



# **SLOAN SECURITIES CORP.**

## **Summary of Business Continuity Plan (BCP)**

Updated July, 2009

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## **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.

## **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.

## **Office Locations**

Our Firm has offices located in Fort Lee, NJ, Midtown Manhattan, New York, NY, Staten Island, NY, Poughkeepsie, NY, Philadelphia, PA and Burlingame, CA.

## **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 employees may work from home using their home telephones and our web enabled systems to access customer account information, take and enter orders.

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

Our firm does not maintain custody of customers' funds or securities, which are maintained at our clearing firm, Ridge Clearing & Outsourcing Services, Inc. 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 if our Web access is available, our firm will post on our Web site that customers may access their funds and securities by contacting Ridge Clearing & Outsourcing Services, Inc. at (800) 221-3524. 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 and providing access to ADP Clearing & Outsourcing Services, Inc.

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

Our firm maintains its back-up hard copy books and records at 70 Hilltop Road, Suite 1004, Ramsey, NJ 07446. These records are computerized and hard copy. Arthur Laurent, FINOP, (201) 327-4090 is responsible for the maintenance of these back-up books and records. We back up our records periodically.

The firm maintains a second set of electronic records 70 Hilltop Road, Ramsey, NJ 07446.

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 second set of records, 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 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, telephone voice mail, 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).

### **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 the appropriate steps.

## **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.

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 and execution. 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 as exhibit A. 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 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 Firm's Mission Critical Systems**

### **Order Taking**

Currently, our firm receives orders from customers via telephone, our Web site at [www.sloansecurities.com](http://www.sloansecurities.com) and through the Sloan Pro-Ex electronic trading platform. During an SBD, either internal or external, we will continue to take orders through any of these methods that are available and reliable, and 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 e-mail, fax and/or telephone. If necessary, we will advise our customers to place orders directly with our clearing firm at (800) 221-3524.

### **Order Entry**

Currently, our firm enters orders by recording them on paper and electronically and sending them to our clearing firm, or directly to exchanges, ECN's or other broker dealers 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 Ridge's web based systems, telephone, fax and/or e-mail. 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.

### **Order Execution**

We currently execute orders by sending them to our clearing firm or sending them directly to market centers, ECN's or other broker dealers. In the event of an internal SBD, we would use any unaffected locations or our clearing firm depending on the severity of the SBD. In the event of an external SBD, we would use any unaffected locations or our clearing firm depending on the severity of the SBD.

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

In addition to those services listed above in this section we also provide our customers with account information and the ability to withdraw or deposit funds into their accounts. In the event of an internal SBD, we would continue to provide these services through unaffected locations or through our clearing firm. In the event of an external SBD, we would continue to provide these services through unaffected locations or through our clearing firm.

### **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.

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

### **Customers**

We now communicate with our customers using the telephone, e-mail, 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. 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.

### **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 senior management can reach all employees quickly during an SBD.

### **Regulators**

We are currently members of the following SROs: *FINRA*, MSRB, PCX. We communicate with our regulators using the telephone, e-mail, fax, and U.S. mail. 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.

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

### **Business constituents**

We have contacted 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 a SBD to them or our firm.

### **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. If our banks and other lenders are unable to provide the financing, we will seek alternative financing immediately.

### **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.

### **Regulatory Reporting**

Our firm is subject to regulation by: SEC, FINRA, MSRB, and the particular states in which we are registered. 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.

### **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 or before October 30, to modify it for any changes in our operations, structure, business, or location or those of our clearing firm.

### **Senior Manager Approval**

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.

By: James C. Ackerman

Title: President & CEO

Date: August 2007

*\*original signature on file in main office*

## **EXHIBIT A – Ridge BCP Summary**

**Ridge Clearing  
Business Continuity Plan**

**Firm Policy**

Our firm's objective in responding to a Significant Business Disruption (SBD):

- ⌚ Safeguarding employees' lives and firm property
- ⌚ Safeguarding customer assets
- ⌚ Supporting our Introducing Brokers and Outsourcing clients
- ⌚ Comply with industry regulations
- ⌚ Conducting 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.
- ⌚ Ensure critical functions can be recovered within firm guidelines.

