



## WOLFE RESEARCH SECURITIES BUSINESS CONTINUITY PLAN (BCP)

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This is the Business Continuity Plan ("BCP") for Wolfe Research Securities (the "Firm").

### **Emergency Contact Persons**

The Firm's two emergency contact persons are:

David Malat

Email: [dmalat@wolferesearch.com](mailto:dmalat@wolferesearch.com)

Primary Phone: (646) 845-0707

Primary Fax: (646) 390-8908

Edward Wolfe

Email: [ewolfe@wolferesearch.com](mailto:ewolfe@wolferesearch.com)

Primary Phone: (646) 845-0770

Primary Fax: (646) 390-8906

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) telephone number; and (6) facsimile number through the FINRA Contact System (FCS), and 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.

### **Firm Policy**

The 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 customer's prompt access to their funds and securities to the extent applicable to the Firm.

#### **Significant Business Disruptions ("SBDs")**

The Firm's plan anticipates two kinds of SBDs, internal and external. Internal SBDs affect only the 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. The Firm's response to an external SBD relies heavily on other organizations and systems.

#### **Approval and Execution Authority**

David Malat, CFO/FINOP, a registered principal, is responsible for approving the plan and for conducting the required annual review. Mr. Malat, along with designated senior management, has the authority to execute this BCP.

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420 Lexington Avenue | Suite 648 | New York, New York 10170 | 646.845.0700

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### Plan Location and Access

The Firm will maintain copies of its BCP and the annual reviews, including the changes that have been made to it, for inspection.

### Business Description

The Firm's primary business will be in (1) Merger & Acquisitions, (2) Underwriting and Selling Groups, (3) Private Placements; (4) Listed Equity Trading on an Agency Basis, and (5) Distribution of Research

The Firm is an introducing broker dealer and does not perform any type of clearing function for itself or others. In addition, it does not hold customer funds or securities. The Firm will accept, enter orders, and execute transactions in listed equity securities on an agency basis. All completed transactions are sent to the Firm's clearing firm, which compares, allocates, clears, and settles the transactions. The clearing firm also maintains the Firm's customers' accounts, can grant customers access to them, and delivers funds and securities. The Firm only conducts business with institutional customers.

The Firm's clearing firm is ConvergEx Execution Services LLC ("ConvergEx"), telephone (800) 828-5454 and the contact person at ConvergEx is Michael DeJarnette, Executive Director of Global Clearing, telephone (678) 405-4200.

### Office Locations

The Firm has a single office from which all business and operations are conducted which is located at 420 Lexington Avenue, Suite 648, New York, NY 10170, telephone (646) 845-0700.

### Alternative Physical Location(s) of Employees

In the event of an SBD, the Firm will move its staff from the office to a combination of locations depending upon availability, including temporary offices, employees' primary residences and selectively to 747 3<sup>rd</sup> Avenue, 12<sup>th</sup> Floor, New York, NY 10017.

### Customers' Access to Funds and Securities

The Firm does not maintain custody of customers' funds or securities. All customer funds and securities are maintained at its clearing firm, ConvergEx. In the event of an internal or external SBD, if telephone service is available, the Firm's registered persons will take customer orders or instructions and contact the clearing firm on their behalf. If telephone service or electronic communication is unavailable, the customer will be directed to contact ConvergEx directly. The Firm will make this information available to customers through its business continuity disclosure policy.

If Securities Investor Protection Corporation ("SIPC") determines that the Firm is unable to meet its obligations to its customers or if the Firm's liabilities exceed its assets in violation of Securities Exchange Act of 1934, as amended ("SEA"), Rule 15c3-1, SIPC may seek to appoint a trustee to disburse the Firm's assets to customers. The Firm will assist SIPC and the trustee by providing its books and records identifying customer accounts subject to SIPC.

