

# CLIENT 1<sup>ST</sup> ADVISORS, INC. BUSINESS CONTINUITY PLAN (BCP)

## ❖ I EMERGENCY CONTACT PERSON

Our firm's two emergency contact persons are: Craig Phillips, CFP, 727-450-2301 x 208 or 727-422-9301, email [craig@client1stadvisors.com](mailto:craig@client1stadvisors.com) and Vicki Morgan, 727-450-2301 x 201 or 727-251-8277, email [vicki@client1stadvisors.com](mailto:vicki@client1stadvisors.com). These names will be updated in the event of a material change, and our Executive Representative will review them within 17 business days of the end of each quarter.

Rule: FINRA Rule 3520.

## ❖ II FIRM POLICY

Our firm's policy is to respond to a Significant Business Disruption (SBD) by safeguarding our employee's lives and the firm's property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the firm's books and records, and allowing our clients to transact business. In the event that we determine we are unable to continue our business, we will assure clients 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 firms.

### B. APPROVAL AND EXECUTION AUTHORITY

Craig Phillips, CFP, Managing Principal, a registered principal, is responsible for approving the plan and for conducting the required annual review. Vicki Morgan, Chief Compliance Officer 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 our main server (server1), on the H drive, Allshare Folder, Vicki Folder, Compliance Folder, Business Continuity Plan Folder.

### ❖ III BUSINESS DESCRIPTION

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 select Money Managers for our clients' accounts. 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 deliver funds and securities. Our firm services only retail customers. We do not engage in any private placements.

Our clearing firms are: Cascade Financial Management, Inc., 1512 Larimer St., Suite 250, Denver, CO 80202. Our contact person at Cascade is Dave Turner; 800-353-0005; RBC Correspondent Services, 510 Marquette Ave., Minneapolis, MN 55402. Our contact person at RBC CS is Mark Rohlik; 866-506—8596; Pershing LLC and Schwab can be contacted through Lockwood Advisors, Inc., 10 Valley Stream Parkway, Malvern, PA 19355. Our contact person at Lockwood is Jonathan Sobjak; 800-200-3033 x 7282. Each of our clearing firms have made arrangements for their phone calls to be forwarded to a working office in the event that their location has been effected also.

### ❖ IV OFFICE LOCATIONS

Our Firm's office is located in Clearwater, Florida

- A. Our Main office is located at 611 Druid Road E., #707, Clearwater, FL; our phone number is 727-450-2301.

We provide the full selection of services that Client 1<sup>st</sup> offers at this office.

❖ V ALTERNATIVE PHYSICAL LOCATION(S) OF EMPLOYEES

In the event of an internal SBD, we will move our staff from the affected office to an office in our same complex, if available, retaining the same phone lines. Otherwise, we will seek to temporarily relocate nearby. In the event of an external SBD, we will move our staff from the affected office to 19 Owl Pine, Highlands, NC 28741; 828-526-5153.

Rule: FINRA Rule 351(c)(6).

❖ VI CUSTOMERS' ACCESS TO FUNDS AND SECURITIES

Our firm does not maintain custody of customers' funds or securities, which are maintained at our clearing firms, Cascade Financial Management, Inc., RBC Correspondent Services, Pershing or Schwab. In the event of an internal or external SBD, if telephone service is available, our registered persons will take customers orders or instructions and contact our clearing firms on their behalf, and if our Web access is available, our firm will post on our Web site that customers may access their funds and securities by contacting Cascade Financial Management, Inc. at 800-353-0008; RBC Correspondent Services at 866-506-8596; Pershing or Schwab through Lockwood at 800-309-2360. Our firm also makes this information available to customers through our disclosure policy.

Rule: FINRA Rule 3510(a).

❖ VII DATA BACK-UP AND RECOVERY (HARD COPY AND ELECTRONIC)

Our office maintains its primary hard copy books and records and its electronic records at its location. Vicki Morgan, Chief Compliance Officer, 727-450-2301 X 201, is responsible for the maintenance of these books and records at the main office location.

Our firm maintains its back-up hard copy books and records at 3716 McKay Creek Drive, Largo, FL 33770.

Our backup system consists of both a mirror disk backup as well as a portable external large capacity disk drive that is updated every night. In addition, through Redtail Technologies we do a mirror back up every two weeks or as necessary for any major changes to our records.

In the event of an internal or external SBD that causes the loss of our paper records, we will physically recover them from the external disk drive or from

the mirrored volume or from Redtail Technologies. If our primary site is inoperable, we will continue operations from our back-up site or from an alternate location. For the loss of electronic records, we will either physically recover them from the external disk drive or from the mirrored volume, or from Redtail Technologies, who retains a backup as well, if our primary site is inoperable, continue operations from our back-up site or an alternate location.

Rule: FINRA Rule 351(c)(1).

## ❖ VIII FINANCIAL AND OPERATIONAL ASSESSMENTS

### A. Operational Risk

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 web site; [www.clientstoadvisors.com](http://www.clientstoadvisors.com), telephone voice mail and secure e-mail. 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 3510(c)(3) & (f)(2).

### B. Financial and Credit Risk

In the event of an SBD 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 clients.

Rules: FINRA Rules 351(c)(3), (c)(8) & (f)(2).

