

# STRASBOURGER PEARSON TULCIN WOLFF, INC.

## Business Continuity Plan (BCP)

amended 7/23/2008

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### **I. Emergency Contact Persons**

Our firm's two emergency contact persons are Michael J. Schumacher (212) 952-7514, [schumacher@sptwinc.com](mailto:schumacher@sptwinc.com) and Robert C. Delaplain, (212) 952-7500, [delaplain@sptwinc.com](mailto:delaplain@sptwinc.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.

### **II. Firm Policy**

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**

Michael J. Schumacher, President and registered principal, is responsible for approving the plan and for conducting the required annual review. Michael J. Schumacher, President, 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 at our back-up site on disc under the folder named "SPTW BCP" and in "my documents" on the compliance department's computer in a folder named "SPTW BCP".

### **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 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 retail customers and institutional customers. We also engage in any private placements.

Our clearing firm is Pershing, LLC, One Pershing Plaza, Jersey City, NJ 07399, (201) 413-3635 or alternatively (213) 624-6100, ext. 500. Pershing's Web site address is [www.pershing.com/about/.html](http://www.pershing.com/about/.html). Our contact at Pershing is John Verga, (201) 413-2572, [jverga@pershing.com](mailto:jverga@pershing.com).

### **IV. Office Location**

Our firm conducts business from our main office located at 61 Broadway, Suite 1630, New York, NY 10006. The main number is (212) 952-7500. The firm also operates from a small branch office located at 600 Old Country Road, Suite 226, Garden City, NY 11530. The telephone number at the small branch office is (516) 650-7157. Our employees may travel to that office by means of foot, car, subway, train, bus, and ferry. We engage in order taking and entry at both the main office and the small branch office.

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

In the event of an SBD, we will move our staff from the affected office to work from home utilizing cellular telephones and by computer utilizing Pershing's NetXpro which permits our brokers to enter orders.

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

Our firm does not maintain custody of customers' funds or securities, which are maintained at our clearing firm, Pershing. 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 advising them that they may access their funds and securities by contacting Pershing at (201) 413-3635. 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.

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

Our firm maintains its primary hard copy books and records and its electronic records at 61 Broadway, New York, NY 10006. Michael J. Schumacher, President, (212) 952-7514, is responsible for the maintenance of these books and records. Our firm maintains documents, such as new account forms, order tickets, correspondence, etc, and forms that are not transmitted to our clearing firm.

Our firm maintains its back-up hard copy books and records at our accountants' Rosen Seymore Shapss Martin & Co. LLP, 775 Third Ave., NY 10017-2049, tel. (212) 303-1800. These records are both paper and electronic. Our firm backs-up its electronic records onto CD's, which are stored at our back-up site. Michael J. Schumacher, President, (212) 952-7514 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 on a monthly basis.

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 at our homes utilizing cellular phones and the computer. For the loss of electronic records, we will either physically recover the storage media or electronically recover data from our back-up site or an alternate location.

## **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 telephone voice mail, secure e-mail, and cellular telephones. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery (Hard Copy and Electronic).

### **B. Financial and Credit Risk**

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.

## **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. More specifically, these systems include Pershing's NetExchange Pro, for order entry, execution and customer information.

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, 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 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 at least quarterly.

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 and resumption time period of four hours.

## A. Our Firm's Mission Critical Systems

### **1. Order Taking**

Currently, our firm receives orders from customers via telephone. During an SBD, either internal or external, we will continue to take orders through any of these methods that are available and reliable. 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 telephone and e-mail. If necessary, we will advise our customers to place orders directly with our clearing firm, Pershing.

### **2. Order Entry**

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

We currently execute orders electronically using Pershing's system or over the telephone by calling Pershing's order desk. We also execute orders for fixed income by calling certain bond brokers direct. In the event of an internal SBD, we would direct our customers to call Pershing's contact number (201) 413-3635. In the event of an external SBD, we would continue to utilize our clearing firm's system for execution. If we were unable to contact the bond brokers direct, we would rely on Pershing's order desk for fixed income execution.

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

In addition to those services listed above in this section we also advise our customers as to securities transactions. In the event of an internal SBD, we would continue to advise our customers through any communications system available such as telephone, e-mail or cellular phone. In the event of an external SBD, we would continue to rely on Pershing's system. We can refigure employees home computers allowing them to access data stored on the computers in the office. In this way, they could temporarily work from home until other arrangements could be made.

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

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 accounts.

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

### **A. Customers**

We now communicate with our customers using the telephone, e-mail, fax, U.S. mail, and in person visits at our firm or at the customer's 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 e-mail 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.

### **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 designate three people as contacts during an SBD. Each employee has everyone's phone number, cellular number and e-mail address for quick contact.

### **C. Regulators**

We are currently members of the following SROs: NYSE, (now FINRA) and the MSRB. 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.

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

### **A. Business constituents**

We have contacted our critical business constituents 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. Our major suppliers are:

AT&T – (800) 235-7524, for local & long distance telephone.  
61 Broadway (Main Office) – (212) 269-6890, buildings housing office.  
600 Old Country Road (small branch)- (516) 393-9000, Pollmen Skyline Mgmt.

## 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: Signature Bank, 71 Broadway, New York, NY 10006, (646) 822-1555. Our contact is James V. Raggi.

## 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 firm or contact those counter-parties directly to make alternative arrangements to complete those transactions as soon as possible.

## **XII. Regulatory Reporting**

Our firm is subject to regulation by the NASD (now FINRA), NYSE, MSRB and the SEC. We now file reports with our regulators using the Internet. In the event of an SBD, we will check with FINRA, the NYSE, MSRB, SEC and other state 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. The contact information for our regulators are:

NASD -	(866) 776-0800
NYSE -	(212) 656-3000
MSRB -	(703) 797-6600
SEC -	(202) 942-8088

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

We disclose in writing a summary of our BCP to customers at account opening and annually thereafter on their quarterly monthly account statements. We mail it to our customers upon their request. e and] mail it to customers upon request. Our summary addresses the possibility of a future SBD and how we plan to respond to events of varying scope. In addressing the events of varying scope, our summary (1) provides specific scenarios of varying severity (e.g., a firm-only business disruption, a disruption to a single building, a disruption to a business district, a city-wide business disruption and a regional disruption); (2) states whether we plan to continue business during that scenario and, if so, our planned recovery time; and (3) provides general information on our intended response. Our summary discloses the existence of back-up facilities and arrangements.

### **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 firm. In addition, our firm will review this BCP annually, on October 1, to modify it for any changes in our operations, structure, business, or location or those of our clearing firm.