm. If your firm designates a second emergency contact person who is not a registered principal of your firm, then that contact person must be a member of senior management who has knowledge of the firm's business operations. If your firm has only one associated person, the second emergency contact must be an individual, either registered with another firm or non-registered, who has knowledge of your firm's business operations (e.g., your firm's attorney, accountant or clearing firm contact person).*

*TEXT EXAMPLE:* Our firm's two emergency contact persons are: [name, phone number, email] and [name, phone number, email - identify second person's relationship to the firm if not a registered principal of the firm].

The firm will provide FINRA with the contact information for the two emergency contact persons: (1) name; (2) title; (3) mailing address; (4) email address; (5) telephone number; and (6) facsimile number through the FINRA Contact System (FCS). [Name] will promptly notify FINRA of any change in this information through FCS (but no later than 30 days following the change) and will review, and if necessary update, this information within 17 business days after the end of each calendar year.

*Rule:* FINRA Rule 4370(f); NASD Rule 1160.

## **II. Firm Policy**

*State your firm's objectives for business continuity in the face of both internal and external significant business disruptions (SBDs), including your firm's obligation to grant customers access to their funds and securities in the event of a significant business disruption. This policy should be given to all employees. State who has the authority to execute the plan, where the plan is stored, and how to access the plan.*

*TEXT EXAMPLE:* Our firm's policy is to respond to a Significant Business Disruption (SBD) by safeguarding employees' lives and firm property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the firm's books and records, and allowing our customers to transact business. In the event that we determine we are unable to continue our business, we will assure customers prompt access to their funds and securities.

### **A. Significant Business Disruptions (SBDs)**

Our plan anticipates two kinds of SBDs, internal and external. Internal SBDs affect only our firm's ability to communicate and do business, such as a fire in our building. External SBDs prevent the operation of the securities markets or a number of firms, such as a terrorist attack, a city flood, or a wide-scale, regional disruption. Our response to an external SBD relies more heavily on other organizations and systems, especially on the capabilities of our clearing firm.

### **B. Approval and Execution Authority**

[*Name, title*], a registered principal, is responsible for approving the plan and for conducting the required annual review. [*Name, title*] has the authority to execute this BCP.

### **C. Plan Location and Access**

Our firm will maintain copies of its BCP plan and the annual reviews, and the changes that have been made to it for inspection. An electronic copy of our plan is located on [*server name*] in the [*file/folder name*].

*Rule: FINRA Rule 4370(b), (d) and (e).*

## **III. Business Description**

*State the types of business that your firm conducts.*

*TEXT EXAMPLE:* Our firm conducts business in equity, fixed income, and derivative securities. Our firm is an introducing firm and does not perform any type of clearing function for itself or others. Furthermore, we do not hold customer funds or securities. We accept and enter orders. All transactions are sent to our clearing firm, which [executes our orders,] compares them, allocates them, clears and settles them. Our clearing firm also maintains our customers' accounts, can grant customers access to them, and delivers funds and securities. Our firm services only retail customers [*OR* retail and institutional customers]. We do not engage in any private placements.

Our clearing firm is [*name, address, phone number, email address, website*] and our contact person at that clearing firm is [*name, phone number, email*]. Our clearing firm has also given us the following alternative contact in the event it cannot be reached: [*name, address, phone number, email address, website*]

## **IV. Office Locations**

*List the locations of all of your offices, registered and unregistered, and state the means of transportation that employees may use to reach that facility. State also which mission critical systems, as defined below, take place at each location.*

*TEXT EXAMPLE: Our firm has offices located in Location #1 and Location #2.*

### A. Office Location #1

Our Location #1 Office is located at [address]. Its main telephone number is [insert]. Our employees may travel to that office by means of [insert all that apply (e.g., foot, car, subway, train, bus, boat, plane, etc.)]. We engage in order taking and entry at this location.

### B. Office Location #2

Our Location #2 Office is located at [address]. Its main telephone number is [insert]. Our employees may travel to that office by means of [insert all that apply e.g., foot, car, subway, train, bus, boat, plane, etc.]. We engage in order taking and entry at this location.

## **V. Alternative Physical Location(s) of Employees**

*List the alternate physical location(s) your firm will use in the event an SBD affects the operation of your office locations.*

TEXT EXAMPLE: In the event of an SBD, we will move our staff from affected office(s) to the closest of our unaffected office location(s). If none of our other office locations is available to receive those staff, we will move them to [name of firm, (if different), address]. Its main telephone number is [phone number].

