

## **BCP Notice**

Southern Wealth Securities' firm-wide business contingency plan is to respond to a Significant Business Disruption (SBD) by securing employees' safety and firm property, making financial and operational assessments, promptly recovering and resuming operations, protecting all the firm's books and records, and allowing our customers to transact business. If we determine we are unable to continue our business, we will assure customers prompt access to their funds and securities.

## **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 or power outage in one of our facilities. 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 heavily on the availability of other organizations, particularly our market data providers.

## **Approval and Execution Authority**

SWS's business continuity and disaster recovery plan is reviewed and approved by Senior Management annually.

## **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 by regulators. Members of the BCP Team have additional copies of the plan stored off-site.

## **Business Description**

SWS is a diversified financial services firm headquartered in Dallas, TX consisting of:

Private Placements

Variable Annuities and Insurance

## **Office Locations**

Our firm has three office locations:

### Main Office/OSJ

5005 LBJ Freeway, Suite 1313

Dallas, TX 75244

### San Antonio Office:

1826 N. Loop 1604 W., Suite 260

San Antonio, TX 78248

### New Orleans Office

601 Poydras Street, Suite 1855

New Orleans, LA 70130

### **Clients' Access to Funds and Securities**

The firm does not maintain custody of its clients' funds or securities. The client has direct access to the custodian and therefore will have no interruption to such access in the unlikely event of SWS's inability to conduct or remain in business.

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

In the event of an SBD, we will move our staff from affected offices to the closest of our unaffected office locations. If none of our other office locations is available to receive those staff, critical employees will be instructed to work from home.

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

SWS uses a third-party provider to back up its electronic records on a nightly basis. These backups are stored off-site and retrieved on an as needed 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 an alternate location. For the loss of electronic records, we will either physically recover the storage media or electronically recover data from our back-up site, or, if our primary site is inoperable, continue operations from our back-up site or an alternate location.

### **Financial and Operational Assessments**

#### **Operational Risk**

In the event of an SBD, we will immediately contact our electronic file services provider, and our email provider, to identify what means will permit us to communicate with our customers, employees and critical business constituents including the SEC and FINRA. Although the effects of an SBD will determine the means of alternative communication, the communications options we will employ will include our Web site, telephone voice mail, and message blasting capabilities. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery (Hard Copy and Electronic).

#### **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 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 action.

#### **Mission Critical Systems**

Our firm's "mission critical systems" are those that ensure prompt and accurate retention of client data and records entrusted to us as well as information required to be maintained by our business needs and

regulatory requirements. We will use our mission critical database to maintain, verify and reference mission critical applications firm wide.

We have primary responsibility for establishing and maintaining our business relationships with our clients and have sole responsibility for our mission critical functions.

Our service bureau and market data vendors represent that nightly backs-up are performed and could be restored at a remote operating facility in a geographically separate area with the capability to conduct the same volume of business as its primary site. Our service bureau has also confirmed the effectiveness of its back-up arrangements to recover from a wide scale disruption by periodic 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, 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 communication and record retention systems after a wide-scale disruption.

### **Alternate Communications Between the Firm and its Clients and Employees**

#### **Clients**

We currently communicate with our customers using the telephone, email, our Web site, fax, U.S. mail, and in-person visits at our firm or at the other'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. Options would be available to check on the status of systems and facility access or to leave a message with a member of the firm.

#### **Employees**

We currently communicate with our employees using the telephone, email, 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 senior management can reach all employees quickly during an SBD. The call tree includes all staff home, office, pager and cell phone numbers. Options would be available to check on the status of systems and facility access or to leave a message with a member of the firm.