Our plan anticipates two kinds of broad SBD's, internal and external. In each instance, we will exhibit readiness and preparedness to the situation.

- ⌚ Internal SBD's affect only our firm's ability to communicate and do business, i.e. loss of primary facilities or data center.
- ⌚ External SBD's prevent the operation of the securities markets or a number of firms, such as a terrorist attack, pandemic flu, a city flood, or a wide-scale, regional disruption. Our response to an external SBD depends more heavily on other organizations and systems.

### **Recovery of Resources**

We have two approaches to provide our customers with continued service at the time of a disaster. The first approach deals with shifting resources to back up locations or acting back up sites. We currently have two back up sites where we are able to conduct our critical functions. The second approach is to have selected employees work from home. We have identified various possible business interruption scenarios and have established plans to ensure that our critical functions will be performed. Scenarios include but are not limited to:

- ⌚ Loss of our facilities
- ⌚ % of staff unable to get to work. i.e. pandemic flu
- ⌚ System outages
- ⌚ Industry or Exchange issues
- ⌚ Non Industry disasters

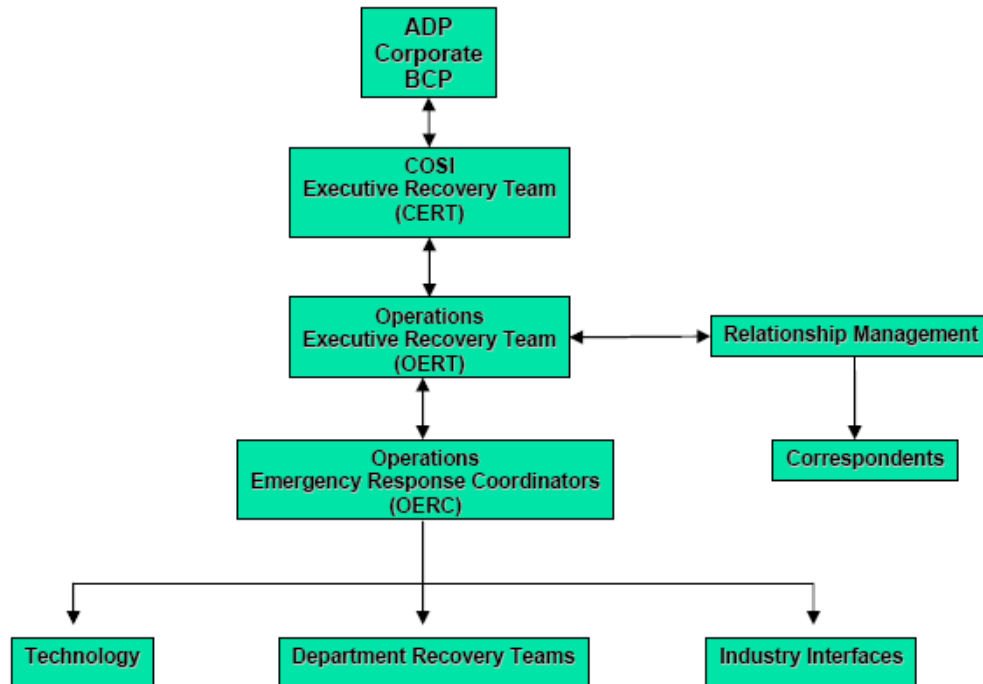
Our firm's "Mission critical functions" are those that ensure prompt and accurate processing of securities transactions, including order taking, entry, execution, comparison, allocation, clearance and settlement of securities transactions, the maintenance of customer accounts, access to customer accounts, and the delivery of funds and securities. All such functions will be treated in a time sensitive manner, in compliance with regulatory requirements while mitigating market risk to both the firm and our clients.

### Operation Locations:

Our operation mitigates the risk of losing a facility and certain other scenarios by maintaining two distinct locations. “Mission critical functions” can be performed out of both locations to safeguard against interruptions.

