Business Continuity Plan Template for

Small Introducing Firms

[Firm Name]

Business Continuity Plan (BCP)

**This optional template is provided to assist small introducing firms in fulfilling their obligations under FINRA Rule 4370 (Business Continuity Plans and Emergency Contact Information). This template is provided as a starting point for developing your firm’s plan. The obligation to develop a business continuity plan (BCP) is not a “one-size-fits-all” requirement, and you must tailor your plan to reflect the size and needs of your firm.**

**Following this template does not guarantee compliance with or create any safe harbor with respect to FINRA rules, the federal securities laws or state laws, or other applicable federal or state regulatory requirements. This template does not create any new legal or regulatory obligations for firms or other entities.**

Updates

This template was last updated in October 2021. This template does not reflect any regulatory changes since that date. FINRA periodically reviews and updates this template. FINRA reminds member firms to stay apprised of new or amended laws, rules and regulations, and update their WSPs and compliance programs on an ongoing basis.

Member firms seeking additional guidance on certain regulatory obligations should review the [FINRA BCP Topic Page](https://www.finra.org/rules-guidance/key-topics/business-continuity-planning).

Staff Contacts

FINRA’s Office of General Counsel (OGC) staff provides broker-dealers, attorneys, registered representatives, investors and other interested parties with interpretative guidance relating to FINRA’s rules. Please see Interpreting the Rules for more information.

OGC staff contacts:

Jeanette Wingler at (202) 728-8013 or Jeanette.Wingler@finra.org; or

Sarah Kwak at (202) 728-8471 or Sarah.Kwak@finra.org.

Overview of Rule 4370 (Business Continuity Plans and Emergency Contact Information)

Rule 4370 requires a member firm to create, maintain, annually review and update upon any material change a written BCP identifying procedures relating to an emergency or significant business disruption. These procedures must be “reasonably designed to enable the member to meet its existing obligations to customers.” While each member firm needs to conduct its own risk analysis to determine where critical impact points and exposures exist within the firm and with its counterparties and suppliers, significant business disruptions for purposes of business continuity planning may include, among other things, natural disasters, pandemics, terrorist attacks and cyber events. In addition, member firms that heavily leverage technology for their business systems and infrastructure may have an increased risk of significant business disruptions associated with cyber events and technology-related disruptions. Each member firm has flexibility to tailor the BCP to the size and needs of its business, provided that the plan addresses the enumerated minimum elements described below to the extent applicable and necessary to the firm.

In addition, Rule 4370 requires each member firm to provide (and promptly update upon any material change) to FINRA prescribed emergency contact information for the member firm. The rule also requires each member firm to disclose (at a minimum, in writing at account opening, by posting on its website, and by mailing upon request) to its customers how the BCP addresses the possibility of a future significant business disruption and how the member firm plans to respond to events of varying scope.

Critical Elements

At a minimum, a BCP must address these elements, to the extent applicable and necessary:

(1) Data back-up and recovery (hard copy and electronic);

(2) All mission critical systems;

(3) Financial and operational assessments;

(4) Alternate communications between customers and the member;

(5) Alternate communications between the member and its employees;

(6) Alternate physical location of employees;

(7) Critical business constituent, bank and counter-party impact;

(8) Regulatory reporting;

(9) Communications with regulators; and

(10) How the firm will assure customers’ prompt access to their funds and securities in the event that the member determines that it is unable to continue its

business.

To the extent that these categories are not applicable, you must document in the BCP the rationale for their exclusion. Keep in mind that the above-listed elements are not exhaustive; you should address other key areas for your plan to be complete and thorough, based on your firm’s business and operations.

FINRA Rule 4370(c) requires that firms relying on another entity for elements of their BCP or mission-critical systems must address that relationship in their plan. This template is written for small introducing firms that use a clearing firm and includes sample language regarding the nature of that particular relationship. If your firm conducts a different type of business (*e.g*., conducts only a “direct application” business involving mutual funds and variable insurance products held directly at the issuer), you must modify the template to describe the entities you rely on and the nature of those relationships.

