



## **Portsmouth Financial Business Continuity Plan (BCP)**

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### **I. Emergency Contact Persons**

Our firm's two emergency contact persons are: DENNIS COLLINS, PRESIDENT, CEO, <mailto:dennisc@portsmouthfinancial.com> and WALTON LOGAN, Chairman. Alternate emails for Portsmouth or these individuals are [broker@portsmouthfinancial.com](mailto:broker@portsmouthfinancial.com) and [operations@portsmouthfinancial.com](mailto:operations@portsmouthfinancial.com). The normal business numbers for these individuals is in San Francisco at our main office number 415-543-8500. Emergency phone numbers for Portsmouth and/or these individuals will be available at our emergency contact phone number, 1-877-841-4436. By calling our emergency phone number, you can hear recorded information regarding our business, alternate phone numbers and be able to leave a message. Our emergency contact persons will be updated in the event of a material change, and our Executive Representative will review them within 17 business days of the end of each quarter. The following is Portsmouth's main contact data:

#### **SF Main Office**

625 Market Street, 7<sup>th</sup> Floor  
San Francisco, CA 94105 ph # 415-453-8500 /800-443-2227/fax 415-764-1064  
[www.PortsouthFinancial.com](http://www.PortsouthFinancial.com)

#### **Building Managers:**

Aine (pronounced Awnya) O'Connell  
New Urban Properties, LLC  
332 Pine St, Penthouse  
San Francisco, CA 94104  
direct phone: (415) 217-7272/main phone: (415) 397-5050/fax: (415) 397-7302  
email: [aoconnell@newurbanprop.com](mailto:aoconnell@newurbanprop.com)

*Rule: FINRA Rule 3520.*

### **II. 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. In the event that we determine we are unable to continue our business, we will assure customers prompt access to their funds and securities.

### A. Significant Business Disruptions (SBDs)

Our plan anticipates two kinds of SBDs, internal and external. Internal SBDs affect only our 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. Our response to an external SBD relies more heavily on other organizations and systems, especially on the capabilities of our clearing firm, Pershing.

### B. Approval and Execution Authority

Dennis Collins, A registered principal, is responsible for approving the plan and for conducting the required annual review. He has the authority to execute this BCP.

### C. Plan Location and Access

Our firm will maintain copies of our BCP plan and the annual reviews, and the changes that have been made to it for inspection. A copy of our plan is located on PFS main server in the San Francisco main office under file name PFS CONTINUITY PLAN. We also have provided a copy to Pershing at 505 Sansome Street Suite 1020, San Francisco, California, 94111. Our contacts at the San Francisco Pershing office are Catherine Couture and Eric Banner. They can be reached at 415-398-3565. The fax number for them is 415-398-3119. Email Address for these individuals are as follows: [ccouture@pershing.com](mailto:ccouture@pershing.com) and [ebanner@pershing.com](mailto:ebanner@pershing.com) Pershing's main office phone number at Pershing Plaza in New Jersey is 201-413-2000 or 800-443-4342. Pershing customer service phone number is 888-367-2563. Pershing's Technology Customer Service phone number is 201-413-2001. A copy of our BCP will also be available on our website [www.portsmouthfinancial.com](http://www.portsmouthfinancial.com).

## **III. Business Description**

Our firm conducts business in equity and fixed income securities. Our firm is an introducing firm and does not perform any type of clearing function for itself or others. Furthermore, we do not hold customer funds or securities. We accept and enter orders. All transactions are sent to our clearing firm, Pershing LLC, which executes our orders, compares them, allocates them, clears and settles them. Our clearing firm also maintains our customers' accounts, can grant customers access to them, and delivers funds and securities. Our firm services retail and institutional customers. We do not engage in any private placements.

Our clearing firm is Pershing LLC, [www.pershing.com](http://www.pershing.com). Our clearing firm maintains their own BCP, it can be found at their website. The following information is about Pershing.

Pershing maintains a business continuity plan, including redundant data centers and alternate processing facilities, to address interruptions to our normal course of business. These plans are reviewed annually and updated as necessary.

Pershing's plan outlines the actions they will take in the event of a building, citywide, or regional incident, including relocating technology and operational personnel to preassigned alternate regional facilities. Technology data processing can also be switched to an alternate regional data center.

All Pershing operational facilities are equipped for resumption of business and are tested several times per year. Their recovery time objective for business resumption, including those involving a relocation of personnel or technology, is four (4) hours. This recovery objective may be negatively affected by the unavailability of external resources and circumstances beyond their control.

In the event that Portsmouth Financial experiences a significant business interruption, Pershing may be contacted directly to process limited trade-related transactions, cash disbursements, and security transfers. Instructions to Pershing must be in writing and transmitted via facsimile or postal service as follows:

Pershing LLC  
P.O. Box 2065  
Jersey City, New Jersey 07303-2065

Phone 800-443-4342 or 201-413-2000  
Fax: (201) 413-5368

The Pershing Los Angeles office phone number is 800-421-5847 Fax 213-489-7157

For additional information about how to request funds and securities when Portsmouth Financial cannot be contacted due to a significant business interruption, please refer to the information below or call (201) 413-3635 for recorded instructions. If you cannot access the instructions from the previously noted telephone number, Pershing may be contacted at (213) 624-6100 extension 500 as an alternate telephone number for recorded instructions.

