

Disaster Recovery Plan

This guide sets forth items to consider in the review of the firm's disaster recovery plan. You should form a committee to assess the plan and should assign activities under the plan to individuals in the firm or to third party service providers.

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A. DISASTER SCENARIOS

Identify events that could disrupt the firm's ability to provide investment advisory services to clients. Examples are listed below.

- *Fire*
- *Flood*
- *Hurricane*
- *Terrorist act*
- *Power-outage*

B. CRITICAL AND NON-CRITICAL ITEMS

Compile an inventory of items utilized by the firm to provide investment advisory services to clients. Categorize each item as critical (needed within 2 weeks) or non-critical (not needed within 2 weeks). Examples are listed below.

	CRITICAL	NON-CRITICAL
<i>Software</i>	<i>Portfolio management system</i>	<i>Microsoft Word</i>
<i>Hardware</i>	<i>Computers Servers</i>	<i>Printers Copiers</i>
<i>Communications</i>	<i>Internet Telephone</i>	<i>Fax</i>
<i>Third Party Service Providers</i>	<i>Custodian Brokers</i>	<i>Shredding Company</i>
<i>Employees</i>	<i>Portfolio Managers Traders Members of the Management Committee</i>	<i>Marketing Staff Assistants</i>
<i>Data</i>	<i>Client Holdings</i>	

C. OFFICE LOCATION

Consider the questions below in determining how the firm will address a temporary or permanent disruption to its ability to access or work from its current office location.

	Length of Disruption		
	Short Term (< 2 weeks)	Medium Term (> 2 weeks)	Permanent
1. Where will employees work (e.g., from home, at an alternative work location, etc.)?			
2. Will there be a temporary meeting place or other gathering location to conduct meetings?			
3. What is the likelihood that alternative work locations will be effected by the disruption (e.g., are they in close proximity to the main office, etc.) and how will the firm reduce such risk?			
4. How will the critical and non-critical items be restored at or accessed from an alternative work location?			
5. Will employees require transportation to any alternative work location or meeting place? Will the firm assist in transporting employees to the alternative work location or meeting place?			

D. UTILITIES

Identify the critical and non-critical items that would be affected in the event of a temporary or permanent disruption to the utilities (electric, water, cable, phone, etc.) at the main office. For each item identified, determine how the firm will restore or obtain accessibility to such items. Examples are listed below.

	Length of Disruption		
	Short Term (< 2 weeks)	Medium Term (> 2 weeks)	Permanent
<i>Computers</i>	<i>Back-up generator, home computers, etc.</i>		
<i>Servers</i>			
<i>Internet</i>	<i>Access the Internet via handheld devices.</i>		
<i>Telephone</i>	<i>Cell Phones, Pagers, etc.</i>		

D. UTILITIES (CONTINUED)

Consider the questions below in determining how the firm will address a temporary or permanent disruption to utilities at the main office.

	Length of Disruption		
	Short Term (< 2 weeks)	Medium Term (> 2 weeks)	Permanent
1. Will employees work at an alternative work location?			
2. Will an alternative source of utilities be used in the event of a temporary or permanent disruption to the utilities at the main office?			
3. How will the firm protect hardware such as servers and computers from damage (e.g., air conditioning to protect computer equipment, etc.)?			
4. Will a loss of utilities at the main office compromise the security of client information?			
5. Does the firm have the ability to access servers from a remote location?			
6. What is the likelihood that alternative work locations will be effected by the disruption (e.g., are they on a separate utility and phone grid, etc.) and how will the firm reduce such risk?			

E. COMMUNICATIONS

Consider the questions below in determining how the firm will address a temporary or permanent disruption to its ordinary communication methods. Examples are listed below.

	Length of Disruption		
	Short Term (< 2 weeks)	Medium Term (> 2 weeks)	Permanent
1. What alternative Internet communication methods are available? What is the likelihood that such methods will be affected by the disruption and how will the firm reduce such risk?			
2. What alternative voice communication methods are available? What is the likelihood that such methods will be affected by the disruption and how will the firm reduce such risk?	<i>800 numbers, alternative wireless providers, pagers, etc.</i>		
3. What contact information will be needed in the event of a disaster and how will the firm access this information (e.g., utility providers, third party service providers, insurance provider, employee contact information, etc.)?	<i>Call tree; hard copies of employee and client lists are stored offsite, etc.</i>		
4. How will the firm communicate with employees and how will employees communicate with one another?			
5. How will you maintain regular communications with clients (e.g., client reporting, etc.)?			
6. How will clients communicate with the firm?			
7. Under what circumstances will you contact clients and how will this be done?			
8. Under what circumstances will you contact third			

party vendors and how will this be done?			
9. Under what circumstances will you contact regulators and how will this be done?			

F. BACK-UP AND RECOVERY

Consider the questions below in determining how data will be accessed or restored in the event of a temporary or permanent disruption to the firm's ability to access such data.

	Length of Disruption		
	Short Term (< 2 weeks)	Medium Term (> 2 weeks)	Permanent
1. How does the firm back-up critical and non-critical data (e.g., frequency, procedure, person(s) responsible, etc.)?			
2. Are there hard copies of documents located at the main office that are not backed up?			

G. THIRD PARTY SERVICE PROVIDERS

Review the disaster recovery plans of your third-party service providers. For each third party service provider identified in Section B, determine what course of action would be taken if there was a temporary or permanent disruption to the services delivered by such entities. Examples are listed below.

	Length of Disruption		
	Short Term (< 2 weeks)	Medium Term (> 2 weeks)	Permanent
<i>Custodian</i>			
<i>Shredding Company</i>	<i>Not Critical</i>		

H. EMPLOYEES

Consider the questions below in determining how the activities performed by critical employees will be performed in the event they are not available to work.

	Length of Disruption		
	Short Term (< 2 weeks)	Medium Term (> 2 weeks)	Permanent
1. Who at the firm will take over the critical employee's responsibilities? What if that person is also unavailable to work?			
2. Can the firm access the employee's voicemails and emails over which the critical employee conducted business?			
3. Will clients be informed that the critical employee will no longer be available to work? How will this be done?			
4. Will regulators be informed that the critical employee will no longer be available to work? How will this be done?			
5. Will an additional employee be hired to take over the key employee's responsibilities?			

I. ADDITIONAL CONSIDERATIONS

1. Determine the steps that would be taken under each of the scenarios listed in Section A.
2. Does the firm have a written evacuation plan?
3. Where will the firm obtain the resources to restore business operations in the event of a temporary or permanent business disruption?
4. In the event of a catastrophic disruption, how will the firm unwind its business without harming clients?
5. Will clients be able to access their funds and securities in the event of a temporary or permanent business disruption?

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