

# B U S I N E S S   C O N T I N U I T Y

## P L A N

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## *Business Continuity Plan*

### **Purpose**

The purpose of this document is to provide clients and business partners with an overview of the Business Continuity Plan for Capital Institutional Services, Inc. (CAPIS). Since comprehensive support is of paramount importance, including timely and successful clearing, this also includes information related to trade clearing through Broadcort, a division of Bank of America / Merrill Lynch.

For security purposes, this document does not include specific details that would be classified as sensitive information. As required, however, additional details may be supplied to clients and business partners by contacting Rob Duckworth, the CAPIS BCP Coordinator, at [rduckworth@capis.com](mailto:rduckworth@capis.com).

### **Background**

The CAPIS Business Continuity Plan defines two teams that play a major role during a disaster.

- Recovery Management Team
- Business Area Response Team

The overall objectives and responsibilities of the Recovery Management Team include the following.

- Perform a preliminary assessment of the situation.
- Notify Response Team leaders of the status, impact to the business, and the plan of action.
- Declare a disaster, if necessary.
- Initiate the plan during emergency situations.
- Organize and operate the Command Center as the central point of control during the recovery efforts.
- Administer and direct the problem resolution functions.

The overall objectives and responsibilities of the Business Area Response Team include the following.

- Organize and provide administrative support for the recovery effort.
- Execute the business recovery procedures.
- Communicate the status of the recovery to the Response Team Leaders as required.
- Identify issues or problems to be escalated to the Recovery Management Team for resolution.
- Support efforts to return to normal operations.
- Reestablish support operations effected by the disaster.
- Identify replacement equipment or software needed for the recovery effort and to return to normal operations.

There are many types of disasters. If the disaster allows CAPIS to stay in its Dallas office, then the Command Center will remain at the primary location. Otherwise, the Command Center will be located at the business continuity site or other remote locations.

Once a disaster has been declared, the Recovery Management Team will report to the Command Center or other remote locations to manage the recovery efforts. All communications with employees, clients, and regulators will be supported from the Command Center.

### **Books and Records Back-up and Recovery**

CAPIS utilizes hosted 3<sup>rd</sup> party solutions to support all trading activities (i.e. domestic, international, fixed income, options, futures, and currency). These vendors provide comprehensive support for all systems and all data at their primary and backup data centers. CAPIS also retains copies of all trading data at its offsite data center, and once orders are confirmed in one of the order management systems, they are relayed real-time to Broadcort.

Broadcort's systems and data are maintained in both production and backup data center facilities. Electronic data is continuously replicated to an alternate data center and in the event of a business disruption, it can be recovered within a 4 hour period. Data is replicated to the secondary site in real-time or in up to 15 minute intervals for either mainframe processing systems or distributed environments.

### **Mission Critical Systems**

Since ongoing support from Trading and Operations is of paramount importance to our clients, those business areas will have the highest priority.

Trading: In the event of an emergency, any Trading personnel located in the primary office will be relocated to either their home offices or the business continuity site. Both home offices and the business continuity site provide comprehensive support for all trading related requirements including immediate access to 3<sup>rd</sup> party trading solutions, e-mail, and telephone service.

Operations: In the event of an emergency, any Operations personnel located in the primary office will be relocated to either their home offices or the business continuity site. Both home offices and the business continuity site provide comprehensive support for all related requirements including immediate access to 3<sup>rd</sup> party trading solutions, e-mail, and telephone service.

### **Financial and Operational Risk Assessment**

The Business Continuity Plan defines redundant systems that will allow CAPIS to continue business and communicate with clients and business partners. These redundant systems are tested formally on an annual basis, and daily in practice. In the event that issues are encountered related to the system and network recovery efforts, manual processes are in place that will allow CAPIS to continue operations.

### **Communications with Clients**

Once an emergency has been declared and the decision has been made to activate the Business Continuity Plan, the External Communication Manager will be responsible for approving and coordinating notification efforts to clients.

### **Communications with Employees**

Once a disaster has been declared and the decision has been made to activate the Business Continuity Plan, the Recovery Management Team Leader will notify the Business Area Response Teams. The Business Area Response Team Leaders will subsequently coordinate communication efforts with individual team members.

### **Alternate Location for Employees**

If the main office is inaccessible or it must be abandoned due to an emergency, CAPIS personnel will work from home, the business continuity site or other remote locations. This will primarily consist of Trading, Operations, IT, and the Management Team.

### **Critical Business Constituent, Bank and Counter-Party Impact**

CAPIS works closely with Broadcort and other business partners to coordinate plans for Business Continuity.

### **Regulatory Reporting & Communications with Regulators**

In the event of a disaster, regulatory systems will be available immediately. If the disaster occurs at a regulatory location, CAPIS will initiate contact to determine the best filing method(s). The designated Response Team person will contact regulators regarding any major business disruption and plans for continuing business.

Broadcort's regulatory systems will be recovered within the same time frame as the clearing systems, and any delays in regulatory reporting will be addressed at that time.

### **Client's Access to Funds or Securities**

CAPIS is an introducing firm. It does not perform any clearing services, and it does not hold any customer funds or securities. All transactions are relayed to Broadcort to clear and settle. Broadcort also maintains customer accounts, provides access to these accounts, and delivers funds and securities.

CAPIS will utilize electronic systems or manual procedures to contact Broadcort to ensure the timely delivery of currency or transfer of financial instruments. If the Firm is unable to continue business operations, customers will be notified of an alternative financial institution where they may conduct business and access funds and securities.