

# **Business Continuity Plan Template for Small Introducing Firms**

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## **Watermark Advisors, LLC Business Continuity Plan (BCP)**

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### 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](#).

### 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](mailto:Jeanette.Wingler@finra.org); or

Sarah Kwak at (202) 728-8471 or [Sarah.Kwak@finra.org](mailto: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 (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

For additional information, FINRA's dedicated [BCP Topic](#) 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](#) Page. Firms relying on third-party providers to provide services in connection with their BCPs should review *Notice to Members 05-48* (July 2005) and *Regulatory Notice 21-29* (August 2021).

## **I. Emergency Contact Persons**

*Identify your firm's two emergency contact persons. Your firm must identify its emergency contact persons through the [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).

Our firm’s two emergency contact persons are:

<b>Name</b>	<b>Title or Relationship to Firm<sup>1</sup></b>	<b>Email Address</b>	<b>Phone Number</b>
Hagen Rogers	CEO	hrogers@watermarkadvisors.com	864-527-5960
Sharon Jones	FINOP	Sharon.jones@northpointconsultingllc.com	(404)213-6863

The firm will provide FINRA with the contact information for the two emergency contact persons: (1) name; (2) title; (3) email address; (4) phone number; through the [FINRA Contact System](#) (FCS). Rogers 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](#).*

## **II. 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.*

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

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<sup>1</sup> Identify second person’s relationship to the firm if not a registered principal of the firm.

obligations. In the event that we determine we are unable to continue our business we will assure customers prompt communication to determine the best course of action.

#### A. 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.

#### B. Plan Approval and Annual Reviews

Hagen Rogers, 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).*

#### C. 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 our shared server under I:/FINRA/Recurring Duties/Annually/Business Continuity Plan, and on our website, [www.watermarkadvisors.com](http://www.watermarkadvisors.com).

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

### **III. Business Description**

Watermark is a Mergers & Acquisitions advisory firm providing comprehensive M&A services to both acquirers and sellers.

### **IV. Office Locations**

*Our firm has offices located in Location #1.*

#### A. Office Location #1

Our Location #1 Office is located at 141 Traction Street, Greenville, SC 29611. Its main phone number is 864-527-5960 and the Executive Managing Director is Hagen Rogers, [hrogers@watermarkadvisors.com](mailto:hrogers@watermarkadvisors.com) at the office number above. Our employees rely on personal transportation to travel to the office. 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.

## **V. 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.*

In the event of an SBD impacting our ability to operate in a location, staff in the affected office(s) will move to a remote scenario whereby we will utilize Citrix Sharefile access to our server. 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).*

## **VI. 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.*

Our firm does not maintain custody of customers' funds or securities.

*Rule: FINRA Rule 4370(a).*

## **VII. 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.*

Our firm maintains its primary or original books and records in electronic form through Citrix Sharefile. Hagen Rogers, 864-527-5960 is responsible for the maintenance of these books and records.

Our firm maintains its back-up copy of books and records in electronic form on a company owned computer at 141 Traction Street and at Hagen Rogers' residence. Hagen Rogers is responsible for the maintenance of the back-up copy of our books and records.

We back up our electronic books and records continuously through Sharefile and then semiannually onto Watermark's computer.

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 [Citrix Sharefile, 1-800-424-8749]. 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).*

## **VIII. 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.*

### **A. 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.*

**Operational risk** refers to a diminished ability for the firm to maintain communications with its clients and access key records through its "mission critical systems". In the event of a SBD, we will immediately identify what means of communication are still available to us. Although the effects of a SBD will determine the means of alternative communication, the communications options we will seek to employ will include voice-mail, email, and cellular telephones.

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

### **B. 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.*

**Financial risk** refers to the firm's ability to generate revenue, obtain financing, and/or maintain sufficient equity. In the event of a SBD, we will determine the liquidation value of our investments and other assets in order to evaluate our ability to continue to fund our operations and remain in capital compliance. If a determination is made that we are unable to meet our financial obligations or continue to fund our business, we will request additional financing from our banks and/or other credit sources. If we cannot remedy a capital deficiency, we will file the necessary notices with the FINRA immediately.

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

## **IX. 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.*

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:

<b>Mission Critical System</b>	<b>Function</b>	<b>Provider</b>	<b>Contact Information</b>
Server	Houses files	Citrix Sharefile	1-800-424-8749
Computers	Central to work flow	Triosphere IT	864-420-0848
Market Intelligence	M&A & company intel	S&P Capital IQ	1-434-459-2580 ext: 6802580

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].

## **X. 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.*

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.*

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 [office-wide emails or text messages or notifications] 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.

*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.*

We are currently members of the following self-regulatory organizations (SROs), and are also regulated by: [FINRA]. 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.



<b>Regulator</b>	<b>Guidance or Temporary Regulatory Relief and Any Condition(s)</b>	<b>Actions in Reliance</b>	<b>Date(s)</b>
FINRA			
SEC			

*Rule: FINRA Rule 4370(c)(9).*

## **XI. 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.*

### **A. Business Constituents**

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
Server	Citrix Sharefile	1-800-424-8749
IT	TriaspHERE	864-848-0848
Market Intelligence	S&P Global	1434-459-2580 ext: 6802580

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.

