

# **Tradition Asiel Securities Inc.**

## **Business Continuity Plan ("BCP") Disaster Recovery Plan ("DRP")**

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## I. Introduction

As a part of its fiduciary duty to its clients, and as required under FINRA regulation, Tradition Asiel Securities Inc. (herein after, "TAS") has adopted this Disaster Recover/Business Continuity Plan (herein after, the "Plan") to provide the firm's recovery from an emergency or disaster and for the resumption of business operations in as short a time as possible. These policies and procedures are, to the extent possible, designed to address the specific types of disasters that TAS might reasonable face given its business location.

## II. Background

Since the terrorist activities of September 11<sup>th</sup> 2001, firms need to establish written disaster recovery and business recovery plans for the firm's business. This plan will allow TAS to meet its regulatory requirements in the event of an emergency or disaster such as a bombing, fire, flood, earthquake, power failure or any other even that may disable the firm or prevent access to our office(s).

## III. Emergency Contact Persons

Tradition Asiel Securities Inc. ("TAS")'s emergency contact persons are as follows:

Emil Assentato (212) 791-6670, Cell (516) 384-2577, [emil.assentato@tradition-na.com](mailto:emil.assentato@tradition-na.com)

Judy Ricciardi (212) 791-6650, Cell (917) 617-3665, [judy.ricciardi@tradition-na.com](mailto:judy.ricciardi@tradition-na.com)

These names will be updated within thirty (30) days in the event of a material change, and our Executive Representative will review them within 17 business days of the end of each calendar year.

## IV. 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. TAS does not handle customer funds or securities. Therefore prompt access to customer funds and securities is not an issue.

## V. Significant Business Disruptions (“SBDs”)

Our plan anticipates two kinds of SBDs, internal and external. An internal SBD affects only our firm’s ability to communicate and to do business. An example of an internal SBD is a fire in our building. An external SBD is 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, and especially on the capabilities of our clearing firms.

## VI. Approval of the BCP/DRP and Execution Authority

Eric Earnhardt, Chief Compliance Officer, is responsible for approving and conducting the annual review of the BCP/DRP. Judy Ricciardi, Executive Vice President, has the authority to execute this BCP/DRP.

## VII. Plan Location and Access

Our firm will maintain copies of its BCP/DRP and the annual reviews, as well as the changes that have been made to them, for inspection. We have given District 10 office of FINRA a copy of our plan. An electronic copy of our plan is located on TAS’s website at [www.tradition-asiel.com](http://www.tradition-asiel.com), under “Company Info” then “About Tradition Asiel”, then down to “Tradition’s Business Continuity Plan 2010”.

## VIII. Business Description

Our firm is primarily an inter-dealer broker of the United States government securities, emerging market bonds, repurchase agreements, mortgage-backed securities, corporate fixed income securities, money market instruments, equities, options and municipal bonds.

TAS self-clears proprietary transactions, as well as street side transactions, necessitating membership in the National Securities Clearing Corporation (“NSCC”), the Depository Trust & Clearing Corporation (“DTCC”), the Fixed Income Clearing Corporation (“FICC”) and the Options Clearing Corporation (“OCC”). TAS does not carry customer accounts or perform custodial functions related to customer securities.

TAS utilizes the services of Pershing LLC <http://www.pershing.com/home.htm> to clear its “customer” transactions. The firm also utilizes the services of BNY Clearing Services to clear money market instruments. The San Francisco Office does not execute or clear transactions. The counterparties of most of these trades are broker-dealers or large institutions. Because of the RVP/DVP nature of this business, it is unlikely that BNY, will be holding customer funds or securities (custodial services).

## IX. Office Locations

Our firm has four (4) offices located in New York, Connecticut and California.

### a. New York, NY – Main Office – 75 Park Place

Our main office is located at 75 Park Place, 4<sup>th</sup> Floor, New York, NY 10007. Its main telephone number is (212) 791-4500. Our employees can travel to that office by means of foot, car, train, bus and boat. We engage in order taking and order entry at this location.

### b. New York, NY – 32 Old Slip

Our New York branch office is located at 32 Old Slip, 34<sup>th</sup> floor, New York, NY 10005. Its main telephone number is (212) 943-8100. Our employees can travel to that office by means of foot, car, train, bus and boat. We engage in order taking and order entry at this location.