*TEXT EXAMPLE*Sare provided to give you sample language that you can modify to create your firm’s plan.

Material in *italics* provides instructions, citations to relevant rules and other resources that you can use to develop your firm’s plan.

For additional information, FINRA’s dedicated [BCP Topic](https://www.finra.org/rules-guidance/key-topics/business-continuity-planning) Page summarizes the requirements of FINRA Rule 4370 and provides other information to aid firms. Guidance and temporary regulatory relief related to business continuity planning during the COVID-19 pandemic is available on FINRA’s dedicated [COVID-19 Topic](https://www.finra.org/rules-guidance/key-topics/covid-19) Page. Firms relying on third-party providers to provide services in connection with their BCPs should review *Notice to Members* [*05-48*](http://www.finra.org/Industry/Regulation/Notices/2005/P014736) (July 2005) and *Regulatory Notice* [21-29](https://www.finra.org/rules-guidance/notices/21-29) (August 2021).

# Emergency Contact Persons

Identify your firm’s two emergency contact persons. Your firm must identify its emergency contact persons through the [FINRA Contact System](https://www.finra.org/filing-reporting/finra-contact-system) (FCS). In addition, your firm must use FCS to update the contact information promptly (but no later than 30 days following any change in the information) and annually review and update, if necessary, the information within 17 business days after the end of each calendar year.

* Each emergency contact person must be an associated person of the firm, and at least one emergency contact person must be a member of senior management and a registered principal of the firm.
* If your firm designates a second emergency contact person who is not a registered principal of your firm, then that contact person must be a member of senior management who has knowledge of the firm’s business operations.
* If your firm has only one associated person, the second emergency contact must be an individual, either registered with another firm or non-registered, who has knowledge of your firm’s business operations (e.g., your firm’s attorney, accountant or clearing firm contact person).

*TEXT EXAMPLE:* Our firm’s two emergency contact persons are:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **Title or Relationship to Firm[[1]](#footnote-1)** | **Mailing Address** | **Email Address**  | **Phone Number** | **Fax Number** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

The firm will provide FINRA with the contact information for the two emergency contact persons: (1) name; (2) title; (3) mailing address; (4) email address; (5) phone number; and (6) facsimile number through the [FINRA Contact System](https://www.finra.org/filing-reporting/finra-contact-system) (FCS). [Name or title] will promptly notify FINRA of any change in this information through FCS (but no later than 30 days following the change) and will review, and if necessary, update, this information within 17 business days after the end of each calendar year.

*Rule: FINRA Rule 4370(f); FINRA Rule 4517. See also FINRA’s Regulatory Filing Systems for the* [*FCS*](https://www.finra.org/filing-reporting/finra-contact-system)*.*

# Firm Policy

State your firm’s objectives for business continuity in the event of an emergency or significant business disruption (SBD), including your firm’s obligation to assure customers access to their funds and securities in the event of a significant business disruption. This policy should be available to all employees. State who has the authority to approve the plan and how to access the plan.

*TEXT EXAMPLE*: Our BCP’s primary objectives are to continue providing services to our customers, protect the health and safety of our employees, and fulfill our legal and regulatory obligations. In the event that we determine we are unable to continue our business we will assure customers prompt access to their funds and securities.

## Significant Business Disruptions (SBDs)

An SBD may affect only our firm (*e.g.*, a fire in our office building or cyber event) or may be widespread affecting several firms or the operation of the securities markets (*e.g.*, a terrorist attack, a natural disaster or a pandemic). Our response will vary depending on the severity of the SBD, which may include greater reliance on other organizations and systems, especially on the capabilities of our clearing firm.

## Plan Approval and Annual Reviews

[Name, title], a registered principal and member of senior management, is responsible for approving the plan and for conducting the required annual review.

