

# **BUSINESS CONTINUITY PLAN**

The following is a synopsis of USA Financial Securities' Business Continuity Plan ("BCP"). The purpose of a BCP is to provide procedures for response and recovery in the event of a significant business disruption and to identify responsible personnel in the event of a disaster; safeguard employees' lives and firm property; evaluate the situation and initiate appropriate action; recover and resume operations to allow continuation of business; provide customers with access to their funds and securities; and protect books and records.

## **IMPLEMENTATION OF THE PLAN**

The Plan has been designed to be implemented in the event of a disaster that results in a significant business disruption. Whether all or only parts of the Plan are implemented depends on the nature of the disruption. Generally, a significant business disruption would include:

- Destruction of one of USA Financial Securities' offices or facilities, whether by natural causes or by other means;
- Loss of life or major injuries to personnel in an office location that disables that office's ability to conduct business;
- Disruption of service from a critical service provider;
- Disruption of service due to wide-ranging regional outages such as a power outage.

## **EMERGENCY RESPONSE TEAM**

USA Financial Securities has designated an Emergency Response Team that is responsible for implementing necessary procedures included in this Plan. The Response Team's action will depend on the nature and scope of the disruption. The "first responder" has the primary responsibility for taking action, and the "secondary responder" acts as a back-up in the event the first responder is unable to act.

## **EMERGENCY CONTACT LIST**

USA Financial Securities has established an Emergency Contact List that includes the names, phone numbers (cell and land lines), e-mail addresses, and other contact information for individuals critical to USA Financial Securities' business including key employees, key vendors or service providers, regulators, insurance carriers, banks, attorneys, and other key contacts.

## **ALTERNATIVE BUSINESS LOCATIONS**

In the event employees can no longer conduct business at one of USA Financial Securities' office locations, the following actions may be taken:

- Transfer employees to the closest unaffected office location and notify personnel;
- Transfer critical systems to another office or a back-up firm or system;
- Transfer business operations to another USA Financial Securities office unaffected by the disruption;
- Transfer business operations to a different broker-dealer or other entity.

## **DATA BACK-UP AND RECOVERY**

USA Financial Securities maintains its books and records in both hard copy and electronic format. In the event of an internal or external significant business disruption that causes the loss of USA Financial Securities' records (whether hard copy or electronic records), back-up records will be recovered from the back-up site.

## **MISSION CRITICAL SYSTEMS**

Mission critical systems are systems that are necessary to ensure prompt and accurate processing of securities transactions including order taking, entry, execution, comparison, allocation, clearance and settlement, maintaining customer accounts, and providing access to customer funds and securities. USA Financial Securities has identified systems that are critical to its operation; identified third parties that provide those systems; and developed alternate procedures or systems for handling these critical functions in the case of a disruption.

## **FINANCIAL AND OPERATIONAL ASSESSMENTS**

The following describes procedures for assessing changes in operational, financial, and credit risk exposures in the event of a significant business disruption.

## **Operational Risk**

In the event of a significant business disruption, alternative systems will be implemented to communicate with customers, employees, critical business constituents (banks, counter-parties, *etc.*), regulators, and other key parties depending on the nature and impact of the disruption.

## **Financial And Credit Risk**

In the event of a significant business disruption, USA Financial Securities' financial status will be evaluated to determine the need for additional financing or identify capital deficiencies including the following:

- Review the impact of the disruption on USA Financial Securities' ability to conduct business
- Identify inability to satisfy obligations with counter-parties
- Contact banks or other counter-parties to secure needed additional financing
- Notify regulators of capital deficiencies
- Reduce or cease business as may be required due to capital deficiencies or inability to conduct business
- Transfer business to other financial institutions until USA Financial Securities may resume conducting business

## **ALTERNATIVE COMMUNICATIONS**

USA Financial Securities may use a wide range of communication systems to communicate with its customers, employees, counter-parties, and regulators including telephone; mail; fax; e-mail; vendor systems; and personal meetings. Procedures for instituting alternative communications in the event of a significant business disruption include the following, depending on the nature of the disruption:

- Identify the most expedient remaining means of communication
- Notify employees if an off-site command center has been activated
- Notify employees of alternative communication systems to be used
- Transfer communications to another firm

Determination of what communication system will be used depends on the nature of the disruption and which communication systems (electronic mail, telephone calls, *etc.*) are functional and the availability of personnel in the event telephone contact is necessary.

## **ACCEPTING CUSTOMER ORDERS**

In the event USA Financial Securities' systems for accepting customer orders are disrupted, alternative systems will be communicated to customers and to employees including, where appropriate:

- Accepting orders by telephone or other alternative means
- Communicating orders to trading desks (internal or external) or order execution systems by telephone or other alternative means

## **PROMPT ACCESS TO FUNDS AND SECURITIES**

When customer access to funds and securities is impacted by a significant business disruption, customers will be notified by whatever expedient means is available (telephone, e-mail, *etc.*) regarding who may be contacted to request funds or securities. If USA Financial Securities is unable to continue business operations, customers will be notified of an alternative financial institution where they may conduct business and access their funds and securities.

## **DISCLOSURE OF BCP**

Information about USA Financial Securities' Business Continuity Plan is provided to customers as follows:

- At the time of account opening
- On USA Financial Securities' web site
- Upon request, by mail

FOR MORE DETAILED INFORMATION REGARDING OUR BCP, PLEASE CONTACT YOUR REGISTERED REPRESENTATIVE.