*Rule: FINRA Rule 4370(c)(6).*

## **VI. Customers' Access to Funds and Securities**

*State that your firm does not maintain custody of customers' funds or securities and how your firm will make them available to customers in the event of an SBD. State the entity at which such funds and securities are held and how your firm will facilitate access to them. Describe any relationship between your firm's ability to grant customer access to funds and securities and Securities Investor Protection Corporation (SIPC) regulations on the disbursement of funds and securities.*

TEXT EXAMPLE: Our firm does not maintain custody of customers' funds or securities, which are maintained at our clearing firm, [insert name]. In the event of an internal or external SBD, if telephone service is available, our registered persons will take customer orders or instructions and contact our clearing firm on their behalf, and if our Web access is available, our firm will post on our website that customers may access their funds and securities by contacting [insert contact information]. The firm will make this information available to customers through its disclosure policy.

If SIPC determines that we are unable to meet our obligations to our customers or if our liabilities exceed our assets in violation of Securities Exchange Act Rule 15c3-1, SIPC may seek to appoint a trustee to disburse our assets to customers. We will assist SIPC and

the trustee by providing our books and records identifying customer accounts subject to SIPC regulation [and *insert any additional procedures*].

Rules: *FINRA Rule 4370(a)*; Securities Exchange Act Rule 15c3-1; *see also* 15 U.S.C. § 78eee.

## **VII. Data Back-Up and Recovery (Hard Copy and Electronic)**

*Identify the location of your firm's primary books and records (hard copy and electronic) and the location of your firm's back-up books and records (hard copy and electronic). Describe how your firm backs up its data. In addition, describe how your firm will recover data in the event of an SBD.*

*TEXT EXAMPLE:* Our firm maintains its primary hard copy books and records and its electronic records at [address]. [Name, title, phone number] is responsible for the maintenance of these books and records. Our firm maintains the following document types and forms that are not transmitted to our clearing firm: [List document types and forms, such as new account forms, etc.].

Our firm maintains its back-up hard copy books and records at [other address]. These records are [paper copies, microfilm, etc.]. [Name, title, phone number] is responsible for the maintenance of these back-up books and records. Our firm backs up its paper records by copying and taking them to our back-up site. We back up our records every [time period].

The firm backs up its electronic records daily [or other time period] by [describe process], and keeps a copy at [other address; may be the same as hard copy back-up site].

In the event of an internal or external SBD that causes the loss of our paper records, we will physically recover them from our back-up site. If our primary site is inoperable, we will continue operations from our back-up site or an alternate location. For the loss of electronic records, we will either physically recover the storage media or electronically recover data from our back-up site, or, if our primary site is inoperable, continue operations from our back-up site or an alternate location.

Rule: *FINRA Rule 4370(c)(1)*.

## **VIII. Financial and Operational Assessments**

*Describe your firm's procedures to identify changes in its operational, financial and credit risk exposures in the event of an SBD. Your firm should periodically assess the changes in these exposures and quickly make such an assessment in connection with an SBD.*

## A. Operational Risk

*Operational risk includes the firm's ability to maintain communications with customers and to retrieve key activity records through its mission critical systems.*

*TEXT EXAMPLE:* In the event of an SBD, we will immediately identify what means will permit us to communicate with our customers, employees, critical business constituents, critical banks, critical counter-parties and regulators. Although the effects of an SBD will determine the means of alternative communication, the communications options we will employ will include [*our website, telephone voice mail, secure email, etc.*]. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery (Hard Copy and Electronic).

*Rules:* FINRA Rules 4370(c)(3), (c)(4), (c)(5), (c)(7), (c)(9 & (g)(2)).

## B. Financial and Credit Risk

*Financial risk involves the firm's ability to fund operations and maintain adequate financing and sufficient capital. The firm also may face credit risk (where its investments may erode from the lack of liquidity in the broader market), which would also hinder the ability of the firm's counterparties to fulfill their obligations.*

*TEXT EXAMPLE:* In the event of an SBD, we will determine the value and liquidity of our investments and other assets to evaluate our ability to continue to fund our operations and remain in capital compliance. We will contact our clearing firm, critical banks and investors to apprise them of our financial status. If we determine that we may be unable to meet our obligations to those counter-parties or otherwise continue to fund our operations, we will request additional financing from our bank or other credit sources to fulfill our obligations to our customers and clients. If we cannot remedy a capital deficiency, we will file appropriate notices with our regulators and immediately take appropriate steps, including [*insert procedures*].