*Rule: FINRA Rule 4370(b) and (d).*

## Plan Location and Access

Consistent with FINRA Rule 4511 (General Requirements), our firm will maintain copies of its BCP, any modifications that have been made to the BCP and the annual reviews for inspection, and the BCP will be made available promptly upon request to FINRA staff. The BCP is also available to all employees on [internal webpage or server name in the file/folder name].

*Rule: FINRA Rule 4370(a); FINRA Rule 4511.*

# Business Description

State the types of business that your firm conducts.

*TEXT EXAMPLE:* Our firm is an introducing firm that conducts business in equity securities, fixed income securities, and derivatives for [retail or retail and institutional customers]. We do not engage in any private placements. We do not perform any type of clearing function or hold customer funds or securities. After an order is accepted and entered by our firm, the order is sent to our clearing firm for execution, clearance and settlement. Our clearing firm also maintains our customers’ accounts, can grant customers access to them, and delivers funds and securities.

Our clearing firm is [name, address, phone number, email address, website] and our contact person at that clearing firm is [name, phone number, email]. Our clearing firm has also given us the following alternative contact in the event that our primary contact cannot be reached:[name, address, phone number, email address, website].

# Office Locations

List the locations of all of your offices, registered and unregistered, and state which mission critical systems, as defined below, take place at each location.

TEXT EXAMPLE: *Our firm has offices located in Location #1 and Location #2.*

## Office Location #1

Our Location #1 Office is located at [address]. Its main phone number is [insert] and the [office manager or other point of contact] is [name, email and phone number]. [Our employees rely on public transportation to travel to the office.] We engage in order taking and entry at this location. [The alternate location or back-up location is [name of firm (if different), address, phone number].] In the event that Location #1 Office is inaccessible or staff is working remotely due to an SBD, mail will be directed or forwarded to the alternate location or back-up location.

## Office Location #2

Our Location #2 Office is located at [address]. Its main phone number is [insert] and the [office manager or other point of contact] is [name, email and phone number]. [Our employees rely on public transportation to travel to the office.] We engage in order taking and entry at this location. [The alternate location or back-up location is [name of firm (if different), address, phone number].] In the event that Location #2 Office is inaccessible or staff is working remotely due to an SBD, mail will be directed or forwarded to the alternate location or back-up location.

# Alternate Physical Location(s) of Employees

List the alternate physical location(s) your firm will use in the event an SBD affects the operation of your office locations.

TEXT EXAMPLE: In the event of an SBD impacting our ability to operate in a location, staff in the affected office(s) will move to [the closest of our unaffected office location(s) or our back-up location at [name of firm (if different), address, phone number]].

If the [alternate office location or back-up location] is unavailable or infeasible (*e.g.*, due to the inability to employ social distancing during a pandemic), staff may temporarily work from a remote location (*e.g.*, staff may work from home because of health and safety reasons during a pandemic). In this event, we will maintain a list of employee working locations and contact information.

The risk of cybersecurity events may be increased due to use of remote offices or telework arrangements. We will remain vigilant in our surveillance against cyber threats and take steps to reduce the risk of cyber events. [These steps may include: (1) ensuring that virtual private networks (VPN) and other remote access systems are properly patched with available security updates; (2) checking that system entitlements are current; (3) employing the use of multi-factor authentication for associated persons who access systems remotely; and (4) reminding associated persons of cyber risks through education and other exercises that promote heightened vigilance.]

*Rule: FINRA Rule 4370(c)(6).*

#  Customers’ Access to Funds and Securities

State that your firm does not maintain custody of customers’ funds or securities and how your firm will make them available to customers in the event of an SBD, including in the event your firm determines that it is unable to continue its business. State the entity at which such funds and securities are held and how your firm will facilitate access to them.

*TEXT EXAMPLE:* Our firm does not maintain custody of customers’ funds or securities. Our clearing firm, [insert name] maintains custody of customers’ funds or securities. If telephone or internet service is available during an SBD, our registered persons will take customer orders or instructions (including instructions to transfer customer accounts in the event our firm determines that it is unable to continue its business) and contact our clearing firm on their behalf. If registered persons are unable to service customers’ orders or instructions, our firm will [post on our website or customer portal or send an email to customers notifying customers that they] may access their funds and securities by contacting [insert contact information]. The firm will make this information available to customers through its disclosure policy.