## ❖ IX MISSION CRITICAL SYSTEMS

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. All of these functions are and will be taken care of by our clearing firms, Cascade Financial Management, RBC Correspondent Services, Lockwood Advisors, Inc., Pershing LLC and Schwab Institutional.

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. Our clearing firm provides, through contract, the 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.

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 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 provides 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 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.

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 firms have the following SBD recovery time and resumption objectives: Cascade Financial Management,

Inc. recovery time period of within one business day and resumption time of within one business day. RBC Correspondent Services, recovery and resumption time within four hours. Lockwood and Pershing, recovery and resumption time of four hours. Schwab, recovery and resumption time within minutes in most cases.

## A. Our Firm's Mission Critical Systems

### 1. ORDER TAKING

Currently our firm receives orders from customers via the telephone and by in person visits by the customer. During an SBD, either internal or external, we will continue to take orders through any of these methods that are available and reliable, or in addition, as communications permit, we will inform our customers what alternatives they have to send their orders to us. Customer will be informed of alternatives by phone or email. If necessary, we will advise our customers to place orders directly with their custodian; Cascade Financial Management, Inc. at 800-353-0008; Pershing and/or Schwab through Lockwood at 800-309-2360.

### 2. ORDER ENTRY

Currently, our firm enters orders by recording them on paper and electronically and sending them to our clearing firms electronically or telephonically.

In the event of an internal SBD, we will enter and send records to our clearing firms by the fastest alternative means available, which include cell phones, courier service or express mail service (FedEx, UPS, etc.). In the event of an external SBD, we will maintain the order in electronic or paper format, and deliver the order to the custodians 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 custodians for order entry.

### 3. OTHER SERVICES CURRENTLY PROVIDED TO CUSTOMERS

In addition to those services listed above in this section we also manage the managers of your portfolios and make the provisions for your income if you are taking income. In the event of an internal SBD, we would use the fastest means available to be able to be in touch with the necessary people. Again, using cell phones or moving to an alternate location to conduct business. In the event of an external SBD, we would maintain records of all requests by electronic or paper format, and deliver the order to the appropriate departments/people by the fastest means available when it resumes operations.

## B. MISSION CRITICAL SYSTEMS PROVIDED BY OUR CLEARING FIRMS

Our firm relies, by contract, on our clearing firm to provide order execution, order comparison, order allocation, and the maintenance of customer accounts, delivery of funds and securities, and access to customer account.

Rules: FINRA Rules 3510(c) & (f)(1).

❖ X ALTERNATE COMMUNICATIONS BETWEEN THE FIRM AND CUSTOMERS, EMPLOYEES AND REGULATORS

A. CUSTOMERS

We now communicate with our customers using the telephone, email, our Web site, fax, U.S. Mail, and in person visits at our firm. 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 e-mail but the Internet is unavailable, we will call them on the telephone and follow up where a record is needed with a paper copy in the U.S. Mail.

Rule: FINRA Rule 3510 (c)(4).

B. EMPLOYEES

We now communicate with our employees using the telephone, e-mail, and in person. 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 the partners can reach all representatives and 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: Craig Phillips

Caller	Call Recipients
Craig Phillips	Vicki Morgan, Gloria Patterson
Vicki Morgan	Dave Stieh, Herb Pontzer,

Rule: FINRA Rule 3510(c)(5).

### C. REGULATORS

We are currently members of the following SRO's: FINRA and SEC. We communicate with our regulators using the telephone, e-mail, fax, U.S. Mail and in person. 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 3510(c)(9).

## ❖ XI CRITICAL BUSINESS CONSTITUENTS, BANKS AND COUNTER PARTIES

### A. BUSINESS CONSTITUENTS

We have contracted 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 an SBD to them or our firm. Our major suppliers are: Cascade Financial Management, Inc. 1512 Larimer Street, Suite 250, Denver, CO 80202, 800-353-0008; Lockwood Advisors, Inc., 10 Valley Stream Parkway, Malvern, PA 19355, 800-309-2360; Pershing and Schwab through Lockwood Advisors, Inc.

### B. BANKS

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: Souynous Bank, Clearwater, FL. If our banks and other lenders are unable to provide the financing, we will seek alternative financing immediately from Bank of America.

Rule: FINRA Rule 3510 (c)(7)

### C. COUNTER-PARTIES

We have contacted our critical counter-parties, 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 firms or contact those counter-parties directly to make alternative arrangements to complete those transactions as soon as possible.

Rules: FINRA Rules 3510(a) & (c)(7)

#### ❖ XII REGULATORY REPORTING

Our firm is subject to regulation by FINRA & SEC and Cascade Financial Management, Inc. We now file reports with our regulators using paper copies in the U.S. Mail, and electronically using fax, e-mail, 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.

Rule: FINRA Rule 3510 (c)(8).

#### ❖ XIII DISCLOSURE OF BUSINESS CONTINUITY PLAN

We provide in writing a BCP disclosure statement to customers at account opening and annually with our Privacy Policy and ADV offer. We also post the disclosure statement on our Web site and mail it to customers upon request. Our disclosure statement is attached.

Rule: FINRA Rule 3510(e).

#### ❖ XIV UPDATES AND ANNUAL REVIEW

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 firms. In addition, our firm will review this BCP annually, during the first quarter of the year, to modify it for any changes in our operations, structure, business, or location or those of our clearing firm.

Rule: FINRA Rule 3510(b).