### c. San Francisco, CA – One Market Street

The San Francisco office is located at One Market Street, 38<sup>th</sup> floor, San Francisco, CA 94105. The single employee can travel to that office by means of foot, car, train, and bus. This office does not engage in order execution at this location.

### d. Stamford, CT – 680 Washington Blvd

The Stamford branch is located at 680 Washington Blvd, 5<sup>th</sup> Floor, Stamford, CT 06901. Our employees can travel to that office by means of foot, car, train and bus. We engage in order taking at this location.

## X. Alternative Physical Locations of Employees

In the event of an SBD that affects one of the New York offices, our staff can be housed either at the non-affected office or at the Disaster Recovery Location (“DRL”). Our DRL is located at 600 Meadowlands Parkway, Suite 250B, 2<sup>nd</sup> Floor, Secaucus, New Jersey 07094. Compliance systems are accessible at either 75 Park Place or 32 Old Slip offices.

In the event of an SBD that affects the region encompassing both New York offices, we will move our staff from New York City to our disaster recovery location. This location mirrors the operational capabilities that are present at the 75 Park Place office. At this location the Compliance Department will have access to all overnight reports from our clearing broker.

In the event of an SBD in our San Francisco branch office, or our Stamford branch office, business may be received at our 32 Old Slip office, or if necessary, at our main office at 75 Park Place, New York, NY for processing. Our San Francisco and Stamford office personnel may be accommodated in New York if either office is unusable or they may reach the New York office with customer orders *via* telephone from the representative’s home.

In the event that the main office is also experiencing an SBD, the firm’s remote location can accommodate transactions, if any, from the San Francisco and/or Stamford office.

## XI. Customers’ Access to Funds and Securities

Our firm does not maintain custody of customers’ funds or securities. In the event of an internal or external SBD, if telephone service is unavailable, our registered persons will take customer orders or instructions and contact our clearing firms – Pershing, Bank of New York, - on the customer’s behalf. If the firm’s Website is available, we will post instructions on the website such that customers may access their funds and securities by contacting these clearing firms. The firm will make this information available to customers through its disclosure policy.

## **XII. Data Backup and Recovery – Hard Copy and Electronic**

Our firm maintains its primary hard copy books and records and its electronic records at 75 Park Place, New York, NY 10007. Jia Yu Ren, Chief Technology Officer, (212) 791-6087, is responsible for the maintenance of electronic books and records. John Gangi, Assistant Controller and Financial and Operations Principal, (212) 791-6035, is responsible for the maintenance of financial books and records. Eric Earnhardt, Chief Compliance Officer, (212) 791-6485, is responsible for the maintenance of compliance records.

- a. The firm backs up its electronic books and records daily. These records are maintained at three locations
  - i. A copy of the firm's electronic books and records are maintained on the servers at the home office at 75 Park Place, in New York, NY.
  - ii. The firm's electronic books and records are also backed up to electronic tape and are maintained on tape at the facilities of Iron Mountain. These tapes can be retrieved from Iron Mountain within hours.
  - iii. The firm's electronic books and records are also backed up daily to Patrina Corporation, 2 Wall Street, New York, NY 10004. Electronic books and records are backed up to Patrina using the internet and stored at Patrina electronically using WORM technology. This data can be retrieved from Patrina over the internet.
- b. Our firm maintains its backup hard copy and archived books and records at Eagle Archives of South Hackensack, New Jersey. These records are in the form of paper documents stored in relatively large boxes. Anthony Aragona, Chief Operations Officer, and Louis Jimenez, Manager of Office Services, are responsible for the maintenance of these books and records. The records are backed up daily.

In the event of an internal or external SBD that causes the loss of our paper records, we will physically recover them from our backup site. For the loss of electronic records, we will either physically recover the storage media or electronically recover data from our backup site. If our primary site is inoperable, we will continue operations from our backup site or an alternate location.

## **XIII. Financial and Operational Assessments**

### **a. Operational Risk**

In the event of an SBD, we will immediately identify what means will permit us to communicate with our customers, employees, critical business constituents, critical banks, critical counterparties, and regulators. Although the effects of an SBD will determine the means of an alternative communication, the communication options we will employ will include our website – [www.tradition-asiel.com](http://www.tradition-asiel.com), telephone, voice mail, cell phone, e-mail, instant messaging, Bloomberg messaging, Bloomberg instant messaging, and any other means available. In addition, we will retrieve our key activity records – hard copy and electronic – as described in the section above entitled Data Backup and Recovery.