*Rule: FINRA Rule 4370(a)*.

# Data Back-Up and Recovery

*Identify the location of your firm’s primary or original books and records and the location of your firm’s back-up copy of books and records. Describe how your firm backs up its data. In addition, describe how your firm will recover data in the event of an SBD.*

*TEXT EXAMPLE*: Our firm maintains its primary or original books and records in [electronic form, paper form or both electronic and paper form] at [address]. [Name, title, phone number] is responsible for the maintenance of these books and records. Our firm exclusively maintains the following document types and forms that are not transmitted to our clearing firm: [List document types and forms, such as new account forms, etc.].

Our firm maintains its back-up copy of books and records in [electronic form, paper form or both electronic and paper form] at [other address]. [Name, title, phone number] is responsible for the maintenance of the back-up copy of our books and records.

Our firm backs up its paper books and records by copying and physically taking the paper copies to our back-up site. We back up our paper books and records every [time period]. The firm backs up its electronic books and records daily [or other time period] by [describe process], and keeps an electronic copy at our back-up site.

In the event of an SBD that causes the loss of our primary or original paper books and records, we will physically recover paper copies of them from our back-up site. For the loss of our primary or original electronic books and records, we will obtain electronic copies of them from our back-up site or physically recover the electronic storage media from our back-up site. [The back-up copy of our books and records is maintained by a recordkeeping service [Name, address, phone number]. In the event of an SBD that causes the loss of our primary or original books and records, we will obtain the back-up copy of books and records from that recordkeeping service.] If our primary site is inoperable, we will continue operations from our back-up site or an alternate location.

*Rule: FINRA Rule 4370(c)(1).*

# Financial and Operational Assessments

*Describe your firm’s procedures to identify changes in its operational, financial and credit risk exposures in the event of an SBD. Your firm should periodically assess the changes in these exposures and quickly make such an assessment in connection with an SBD.*

## Operational Risk

*Operational risk includes the firm’s ability to maintain communications with customers and to retrieve key activity records through its mission critical systems.*

*TEXT EXAMPLE:* In the event of an SBD, we will identify whether there are any limitations on our ability to communicate with our customers, employees, critical business constituents, critical banks, critical counter-parties and regulators. Depending on the limitations, we will employ alternate modes of communication, including [our website, phone or email], to communicate with customers, employees, critical business constituents, critical banks, critical counter-parties and regulators. If registered persons are unable to service customers, our firm will [post on our website or customer portal or send an email to customers notifying customers that they] may access their funds and securities by contacting [insert contact information]. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery.

*Rule: FINRA Rules 4370(c)(3),(c)(4), (c)(5), (c)(7), (c)(9) and (g)(2).*

## Financial and Credit Risk

*Financial risk involves the firm’s ability to fund operations and maintain adequate financing and sufficient capital. The firm also may face credit risk (where its investments may erode from the lack of liquidity in the broader market), which would also hinder the ability of the firm’s counterparties to fulfill their obligations.*

*TEXT EXAMPLE:* In the event of an SBD impacting our financial position, 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, including [insert procedures].

*Rule: FINRA Rules 4370(c)(3), (c)(8) and (g)(2).*

# Mission Critical Systems

Describe your firm’s mission critical systems. If your firm relies on the clearing firm for any mission critical system, describe your firm’s review of its clearing firm’s capabilities to perform mission critical functions for your firm.

*TEXT EXAMPLE:* 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:

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| --- | --- | --- | --- |
| **Mission Critical System** | **Function**  | **Provider**  | **Contact Information** |
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Our firm establishes and maintains our business relationships with our customers and performs the mission critical functions of order taking [and] entry [and execution]. Our clearing firm provides, through contract, the [execution,] comparison, allocation, clearance and settlement of securities transactions, maintenance of customer accounts, access to customer accounts and the delivery of funds and securities.