- Long Island Location
- New Jersey Location
- Back-Up site at an industry approved vendor

### BCP Structure



### Dissemination of Information

Proper notification and communication to our client base and employees is always a high priority. To ensure both clients and employees are up to date with information we have implemented a multi tiered communication strategy. To facilitate the communication and to execute our BCP plan we have implemented the following teams:

#### **COSI Executive Recovery Team (CERT) Firm-wide Executives**

- ⊕ Coordinate overall business response and recovery

- ⌚ Coordinate and formulate communication strategy (Corporate, employees, vendors, customers, media, regulators, other key partners)
- ⌚ Conduct financial and regulatory assessment
- ⌚ Determine overall firm wide strategy and policies
- ⌚ Executive decision making e.g. declare event and define scenarios
- ⌚ Respond to escalated issues
- ⌚ Conduct post-mortem
- ⌚ Interface with Corporate executives

**Operations Executive Recovery Team (OERT)**

- ⌚ Coordinate overall Operations recovery, response and assessment activities
- ⌚ Regularly evaluate and update BCP strategies including test results, readiness metrics and impact of new procedures, processes and policies
- ⌚ Identify client, employee, vendor, technology, facility, financial and regulatory impact
- ⌚ Communicate with staff and key parties e.g. India, vendors, RM's
- ⌚ Ensure ongoing testing and organization readiness
- ⌚ Implement decisions and policies from CERT
- ⌚ Escalate impact, issues etc. to CERT
- ⌚ Identify industry impact/decisions and participate in meetings/ conference calls
- ⌚ Conduct post-mortem
- ⌚ Formulate and coordinate ongoing strategies, policies and decisions

**Operations Emergency Response Coordinators (OERC)**

- ⌚ Coordinate Operations recovery, response and assessment activities
- ⌚ Interact and communicate with Corporate BCP, OERT and Operations recovery coordinators
- ⌚ Conduct post-mortem
- ⌚ Maintain BCP documentation
- ⌚ Ensure ongoing Operations readiness
- ⌚ Educate staff, key partners and clients
- ⌚ Participate in Industry conference calls
- ⌚ Monitor and publish financial, regulatory and other key metrics
- ⌚ Prepare and review readiness metrics
- ⌚ Determine and recommend client and processing interim work roles e.g. delay non critical activity, set standards
- ⌚ Plan and coordinate organization tests and readiness excesses
- ⌚ Define ongoing and event specific requirements.

**Client Notification**

- The best resource for up to the minute information at the time of an event is our website. [www.ridgeclearing.com](http://www.ridgeclearing.com)
  - Each client has a representative in Relationship Management that will be responsible for communication. Conference calls will be conducted as needed to go over issues with the cooperation of the Operations Senior Leadership Team.

**Internal Notification**

- Recovery and Response teams are activated.
- Firm wide calling tree will be engaged.
- Employee BCP hotline will be updated.

We also rely on all of our clients to provide us with a list of key contact persons to ensure a proper flow of communication.

**Important Contacts**

Name	Title	Work #	Cell #
Michael Alexander	EVP Operations	<a href="mailto:michael.alexander@ridgeclearing.com">michael.alexander@ridgeclearing.com</a>	212-428-8872 917-692-9086
Joseph Armellino	SVP Clearing & Custody	<a href="mailto:joseph.armellino@ridgeclearing.com">joseph.armellino@ridgeclearing.com</a>	212-428-8570 347-426-8596

Michael Asselta	VP Trades Processing	<a href="mailto:Michael.Asselta@ridgeclearing.com">Michael.Asselta@ridgeclearing.com</a>	212-428-8619	347-426-8596
Jeff D'Auria	VP Acct Srvc & Client Reporting	<a href="mailto:Jeff.dauria@ridgeclearing.com">Jeff.dauria@ridgeclearing.com</a>	212-428-8675	732-546-0607
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Thomas Quercia	SVP Relationship Management	<a href="mailto:thomas.f.quercia@ridgeclearing.com">thomas.f.quercia@ridgeclearing.com</a>	212-428-8728	732-761-9307
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