### **b. Financial and Credit Risk**

In the event of an SBD, we will determine the value and liquidity of our investments and other assets to evaluate our ability to continue to fund our operations and remain in capital compliance. We will contact our parent, our holding company, critical banks and related companies to apprise them of our financial status. If we determine that we may be unable to meet our obligations to those counterparties, or otherwise continue to fund our operations, we will request additional financing from our bank, our parent company or other credit sources to fulfill our obligations to our customers and suppliers. If we cannot remedy a capital deficiency, we will file appropriate notices with our regulators and immediately take appropriate steps.

## XIV. Mission Critical Systems

Our firm's "mission critical systems" are those that ensure prompt and accurate processing of securities transactions, including order taking, order entry and execution. TAS's mission critical systems consist of telephones, email and instant messaging services, information systems such as Bloomberg, and internal book keeping systems. TAS also uses the services of JPMorgan Chase Bank, the Bank of New York, Fixed Income Clearing Corporation, Pershing LLC, SunGard Phase3, Goldman Sachs Execution, Fidessa, Options Clearing Corporation, and the Depository Trust Clearing Corporation.

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, order entry and execution. Our correspondent clearing firms can provide floor and over-the-counter 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.

Each contract with one of our correspondent clearing firms has provisions such that the clearing firm will maintain a business continuity plan and the capacity to execute that plan, and will advise our customers of any material changes to its plan that might affect our ability to maintain our business. In the even our clearing firm executes its plan, it will be up to the clearing firm to notify our customers of such execution and to provide our customers with equal access to services at it proves its other customers.

### Our Firm's Mission Critical Systems

#### a. Order Taking

Currently, our firm receives orders from customers via telephone, email and instant messaging. During an SBD, either internal or external we will continue to take orders through any of these methods that are available and reliable. In addition, as communications permit, we will inform our customers when communications become available to inform them of the alternatives they have in order to send their orders to us. Customers will be informed of alternatives by phone, cell phone, email, instant messaging or notification on our website [www.tradition-asiel.com](http://www.tradition-asiel.com).

#### b. Order Entry

Currently, our firm enters orders electronically via Bloomberg OMS system (SSEOMS).

In the event of an internal SBD, we will enter and send orders to the exchanges or OTC market participants by the fastest alternative means available, which may include phone, email and instant messaging. In addition, during an internal SBD, we may need to refer our customers to deal directly with their clearing firms for order entry.

In the event of an external SBD, we will maintain the order in electronic or paper format, and deliver the order to the exchange or OTC market by the fastest means available when operations resume.

### c. Order Execution

We currently execute orders using electronic systems – Bloomberg OMS (SSEOMS). In the event of an internal SBD, we would attempt to execute transactions via electronic communications or other means then available through one of the New York offices; given either office is unaffected by the SBD, or by activating the backup facility in Secaucus, NJ, should either NY location be unable to operate.

In the event of an external SBD, we would operate through regional markets that might not be affected by the external SBD, or by phone in the OTC market.

## **XV. Alternative Communications Between the Firm and Customers, Employees and Regulators**

### a. Customers

We now communicate with our customers using the telephone, cell phone, email, instant messaging, our website, fax, US mail and by in-person visits at our firm or at the other's location. In the event of an SBD, we will assess which methods of communication are still available to us, and use the method, written or oral, that is similar in speed and format to the method that we have used in the past to communicate with the other party. For example, if we have communicated with a party by email, and the internet is unavailable, we will call the party on the telephone and follow up when a record is needed with paper copy by fax or in the United States mail.

### b. Employees

We now communicate with our employees using the telephone, cell phone, email, instant messaging, US mail and in-person. In the event of an SBD, we will assess which methods of communication are still available to us, and use the method, written or oral, that is similar in speed and format to the method that we have used in the past to communicate with the employees. There is a master phone list with department managers' home and cell phone numbers.