*Rules:* FINRA Rules 4370(c)(3), (c)(8) & (g)(2).

## IX. Mission Critical Systems

*Describe your firm's mission critical systems and whether your firm or your clearing firm has responsibility for them, and your firm's review of its clearing firm's capabilities to perform mission critical functions for your firm.*

*TEXT EXAMPLE:* Our firm's "mission critical systems" are those that ensure prompt and accurate processing of securities transactions, including order taking, entry, execution, comparison, allocation, clearance and settlement of securities transactions, the

maintenance of customer accounts, access to customer accounts and the delivery of funds and securities. More specifically, these systems include: *[list systems names and their functions]*.

We have primary responsibility for establishing and maintaining our business relationships with our customers and have sole responsibility for our mission critical functions of order taking [and] entry [and execution]. Our clearing firm provides, through contract, the [execution,] comparison, allocation, clearance and settlement of securities transactions, maintenance of customer accounts, access to customer accounts and the delivery of funds and securities.

Our clearing firm contract provides that our clearing firm will maintain a business continuity plan and the capacity to execute that plan. Our clearing firm represents that it will advise us of any material changes to its plan that might affect our ability to maintain our business [and has presented us with an executive summary of its plan, which is attached]. In the event our clearing firm executes its plan, it represents that it will notify us of such execution and provide us equal access to services as its other customers. If we reasonably determine that our clearing firm has not or cannot put its plan in place quickly enough to meet our needs, or is otherwise unable to provide access to such services, our clearing firm represents that it will assist us in seeking services from an alternative source.

Our clearing firm represents that it backs up our records at a remote [or, *preferably*, out of region] site. Our clearing firm represents that it operates a back-up operating facility in a geographically separate area with the capability to conduct the same volume of business as its primary site. Our clearing firm has also confirmed the effectiveness of its back-up arrangements to recover from a wide scale disruption by testing[, and it has confirmed that it tests its back-up arrangements every *time period*].

Recovery-time objectives provide concrete goals to plan for and test against. They are not, however, hard and fast deadlines that must be met in every emergency situation, and various external factors surrounding a disruption, such as time of day, scope of disruption and status of critical infrastructure—particularly telecommunications—can affect actual recovery times. Recovery refers to the restoration of clearing and settlement activities after a wide-scale disruption; resumption refers to the capacity to accept and process new transactions and payments after a wide-scale disruption. Our clearing firm has the following SBD recovery time and resumption objectives: recovery time period of [*e.g., within 4 hours*]; and resumption time of [*e.g., within the same business day*].

[*Name*] will periodically review our clearing firm’s capabilities to perform the mission critical functions the clearing firm has contracted to perform for our firm.

## A. Our Firm’s Mission Critical Systems

### **1. Order Taking**

*Describe how your firm will handle order taking in the event of an SBD.*

*TEXT EXAMPLE:* Currently, our firm receives orders from customers via [insert all that apply (e.g., telephone, fax, email, website at [insert URL], in-person visits by the customer, etc.)]. During an SBD, either internal or external, we will continue to take orders through any of these methods that are available and reliable, and in addition, as communications permit, we will inform our customers when communications become available to tell them what alternatives they have to send their orders to us. Customers will be informed of alternatives by [insert method]. If necessary, we will advise our customers to place orders directly with our clearing firm at [insert clearing firm contact information].

## **2. Order Entry**

*Describe your firm's procedures if an SBD prevents it from entering orders received from customers.*

*TEXT EXAMPLE:* Currently, our firm enters orders by recording them on paper and electronically and sending them to our clearing firm electronically or telephonically. Alternatively, we place customer orders through [insert name of system]. We have contacted [name of system(s)] and were told that, under its BCP, we can expect [services] within [time].

In the event of an internal SBD, we will enter and send records to our clearing firm by the fastest alternative means available, which include [insert means your firm will use]. In the event of an external SBD, we will maintain the order in electronic or paper format, and deliver the order to the clearing firm by the fastest means available when it resumes operations. In addition, during an internal SBD, we may need to refer our customers to deal directly with our clearing firm for order entry.

