



CG Compass (USA) LLC



Business Continuity Plan – Client Disclosure Document

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## **Business Continuity Plan**

### **Client Disclosure Document**

#### ***Introduction***

The purpose of this letter is to provide you with very important information about CG Compass (USA) LLC's ("CGC") Business Continuity Plan ("BCP" or "Plan") 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.

FINRA Rule 4370 requires members to establish emergency preparedness plans and procedures, and to create and maintain a business continuity plan ("BCP" or "Plan"). The Rule 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. If we determine that the SBD has been catastrophic to the level that we are unable to continue our business, we will ensure that our clients have prompt access to their funds and securities.

***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 reduce the chance that it will be affected by the same SBD, yet close enough to relocate to quickly if necessary. All of the firm's employees are familiar with the back-up facility and have been provided with driving directions.

In case both locations are inoperable, the firm allows every employee to work remotely from home. The firm is well-prepared for such contingencies as it provides remote access and communication for employees to continue working uninterruptedly from home.

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

CGC maintains back-ups of all its client files and other internal books and records at an off-site facility. 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***

CGC has business relationships with several entities upon which we rely for varying services. Such entities include our clearing firm, 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 CGC, 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.

**Illustration #1 – Internal SBD**

In the event that a fire consumes CGC’s main office destroying all hardware and files, after assuring the safety and well-being of our employees, the following actions will be taken:

Effect of SBD	Action to be taken
Personal computers, servers, and data storage hardware are destroyed	Acquire new computers, transport them to alternate location, and install the necessary software obtained from off-site storage facility. Contact network service provider to re-establish technological infrastructure and web services.
Books and records are destroyed	Obtain back-up books and records from off-site facility  and transport them for immediate use to the alternate location.
Office is destroyed	Relocate to the alternate location and establish operations. Once business has resumed and is fully operational, start searching for a new main office location.
Telecommunications hardware is destroyed	Contact service provider to transfer existing service to  the alternate location, arrange for necessary hardware and software installations.

We estimate the resumption of business and communications channels within forty-eight (48) hours of the onset of this type of SBD.

**Illustration #2 – External regional SBD**

In the event that an earthquake, or other natural disaster causes structural damage to our building and the buildings of some of our service providers, including our clearing firm, CGC will make the following assessments and take the following steps:

Effect of SBD	Action to be taken
Building is not structurally sound	All vital equipment and files will be transported to the alternate location and business will resume promptly. If the equipment and files are damaged beyond use, new equipment (as necessary) shall be obtained and the firm’s back-up files shall be retrieved from its off-site storage facility(s).
Clearing firm has been forced to relocate to its secondary business location	Contact the clearing firm and assess the repercussions of its relocation on its business. Determine which method will be the most effective for delivering customer orders and requests for withdrawals to the clearing firm.
Other vendors are experiencing service interruptions	Contact vendors to determine when they anticipate being fully operational and make arrangements for the continuance of service, if possible, in the meantime.

Depending on the impact of this particular type of SBD on our third-party vendors, we estimate a range of forty- eight (48) to one week for the firm to be able to resume normal business operations.

**Illustration #3 – Catastrophic SBD**

In the event of an SBD on the level of a terrorist attack, major natural disaster, political crisis, or other event that is of a magnitude great enough to force the close of the markets but does not *physically* affect CGC, the firm will take the following steps:

Effect of SBD	Action to be taken
The financial markets are closed (other than normal market holidays)	Communicate the situation to clients and assure that the clearing firm will be able to process transactions when the markets re-open.
One of CGC’s banks has been significantly affected and cannot continue its business for a prolonged (more than seventy-two hours) period of time	Contact the bank to determine how funds may be withdrawn and transfer the funds to another account. If funds are frozen for an uncertain amount of time, assess the firm’s financial situation and pursue additional financing if necessary.
The firm’s investments in the financial markets are frozen	Perform a risk assessment based on the overall status of the SBD to decide how to best preserve the firm’s capital position under a variety of market re-open scenarios.
There is a possibility of further SBDs resulting from the primary SBD	Test the firm’s procedures for handling an SBD that results in the firm’s relocation. Assure that back-up systems, hardware, and files are ready to be utilized and can be set up quickly if needed.

It is virtually impossible to predict a recovery time for this category of SBD due to the scope and the myriad of ramifications on the financial services industry as a whole. We are confident that with the procedures we have in place we will be able to ensure the least possible impact on our clients as dictated by the circumstances.

**Illustration #4 – Pandemic SBD**

The Firm will monitor publications by the World Health Organization (WHO), Centers for Disease Control (CDC) and the local health department for any warnings of a pandemic. The Firm will also implement travel restrictions and directives recommended by the CDC and local health departments. In the event of a pandemic, such as the H1N1 influenza pandemic, CGC will take the following steps:

<b>Effect of SBD</b>	<b>Action to be taken</b>
Pandemic outbreak in the vicinity of the Firm	Provide employees with guidelines on how to prevent the spread of disease and how to respond when they or a family member gets sick. Encourage employees to work from home if they think they may have come in contact with an infected person.
One or more employees becomes infected	Circulate a companywide memorandum informing employees of the outbreak in the company and require infected employees to work from home if able. If employees are unable to work from home their duties will be re-assigned to another employee by the employee’s supervisor.

***Important Contact Information***

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***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.



***Summary***

At CGC 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 CGC 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.