### c. Regulators

We are currently members of the New York Stock Exchange ("NYSE"), the International Stock Exchange ("ISE"), the Pacific Stock Exchange ("PCX"), the NASDAQ Stock Market ("NASDAQ") and are regulated by the Financial Industry Regulatory Authority ("FINRA"), Municipal Securities Rulemaking Board (MSRB) and the United States Securities & Exchange Commission. We communicate with our regulators using the telephone, email, fax, messenger, US Mail, internet and in-person. In the event of an internal or external SBD, we will assess which methods of communication are still available to us, and use the method, written or oral, that is similar in speed and format to the method that we have used in the past to communicate with the regulators.

## **XVI. Critical Vendors, Banks and Counterparties**

### a. Vendors

We have contacted our critical vendors – businesses with which we have an ongoing commercial relationship in support of our operating activities, such as vendors providing us critical goods and services – and determined the extent to which we can continue our business relationships with them in light of an internal or external SBD. We will quickly establish alternative arrangements if a vendor can no longer provide the needed goods or services in a timely manner because of an SBD to them, to our firm or to the region. Our major suppliers are as follows: Bloomberg LLC, BNY Clearing, Fixed Income Clearing Corporation ("FICC"), National Securities Clearing Corporation ("NSCC"), Pershing LLC, SunGard Phase3 and The Depository & Trust Clearing Corporation ("DTCC").

We also utilize a service from Sungard that allows us to failover to their "Hotsite" in 2-4 hours after the initial SBD at their primary location (and/or the location that the servers for Tradition Asiel are hosted). The location of the Non Stop system where the Hotsite runs on is at 600 Laurel Oak Road, Voorhees, NJ 08043.

**b. Banks**

We have contacted our banks and lenders to determine if they can continue to provide the financing that we will need in light of the internal or external SBD. The bank maintaining our operating account is JPMorgan Chase Bank, N.A., 1 Chase Manhattan Plaza, New York, NY 10081. The contact is Ms. Olga Deineko (212) 552-4336. If our banks and other lenders are unable to provide financing, we will seek alternative financing immediately from our parent company or other related entities.

**c. Counterparties**

We have contacted our critical counterparties – other broker-dealers and institutional customers – to determine if we will be able to carry out our transactions with them in light of an internal or external SBD. When transactions cannot be completed, we will work with the clearing firms or contact those counterparties directly to make alternative arrangements to complete the transactions as soon as possible.

**XVII. Regulatory Reporting**

Our firm is subject to regulation by the U.S. Securities and Exchange Commission, FINRA, NYSE Regulation, and the NASDAQ Stock Market, among others. We now file reports with these entities using paper documents by messenger and by US Mail, and electronically using fax, email and the internet. In the event of an internal or external SBD, we will contact the SEC, FINRA, NYSE Regulation, the NASDAQ Stock Market and other regulators to determine which means of filing are still available to us. We will use the means that are most similar in speed and form 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.

**XVIII. Pandemic**

TAS has prepared for a possible pandemic by cross-training of personnel to ensure that the firm can continue to function during a period of high absenteeism.

**XIX. Business Continuity Plan Summary**

We will send a summary of our BCP to customers with new account documentation at account opening. We also post the BCP summary on our website, [www.tradition-asiel.com](http://www.tradition-asiel.com), and mail it to customers upon request. Our summary BCP addresses the possibility of a future SBD and how we plan to respond to events of varying severity, such as firm-only business disruption, a disruption to a single building, a disruption to a business district, a city-wide business disruption, or a regional disruption. The summary BCP provides specific information on our intended response, including our backup facilities and arrangements.

**XX. Annual Review and Updates**

Our firm will review this Business continuity Plan annually to modify it for any changes in our operations, structure, business or location. In addition, TAS will update this BCP whenever there is a material change in our operations, structure business or location.

## XXI. Designation of Senior Management Review and Approval

The Chief Compliance Officer is designated as the member of senior management to conduct the annual review of the firm's BCP.

Review Conducted for 2010:



Signature



Print Name and Title



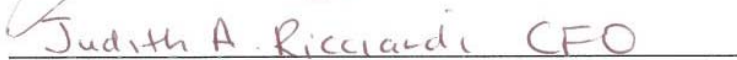
Date

Judy Ricciardi, Executive is authorized as a member of senior management to approve the firm's BCP.

Approved:



Signature



Print Name and Title



Date