## **3. Order Execution**

*If your firm executes orders, describe your procedures if an SBD prevents your firm from executing orders received from customers. If your firm does not execute orders, include order execution in the list of mission critical systems that your clearing firm provides to your firm in the next section, Mission Critical Systems Provided by Our Clearing Firm.*

*TEXT EXAMPLE:* We currently execute orders by [describe current execution procedures]. In the event of an internal SBD, we would [describe your execution procedures in the event of an internal SBD]. In the event of an external SBD, we would [describe your execution procedures in the event of an external SBD].

## **4. Other Services Currently Provided to Customers**

*TEXT EXAMPLE:* In addition to those services listed above in this section, we also [describe any other services you provide customers]. In the event of an internal SBD, we

would [*describe how you would provide those services in the event of an internal SBD*]. In the event of an external SBD, we would [*describe how you would provide those services in the event of an external SBD*].

### **B. Mission Critical Systems Provided by Our Clearing Firm**

*Describe the arrangements you have with your clearing firm to provide other mission critical systems.*

*TEXT EXAMPLE:* Our firm relies, by contract, on our clearing firm to provide [order execution], order comparison, order allocation, customer account maintenance and/or access and delivery of funds and securities.

*Rules: FINRA Rules 3510(c)(2) & (g)(1).*

## **X. Alternate Communications Between the Firm and Customers, Employees, and Regulators**

### **A. Customers**

*Describe the alternate means of communications that your firm will use to communicate with its customers in the event of an SBD.*

*TEXT EXAMPLE:* We now communicate with our customers using [*insert all that apply (e.g., the telephone, email, our website, fax, U.S. mail and in-person visits at our firm or another location)*]. In the event of an SBD, we will assess which means of communication are still available to us, and use the means closest in speed and form (written or oral) to the means that we have used in the past to communicate with the other party. For example, if we have communicated with a party by email but the Internet is unavailable, we will call them on the telephone and follow up where a record is needed with paper copy in the U.S. mail.

*Rule: FINRA Rule 4370(c)(4).*

### **B. Employees**

*Describe the alternate means of communications that your firm will use to communicate with its employees in the event of an SBD.*

*TEXT EXAMPLE:* We now communicate with our employees using [*insert all that apply (e.g., telephone, email, and in person, etc.)*]. In the event of an SBD, we will assess which means of communication are still available to us, and use the means closest in speed and form (written or oral) to the means that we have used in the past to communicate with the other party. We will also employ a call tree so that senior management can reach all

employees quickly during an SBD. The call tree includes all staff home and office phone numbers. We have identified persons, noted below, who live near each other and may reach each other in person:

The person to invoke use of the call tree is: *[insert name]*

Caller	Call Recipients
<i>[e.g., Person A</i>	<i>Person B, Person C, Person D</i>
<i>Person C</i>	<i>Person E, Person F, Person G.]</i>

Rule: *FINRA Rule 4370(c)(5).*

### C. Regulators

*Describe the alternate means of communications that your firm will use to communicate with its regulators in the event of an SBD.*

*TEXT EXAMPLE:* We are currently members of the following self-regulatory organizations (SROs), and are also regulated by: *[insert list of applicable SRO, federal and state securities regulators]*. We communicate with our regulators using *[insert all that apply e.g., telephone, email, fax, U.S. mail, in person, etc.]*. In the event of an SBD, we will assess which means of communication are still available to us, and use the means closest in speed and form (written or oral) to the means that we have used in the past to communicate with the other party.

Rule: *FINRA Rule 4370(c)(9).*

## **XI. Critical Business Constituents, Banks, and Counter-Parties**

*Describe your firm’s procedures to identify changes in the impact an SBD will have on its relationship with its critical business constituents, banks, and counter-parties, and how it will deal with those impacts.*

### A. Business constituents

*TEXT EXAMPLE:* We have contacted our critical business constituents (businesses with which we have an ongoing commercial relationship in support of our operating activities,

such as vendors providing us critical services), and determined the extent to which we can continue our business relationship with them in light of the internal or external SBD. We will quickly establish alternative arrangements if a business constituent can no longer provide the needed goods or services when we need them because of a SBD to them or our firm. [*or we have entered into a supplemental contract with certain critical business constituents to provide such services. The alternative suppliers are disclosed below.*] Our major suppliers are: [*list service/product, supplier's name, address and phone number and any alternative supplier's name, address, and phone number.*]

*Rules: FINRA Rule 4370(c)(7).*

## **B. Banks**

*TEXT EXAMPLE:* We have contacted our banks and lenders to determine if they can continue to provide the financing that we will need in light of the internal or external SBD. The bank maintaining our operating account is: [*list bank name, address, phone number, and contact*]. The bank maintaining our Proprietary Account of Introducing Brokers/Dealers (PAIB account) is [*list bank name, address, phone number, and contact*]. If our banks and other lenders are unable to provide the financing, we will seek alternative financing immediately from [*bank/lender name, address, and phone numbers*].

