

## BUSINESS CONTINUITY

### **Business Continuity Plan – FINRA Rule 4370**

The Chief Compliance Officer will maintain the responsibility to create and maintain a written business continuity plan identifying procedures relating to an emergency or significant business disruption. Such procedures must be reasonably designed to enable the firm to meet its existing obligations to customers. In addition, the procedures must address the firm's existing relationships with other broker-dealers and counter-parties. The business continuity plan must be made available promptly upon request to FINRA staff.

The Chief Compliance Officer will be required to update the plan in the event of any material change to the firm's operations, structure, business or location. The Chief Compliance Officer must also conduct an annual review of the business continuity plan to determine whether any modifications are necessary in light of changes to the firm's operations, structure, business, or location.

The elements that comprise a business continuity plan are flexible and may be tailored to the size and needs of the firm. The plan must at a minimum, address:

- (1) Data back-up and recovery (hard copy and electronic);
- (2) All mission critical systems;
- (3) Financial and operational assessments;
- (4) Alternate communications between customers and the firm;
- (5) Alternate communications between the firm and its employees;
- (6) Alternate physical location of employees;
- (7) Critical business constituent, bank, and counter-party impact;
- (8) Regulatory reporting;
- (9) Communications with regulators; and
- (10) How the firm will assure customers' prompt access to their funds and securities in the event that the firm determines that it is unable to continue its business.

The business continuity plan must address the above-listed categories to the extent applicable and necessary. If any of the above-listed categories is not applicable, the business continuity plan need not address the category. The business continuity plan, however, must document the rationale for not including such category in its plan. If the firm relies on another entity for any one of the above-listed categories or any mission critical system, the business continuity plan must address this relationship.

The Chief Compliance Officer must designate a member of senior management to approve the plan and he or she shall be responsible for conducting the required annual review. The member of senior management must also be a registered principal.

The Chief Compliance Officer must ensure that each registered representative discloses to his or her customers how its business continuity plan addresses the possibility of a future significant business disruption and how the firm plans to respond to events of varying scope. At a minimum, such disclosure

must be made in writing to customers at account opening, posted on the firm's Internet Web site, and mailed to customers upon request.

**Action Plan for Business Continuity Plan – FINRA Rule 4370**

<b>Requirements</b>	<b>Broker/Dealer Actions</b>
<b>Supervisory Responsibility</b>	CCO
<b>Frequency of Review</b>	Annually or at any time there is a change in the Chief Compliance Officer, or any material change to the firm's operations, structure, business or location.
<b>Review Sample</b>	Business Continuity Plan
<b>Review Process</b>	<p>The designated principal will maintain the responsibility to update the Business Continuity Plan at any time there is a change in the Chief Compliance Officer, or any material change to the firm's operations, structure, business or location. The designated principal will ensure that the business continuity plan covers all of the issues noted above.</p> <p>The plan is also to be reviewed by the designated principal on an annual basis to determine if the plan is current and up to date. Should the plan need to be updated the designated principal will maintain the responsibility to update the plan and ensure that all of the firm's employees are provided with the most current plan. Additionally the updated plan must be posted to the firm's website.</p>
<b>Evidencing Procedures</b>	The designated principal will initial and date each revision to the business continuity plan.

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**Back Up**

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Principal Approval \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/20\_\_\_\_