[In the event that our firm’s BCP is executed, our clearing firm contract provides that our clearing firm will [provide a description of any services that will be provided by the clearing firm when the BCP is executed, such as calls from customers to the firm’s main office will instead be directed to the clearing firm or customers will be instructed to place orders directly with the clearing firm.]

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 business or customers [and has 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 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 [or, preferably, 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[, and it has confirmed that it tests its back-up arrangements everytime period]*.*

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 time period of [*e.g.,* within 4 hours]*;* and resumption time of [*e.g.,* within the same business day].

[Name] will periodically review our clearing firm’s capabilities to perform the mission critical functions the clearing firm has contracted to perform for our firm.

## Our Firm’s Mission Critical Systems

### Order Taking

*Describe how your firm will handle order taking in the event of an SBD.*

*TEXT EXAMPLE*: Currently, our firm receives orders from customers via [insert all that apply (*e.g.*, phone, fax, email, website at [insert URL], in-person visits by the customer, etc.)]. During an SBD, we will continue to take orders through any of these methods that are available and reliable. As communications permit, we will inform our customers what alternative methods are available for sending orders. Customers will be informed of alternatives by [phone, email or posting on the firm’s website]. If necessary, we will advise our customers to place orders directly with our clearing firm at [insert clearing firm contact information].

### Order Entry

*Describe your firm’s procedures if an SBD prevents it from entering orders received from customers.*

*TEXT EXAMPLE*: Currently, our firm [places customer orders through [insert name of system] or records customer orders [on paper or electronically] and sends them to our clearing firm [electronically or telephonically]]. We have contacted [name of customer order system(s)] and were told that, under its BCP, we can expect [services] within [time]*.*

In the event of an SBD impacting order entry, we will enter and send orders to our clearing firm by the fastest alternative means available, which include [insert means your firm will use]. In the event of our clearing firm experiences an SBD impacting order entry, 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, our contract with the clearing firm provides that customers may be referred to the clearing firm for direct order entry.

### Order Execution

*If your firm executes orders, describe your procedures if an SBD prevents your firm from executing orders received from customers. If your firm does not execute orders, include order execution in the list of mission critical systems that your clearing firm provides to your firm in the next section, Mission Critical Systems Provided by Our Clearing Firm.*

*TEXT EXAMPLE*: We currently execute orders by [describe current execution procedures]. In the event of an SBD, we would [describe your execution procedures in the event of an SBD].

### Other Services Currently Provided to Customers

*TEXT EXAMPLE*: In addition to those services listed above in this section, we also [describe any other services you provide customers]. In the event of an SBD, we would [describe how you would provide those services in the event of an SBD].

## Mission Critical Systems Provided by Our Clearing Firm

Describe the arrangements you have with your clearing firm to provide other mission critical systems.

*TEXT EXAMPLE*: Our firm has contracted with our clearing firm to provide [order execution], order comparison, order allocation, customer account maintenance or access and delivery of funds and securities.

*Rule: FINRA Rules 4370(c)(2) and (g)(1).*

# Alternate Communications Between the Firm and Customers, Employees and Regulators

A. Customers

*Describe the alternate means of communications that your firm will use to communicate with its customers in the event of an SBD.*

*TEXT EXAMPLE:* In the event of an SBD, we will identify whether there are any limitations on our ability to communicate with customers. Depending on the limitations, we will employ alternate modes of communication, including [our website, phone or email], to communicate with customers. When an alternate mode of communication is used we will consider any increased risk of cybersecurity events stemming from the alternate mode.

*Rule: FINRA Rule 4370(c)(4) and (e).*

B. Employees

*Describe the alternate means of communications that your firm will use to communicate with its employees in the event of an SBD.*

*TEXT EXAMPLE:* In the event of an SBD, we will identify whether there are any limitations on our ability to communicate with employees. Depending on the limitations, we will employ alternate modes of communication, including [our website, phone or email], to communicate with employees. When an alternate mode of communication is used we will consider any increased risk of cybersecurity events stemming from the alternate mode.