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

The Firm maintains its primary hard copy books and records and its electronic records at 420 Lexington Ave., Suite 648, New York, NY 10170. Mr. Malat, (646) 845-0707, is responsible for the maintenance of these books and records. These records consist of the Firm's internal accounting records and other business documents. Electronic records are also backed up in real time at two separate, backup sites

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managed by the Firm's outsourced IT support company, InfoHedge Technologies, one at 11 Skyline Drive, Hawthorne, NJ and the other at 755 Secaucus Road, Secaucus, NJ. For the loss of electronic records maintained at the Firm's main office, the Firm will physically recover the data from one of its off-site back-ups.

## **Financial and Operational Assessments**

### **Operational Risk**

In the event of an SBD, the Firm will immediately identify what means will permit it to communicate with its 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 the Firm will employ will include the Firm's website Wolfe Research ([www.wolferesearch.com](http://www.wolferesearch.com)), telephone and cellphone voice mail, and secure e-mail. In addition, the Firm will retrieve its 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, the Firm will determine the value and liquidity of its investments and other assets to evaluate its ability to continue to fund its operations and remain in capital compliance. The Firm will contact its clearing firm, critical banks and investors to apprise them of its financial status. If the Firm determines that it may be unable to meet its obligations to those counter-parties or otherwise continue to fund its operations, the Firm will request additional financing from its bank or other credit sources to fulfill its obligations to its customers and clients. If the Firm cannot remedy a capital deficiency, it will file appropriate notices with its regulators and immediately take appropriate steps to mitigate the problem.

## **Mission Critical Systems**

The 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.

The Firm has primary responsibility for establishing and maintaining its business relationships with its customers and has sole responsibility for its mission critical functions of order taking, entry and execution. The Firm's clearing firm provides, through contract, the comparison, allocation, clearance and settlement of securities transactions, the maintenance of customer accounts, access to customer accounts, and the delivery of funds and securities.

The Firm's clearing firm contract provides that the clearing firm will maintain a business continuity plan (copy of which is accessed through the link: <http://www.convergex.com/Business-Continuity-Plan>) and has the capacity to execute that plan. The Firm's clearing firm represents that it will advise the Firm of any material changes to its plan that might affect the Firm's ability to maintain its business. In the event the clearing firm executes its plan, it represents that it will notify the Firm of such execution and provide it equal access to services as its other customers. If the Firm reasonably determines that the clearing firm has not or cannot put its plan in place quickly enough to meet the Firm's needs, or is otherwise unable to provide access to such services, the clearing firm represents that it will assist the Firm in seeking services from an alternative source. The clearing firm represents that it backs up the Firm's records at a remote site. The clearing firm represents that it operates a back-up operating facility in a separate area with the capability to conduct the same volume of business as its primary site. The clearing firm has also confirmed the effectiveness of its back-up arrangements to recover from a wide scale disruption by annual 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.

### The Firm's Mission Critical Systems

#### i. Order Taking

Currently, the Firm receives orders from customers via telephone, instant messaging, Bloomberg messaging or direct FIX electronic connections. During an SBD, either internal or external, the Firm will continue to take orders through any of these methods that are available and reliable. In addition, as communications permit, the Firm will inform its customers about what alternatives they have to send their orders to the Firm. Customers will be informed of alternatives by phone, e-mail and other forms of electronic communication normally used by those customers in the routine course of business.

#### ii. Order Entry

Currently, the Firm enters orders into its order management system by inputting the transaction information manually or via electronic communication from its clients. Orders are acknowledged as accepted by the Firm either via telephone or electronic communication. In the event of an SBD, either internal or external, customers will be contacted about the status of orders as communications permit, either by phone, e-mail and other forms of electronic communication normally used by those customers in the routine course of business.

#### iii. Order Execution

The Firm currently executes orders through its order management system. During an SBD, either internal or external, the Firm will assess its ability to continue to execute customer orders and inform its customers about the status of their orders, as communications permit, either by phone, e-mail and other forms of electronic communication normally used by those customers in the routine course of business. Depending upon the severity of the disruption, the Firm may cancel any open orders. The Firm will send executed orders to its clearing firm by the fastest alternative means available, which include telephone, fax and e-mail.