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

### **B. Banks**

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: [Southern First Bank (864) 679-9000 Matt Kneeland (864) 679-9014]. If our banks and other lenders are unable to provide the financing, we will seek alternative financing immediately from [other local community banks].

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

## **XII. Regulatory Reporting**

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

Our firm is subject to regulation by: [FINRA] We fulfill our regulatory reporting obligations [using paper copies in the U.S. mail, electronic means and uploading files to 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:

<b>Regulator</b>	<b>Contact Person</b>	<b>Contact Information</b>
FINRA District 7	John Pursley	404-760-8818
SEC Market Regulation	Carol Charnock	202-551-5542

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

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

*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.*

Attached is our written BCP disclosure statement we provide customers at account opening. We also [post the disclosure statement on our website and] mail it to customers upon request.

*Rule: FINRA Rule 4370(e).*

## **XIV. Updates and Annual Review**

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

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, 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).*

## **XV. Senior Manager Approval**

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

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:           Hagen Rogers            
Title:           Executive Managing Director            
Date:           11/1/21

## **Business Continuity Plan**

### **Client Disclosure Document**

#### ***Introduction***

The purpose of this letter is to provide you with very important information about Watermark Advisors, LLC's (WA) Business Continuity Plan (BCP) so that you are aware of what you need to do to in the event that our firm experiences a significant business disruption (SBD). As a result of our ever-changing and evolving world, it has become necessary for firms in the financial services industry to take steps to ensure their preparedness to meet customer needs and resume regular business operations in a timely manner in the event of an SBD.

There are several types of SBDs varying in severity and scope that may occur on an internal or external level. An internal SBD, such as a fire in our building, would only affect the firm's ability to conduct its normal business. An external SBD, such as an earthquake, regional power outage, or terrorist attack, would affect the operations of several firms or the financial markets as a whole.

On April 7, 2004, the Securities and Exchange Commission (SEC) approved the new FINRA Rule 3500 Series, which requires members to establish emergency preparedness plans and procedures. Rule 3510 requires each member to create and maintain a business continuity plan (BCP or Plan) and enumerates certain requirements that each plan must address. The Rule further requires members to update their BCPs upon any material change and, at a minimum, to conduct an annual review of their BCP. Each member also must disclose to its customers how its BCP addresses the possibility of a future SBDs and how the member plans to respond to events of varying scope.

#### ***Firm Policy***

Our policy is to respond to an SBD in a manner that prioritizes the immediate safety of our employees, preservation of the firm's property, and a quick recovery in order to meet the business needs of our clients.

#### ***Alternate office location***

In the event that the main office becomes inoperable, the firm will shift its operations to its designated back-up facility which is reasonably distant from the main office so as to utilize a separate power grid and telecommunications provider, yet close enough to relocate to quickly if necessary. This will be individual team members' residences.

#### ***Back-up books and records***

WA maintains back-ups of all its client files and other internal books and records through Citrix Sharefile, a virtual server. Should an SBD cause our primary records to be inaccessible or destroyed, we have procedures in place to access the back-up files and implement them promptly in order to assure the least possible impact on our clients.

### ***Third party business relationships***

WA has business relationships with several entities upon which we rely for varying services. Such entities include banks, telecommunications providers, etc. We have contacted our essential third parties to assess the impact that varying types of SBDs may have on the services we are provided by them. Based on that information we have been able to develop alternate plans to counter any interruptions in these services that we may experience during an SBD.

### ***Key systems***

The firm has identified the possibility of a loss of functionality of the systems relied upon for its regular business operations in the event of an SBD. We have enumerated our key systems in our BCP, identified the individual(s) responsible for them, and developed procedures to switch to alternative systems should our primary systems be incapacitated. Based on the trial conversions we have run, we expect minimal down time if a situation arises which forces us to switch to our alternate systems.

### ***Potential SBD Scenarios***

In an effort to prepare for the variety of effects that different types of SBDs might have on WA, we have outlined some SBD scenarios and the corresponding actions that the firm will need to take in order to assure that the SBD has the least possible effect of the firm and our clients. We are aware that the exact ramifications of any type of SBD cannot be predicted precisely and in the event of an SBD, we will take the time to assess the firm's particular resulting situation and take the necessary steps as described in our BCP to handle the situation as effectively as is possible under the circumstances we encounter.

### ***Important Contact Information***

Watermark Advisors, LLC  
141 Traction Street  
Greenville, SC 29611  
[www.watermarkadvisors.com](http://www.watermarkadvisors.com)

### ***For Additional Information About Our BCP***

Should you have any questions in relation to our BCP or this notice, please don't hesitate to contact us at (864) 527-5960.

### ***Summary***

At WA we deeply value the relationships we have built with our clients and we strive to meet

their changing needs in any business climate. It is not the intent of this document to assure our clients that there will be no impact on them whatsoever in the event that WA is affected by an SBD. Rather, we wish to convey the fact that we have developed procedures for varying types of possible SBDs which will allow us to address the effects on our firm on a variety of levels, manage those effects, and utilize our alternate arrangements in a manner that we expect will minimize client impact. In our procedures, we stress the importance of maintaining communications with our clients through as many media as possible so that we may continue to meet their needs and transact business in as smooth a fashion as is possible under whatever circumstances may have arisen.