Consistent with FINRA Rule 4511 (General Requirements), we will also employ the use of [firm-wide or office-wide emails or text messages or notifications, or a call tree] so that senior management can reach all employees quickly during an SBD. In addition, in the event that employees move to a back-up location or remote location for an extended period of time (*e.g.*, due to a pandemic), we will circulate updated employee contact information within the firm to maintain service.

We also have a call tree, which includes all staff personal and office phone numbers. The person to invoke use of the call tree is: [*insert name*]

|  |  |
| --- | --- |
| **Caller** | **Call Recipients** |
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*Rule: FINRA Rule 4370(c)(5).*

C. Regulators

*Describe the alternate means of communications that your firm will use to communicate with its regulators in the event of an SBD.*

*TEXT EXAMPLE:* We are currently members of the following self-regulatory organizations (SROs), and are also regulated by:[insert list of applicable SRO, federal and state securities regulators]*.* Contact information for these regulators is below in Section XII, Regulatory Reporting.

In the event of an SBD, we will identify whether there are any limitations on our ability to communicate with regulators. Depending on the limitations, we will employ alternative modes of communication, including [our website, phone or email], to communicate with regulators.When an alternate mode of communication is used we will consider any increased risk of cybersecurity events stemming from the alternate mode.

In the event that we have relied on any guidance or temporary regulatory relief from a regulator during an SBD, we will document our reliance.

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| --- | --- | --- | --- |
| **Regulator** | **Guidance or Temporary Regulatory Relief and Any Condition(s)** | **Actions in Reliance** | **Date(s)** |
|  |  |  |  |
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*Rule: FINRA Rule 4370(c)(9).*

# Critical Business Constituents, Banks and Counter-Parties

*Describe your firm’s procedures to identify changes in the impact an SBD may have on its relationship with its critical business constituents, banks, and counter-parties, and how it will deal with those impacts.*

## Business Constituents

TEXT EXAMPLE: In the event of an SBD related to 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), we will contact our critical business constituents and determine the extent to which we can continue our business relationship with them in light of the SBD. Our critical business constituents are:

|  |  |  |
| --- | --- | --- |
| Service/Product | Supplier’s Name, Address and Phone Number  | Any Alternate Supplier’s Name, Address, and Phone Number |
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We will quickly establish alternative arrangements if a business constituent can no longer provide the needed goods or services when we need them because the business constituent is experiencing its own SBD or we are experiencing ours own. [We have entered into supplemental contracts with other critical business constituents to provide such goods or services. The alternate suppliers are disclosed below.]

*Rule: FINRA Rule 4370(c)(7).*

## Banks

*TEXT EXAMPLE:* In the event of an SBD related to our financing, we will contact our banks and lenders to determine if they can continue to provide the financing. The bank maintaining our operating account is: [list bank name, address, phone number and contact]. The bank maintaining our Proprietary Account of Introducing Brokers/Dealers (PAIB account) is [list bank name, address, phone number and contact]. If our banks and other lenders are unable to provide the financing, we will seek alternative financing immediately from [bank/lender name, address and phone numbers].

*Rule: FINRA Rule 4370(c)(7).*

## Counter-Parties

*TEXT EXAMPLE:* In the event of an SBD related to our financing, we will contact 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 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.

*Rule: FINRA Rule 4370(c)(7).*

# Regulatory Reporting

*Describe how your firm will file its regulatory reports in the event of an SBD.*

*TEXT EXAMPLE:* Our firm is subject to regulation by: [insert list of applicable federal, self-regulatory organization and state securities regulators*.*] We fulfill our regulatory reporting obligations [using paper copies in the U.S. mail, electronic means and the [FINRA Gateway](https://www.finra.org/filing-reporting/finra-gateway)].