### Mission Critical Systems Provided by the Clearing Firm

The Firm relies, by contract, on its clearing firm to provide comparison, allocation, clearance and settlement of securities transactions, the maintenance of customer accounts, access to customer accounts, and the delivery of funds and securities.

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

### A. Customers

The Firm communicates with its customers using the telephone, e-mail, fax, U.S. mail, and in-person visits at the Firm or at the client's location. In the event of an SBD, the Firm will assess which means of communication are still available to it, and use the means closest in speed and form (written or oral) to the means that the Firm has used in the past to communicate with the other party. For example, if the Firm has communicated with a party by e-mail but the Internet is unavailable, the Firm will call them on the telephone and follow up where a record is needed with paper copy in the U.S. mail.

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## **B. Employees**

The Firm communicates with its employees using the telephone, e-mail, and in-person. In the event of an SBD, the Firm will assess which means of communication are still available to it, and use the means closest in speed and form (written or oral) to the means that the Firm has used in the past to communicate with the other party. The Firm will also employ a call tree so that senior management can reach all employees quickly during an SBD. The call tree includes all staff office and cell phone numbers. Each initiating caller has a copy of the call tree. Either David Malat or Edward Wolfe has the authority to initiate the BCP and execute the plan accordingly.

## **C. Regulators**

The Firm is currently a member of FINRA. The Firm communicates with its regulators using the telephone, e-mail, fax, U.S. mail, and in-person meetings. In the event of an SBD, the Firm will assess which means of communication are still available to it, and use the means closest in speed and form (written or oral) to the means that it has used in the past to communicate with the other party.

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

### **Business constituents**

The Firm has identified its critical business constituents (businesses with which it has an ongoing commercial relationship in support of its operating activities, such as vendors providing critical services), and determined the extent to which the Firm can continue its business relationship with them in light of the internal or external SBD. The Firm will quickly establish alternative arrangements if a business constituent can no longer provide the needed goods or services when the Firm needs them because of a SBD to them or the Firm.

### **Banks**

The banks maintaining the Firm's operating accounts are HSBC Bank, NA ("HSBC"), 452 Fifth Avenue, New York, NY 10018 and The PrivateBank, 1100 Superior Ave. East, Suite 1325, Cleveland, Ohio 44114. The main contact at HSBC is John Sheehan and his phone number is (212) 525-8848. The main contact at The PrivateBank is Craig Panzica and his phone number is (216)-456-2999. If the banks are unable to provide needed financing during an SBD, the Firm will seek alternative financing immediately from Wolfe HoldCo, LLC, the Firm's parent company.

### **Counter-Parties**

The Firm has identified its critical counter-parties, such as other broker-dealers or institutional customers, to determine if it will be able to carry out its transactions with them in light of the internal or external SBD. Where the transactions cannot be completed, the Firm will work with its counter-parties directly to make alternative arrangements to complete those transactions as soon as possible.

## **Regulatory Reporting**

The Firm is subject to regulation by the SEC, FINRA, and state regulatory agencies in those jurisdictions where the Firm is registered. The Firm files reports with its regulators using CRD, paper copies in the U.S. mail, and electronically using fax, e-mail, and the Internet. In the event of an SBD, the Firm will check with the SEC, FINRA, and other regulators to determine which means of filing are still available to it, and use the means closest in speed and form (written or oral) to the previous filing method. In the

event that the Firm is unable to contact its regulators, the Firm will continue to file required reports using the communication means available to it.

### **Disclosure of Business Continuity Plan**

The Firm will provide a BCP disclosure statement in writing to customers upon establishing a relationship. The Firm will also mail it to customers upon request. The plan will also be available via the Firm's website.

### **Updates and Annual Review**

The Firm will update this plan whenever it has a material change to its operations, structure, business or location. In addition, the Firm will review this BCP annually to modify it for any changes in its operations, structure, business, or location.