*Rules: FINRA Rule 4370(c)(7).*

## **C. Counter-Parties**

*TEXT EXAMPLE:* We have contacted our critical counterparties, such as other broker-dealers or institutional customers, to determine if we will be able to carry out our transactions with them in light of the internal or external SBD. Where the transactions cannot be completed, we will work with our clearing firm or contact those counterparties directly to make alternative arrangements to complete those transactions as soon as possible.

*Rules: FINRA Rule 4370(c)(7).*

## **XII. Regulatory Reporting**

*Describe how your firm will file its regulatory reports in the event of an SBD.*

*TEXT EXAMPLE:* Our firm is subject to regulation by: [*insert list of applicable federal, self-regulatory organization and state securities regulators.*] We now file reports with our regulators using paper copies in the U.S. mail, and electronically using fax, email and the Internet. In the event of an SBD, we will check with the SEC, FINRA and other regulators to determine which means of filing are still available to us, and use the means closest in speed and form (written or oral) to our previous filing method. In the event that

we cannot contact our regulators, we will continue to file required reports using the communication means available to us. [*Insert regulator contact information*].

*Rule: FINRA Rule 4370(c)(8).*

### **XIII. Disclosure of Business Continuity Plan**

*Using the BCP statement TEXT EXAMPLE attached to this template, describe how your firm discloses its business continuity planning to customers. Attach the current version of your disclosure statement. Your firm may use the disclosure statement example attached to this template. See Attachment A. If the disclosure statement example is not used, your firm's disclosure statement must provide the same information as discussed in the example. Your firm's disclosure statement need not disclose the specific location of any back-up facilities, any proprietary information contained in the BCP or the parties with whom the firm has back-up arrangements.*

*TEXT EXAMPLE:* Attached is our written BCP disclosure statement we provide customers at account opening [*list other times of disclosure if applicable, such as annually*]. We also [*post the disclosure statement on our website and*] mail it to customers upon request.

*Rule: FINRA Rule 4370(e).*

### **XIV. Updates and Annual Review**

*Describe your firm's plan update policy and annual review of your BCP.*

*TEXT EXAMPLE:* Our firm will update this plan whenever we have a material change to our operations, structure, business or location or to those of our clearing firm. In addition, our firm will review this BCP annually, on [*date*], to modify it for any changes in our operations, structure, business or location or those of our clearing firm.

*Rule: FINRA Rule 4370(b).*

### **XV. Senior Manager Approval**

*Approve the firm's BCP by signing below.*

*TEXT EXAMPLE:* I have approved this Business Continuity Plan as reasonably designed to enable our firm to meet its obligations to customers in the event of an SBD.

*Rule: FINRA Rule 4370(d).*

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*TEXT EXAMPLE of BCP Disclosure Statement for Introducing Firms with a Clearing Arrangement*

**[Firm Name]'s Business Continuity Planning**

[Firm Name] has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

**Contacting Us** – If after a significant business disruption you cannot contact us as you usually do at [firm phone number/email], you should call our alternative number [firm emergency number] [or go to our website at {URL}]. If you cannot access us through either of those means, you should contact our clearing firm, [name] at [clearing firm number and URL] for instructions on how it may [list the services your clearing firm may provide to your customers in the event of a significant business disruption; for example, provide prompt access to funds and securities, enter orders and process other trade-related, cash and security transfer transactions for your customers].

**Our Business Continuity Plan** – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

Our clearing firm, [name], backs up our important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we have been advised by our clearing firm that its objective is to restore its own operations and be able to complete existing transactions and accept new transactions and payments within [resumption time period]. Your orders and requests for funds and securities could be delayed during this period.

**Varying Disruptions** – Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to a local site when needed and expect to recover and resume business within [x time period]. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business within [y time period]. In either situation, we plan to continue in

business, transfer operations to our clearing firm if necessary, and notify you through our website [*URL*] or our customer emergency number, [*firm emergency number*] how to contact us. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt access to their funds and securities.

**For more information** – If you have questions about our business continuity planning, you can contact us at [*firm business number or email address*].