In the event of an SBD, we will identify whether there are any limitations on our ability to fulfill our regulatory reporting obligations. Depending on the limitations, we will employ alternate modes of communication, including [our website, phone or email], to communicate with regulators in fulfilling our regulatory reporting obligations. In the event we are unable to fulfill a regulatory reporting obligation in a timely manner we will notify our regulator at:

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| --- | --- | --- |
| **Regulator** | **Contact Person** | **Contact Information** |
| FINRA | [Risk Monitoring Analyst] |  |
| SEC[[2]](#footnote-2) |  |  |
| [State][[3]](#footnote-3) |  |  |

*Rule: FINRA Rule 4370(c)(8).*

# Disclosure of Business Continuity Plan to Customers

*TEXT EXAMPLE: Describe how your firm discloses its business continuity planning to customers. Attach the current version of your disclosure statement. A disclosure statement example is attached to this template as Attachment A. Your firm’s disclosure statement should address the possibility of a future significant business disruption and how the member plans to respond to events of varying scope. The statement need not disclose any confidential or proprietary information or the specific location of any back-up facilities.*

*TEXT EXAMPLE:* Attached is our written BCP disclosure statement we provide customers at account opening [list other times of disclosure if applicable, such as annually]. We also [post the disclosure statement on our website and] mail it to customers upon request.

*Rule: FINRA Rule 4370(e).*

# Updates and Annual Review

*Describe how your firm updates and conducts the annual review of your BCP.*

*TEXT EXAMPLE:* 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 [date], to determine whether any modification are necessary due to changes in our operations, structure, business or location or those of our clearing firm. [As part of our annual review, we will conduct a firm-wide test of our BCP.]

*Rule: FINRA Rule 4370(b).*

# Senior Manager Approval

*Approve the firm’s BCP by signing below.*

*TEXT EXAMPLE*: I have approved this Business Continuity Plan as reasonably designed to enable our firm to meet its obligations to customers in the event of an SBD.

*Rule: FINRA Rule 4370(d).*

Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

# Attachment A to [*Firm Name*] Business Continuity Plan

# *TEXT EXAMPLE of BCP Disclosure Statement for Introducing Firms with a Clearing Arrangement*

# [*Firm Name*]’s Business Continuity Planning

[*Firm Name*] has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

**Contacting Us** – If after a significant business disruption you cannot contact us as you usually do at [*firm phone number/email*], you should call our alternative number [*firm emergency number*] [or go to our website at {*URL*}]. If you cannot access us through either of those means, you should contact our clearing firm, [*name*] at [*clearing firm number and URL*] for instructions on how it may [*list the services your clearing firm may provide to your customers in the event of a significant business disruption; for example, provide prompt access to funds and securities, enter orders and process other trade-related, cash and security transfer transactions for your customers*]*.*

**Our Business Continuity Plan** – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm’s books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data backup and recovery; all mission critical systems; financial and operational assessments; alternate communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

[Our clearing firm, [*name*], backs up our important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we have been advised by our clearing firm that its objective is to restore its own operations and be able to complete existing transactions and accept new transactions and payments within [*resumption* *time period*]. Your orders and requests for funds and securities could be delayed during this period.]

**Varying Disruptions** – Significant business disruptions can vary in their scope, such as only our firm’s office, the city where we are located or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In the event of a significant business disruption, we have plans to place to move to a back-up location or remote locations as necessary. In either situation, we plan to continue in business, transfer operations to our clearing firm if necessary, and notify you through our website [*URL*] or our customer emergency number, [*firm emergency number*] how to contact us. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer’s prompt access to their funds and securities.

**For more information** – If you have questions about our business continuity planning, you can contact us at [*firm business number or email address*].

1. Identify second person’s relationship to the firm if not a registered principal of the firm. [↑](#footnote-ref-1)
2. The SEC’s main phone line is (800) 732-0330.

 [↑](#footnote-ref-2)
3. Contact information for state regulators may be obtained at <https://www.nasaa.org/contact-your-regulator/>. [↑](#footnote-ref-3)