The specific transactions Pershing will perform for Portsmouth Financial clients, and the required accompanying information, are as follows:

#### **Trades:**

Pershing will process the following closing security transactions:

- Sale of security position held long in the client's account
- Buy of security to close-out short security position

Pershing will process closing security transactions upon receipt of written instructions that must include the following information:

- Client brokerage account number
- Client name (as registered on the brokerage account)
- Security description, including symbol or CUSIP® number
- Number of shares

**NOTE:** All orders will be handled as market orders.

#### **Cash Disbursements:**

Pershing will process cash disbursements upon receipt of signed written instructions that must include the following information:

- Client brokerage account number
- Client name (as registered on the brokerage account)
- Exact amount to be disbursed
- Indicate method of disbursement (as follows) and provide the information indicated:

a) Check (payable to account name only)

– Indicate name and address of record where check is to be mailed

b) Federal funds

– Indicate receiving bank name, ABA number, and receiving bank account number

**NOTE:** The receiving bank account name and brokerage account name must be identical unless we have a letter of authorization on file indicating alternate instructions.

### **Securities Transfers:**

Pershing will process security transfer requests upon written instructions that must include the following information:

- Client brokerage account number
- Client name (as registered on the brokerage account)
- Description of security(ies) to be transferred, including symbol(s) or CUSIP number(s)
- Quantity to be transferred
- Receiving account information for securities, as follows:
  - a) Transfer to another brokerage account at Pershing
    - Provide receiving account number at Pershing (name and address on both accounts must be the same)
  - b) Transfer to another financial organization
    - Name of the receiving financial organization
    - DTC number (if the receiving financial organization is a registered broker-dealer)
    - Account number at the receiving financial organization

It should be clear to Portsmouth Financial customers that the telephone numbers listed above are alternate numbers and are to be used only if our clients fail to reach us at the following locations.

#### **IV. Portsmouth Financial has one office.**

Employees may travel to this office by means of BART, Bus or car. We engage in order taking and entry at this location.

##### **A. Office Location**

625 Market Street, 7<sup>th</sup> floor  
San Francisco, CA 94104 ph 415-543-8500/ 800-443-2227

The building is managed by:

Aine (pronounced Awnya) O'Connell

New Urban Properties, LLC  
332 Pine St, Penthouse  
San Francisco, CA 94104

direct phone: (415) 217-7272/main phone: (415) 397-5050/fax: (415) 397-7302  
email: [aoconnell@newurbanprop.com](mailto:aoconnell@newurbanprop.com)

In the event of an SBD, we will instruct our staff to gather at a location determined at the time of the emergency or stay in contact by phone or email as much as possible and wait for further instructions. We may have limited staff available at a Pershing office if conditions allow. We will attempt to move our staff from affected offices to a location best suited to meet the needs of our customers during which time our office is affected.

Rule: *FINRA Rule 3510(c)(6)*.

## **V. Customers' Access to Funds and Securities**

Our firm does not maintain custody of customers' funds or securities, which are maintained at our clearing firm, Pershing LLC. In the event of an internal or external SBD, if telephone service is available, our registered persons will take customer orders or instructions and contact our clearing firm on their behalf, and if our Web access is available, our firm will post on our Web site that customers may access their funds and securities by contacting Pershing LLC. The firm will make this information available to customers through its disclosure policy.

If SIPC determines that we are unable to meet our obligations to our customers or if our liabilities exceed our assets in violation of Securities Exchange Act Rule 15c3-1, SIPC may seek to appoint a trustee to disburse our assets to customers. We will assist SIPC and the trustee by providing our books and records identifying customer accounts subject to SIPC regulation.

Rules: *FINRA Rule 3510(a)*; Securities Exchange Act Rule 15c3-1; 15 U.S.C. 78eee (2003).

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

Our firm maintains its primary hard copy books and records and its electronic records at 625 Market Street, San Francisco, California 94105. We also maintain records at a storage unit in San Francisco at 580 Market Street, San Francisco, CA 94105. Dennis Collins, President and CEO is responsible for the maintenance of these books and records. Our firm maintains the following document types and forms that are also transmitted to our clearing firm: New Account forms, Option Forms, Margin Forms, IRA Account Forms, Trust and Legal Documents.

Our firm maintains its back-up hard copy books and records at Pershing. These records are microfilm copies of pertinent Account information. In the event of an internal or external SBD that causes the loss of our paper records, we will physically recover information as Pershing will make available. Our firm relies, by contract, on our clearing firm to provide order execution, order comparison, order allocation, and the maintenance of customer accounts, delivery of funds and securities, and access to customer accounts. If our primary site is inoperable, we will continue operations from our back-up site or an alternate location. This alternate location will be determined by the emergency contacts at the time of the disruption. Depending on the severity of the situation, the emergency contacts can decide

if a meeting place will be set or if communications will occur over the phone and over the internet. If Pershing's office in San Francisco is unaffected and our office is inaccessible, we will contact Pershing for access to their office for a limited staff. For the loss of electronic records, we will either physically recover the storage media from Pershing, recover data from our back-up site, or, if our primary site is inoperable, continue operations from our back-up site or an alternate location.

*Rule: FINRA Rule 3510(c)(1).*

## **VII. 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 counter-parties, and regulators. Although the effects of an SBD will determine the means of alternative communication, the communications options we will employ will include our web site, [www.portsmouthfinancial.com](http://www.portsmouthfinancial.com) and our emergency voice mail system, which can be reached by calling 1-877-841-4436. In the event of an emergency, you will be able to listen to updated information from Portsmouth and leave a message. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery to the extent possible.

*Rules: FINRA Rules 3510(c)(3) & (f)(2).*

### **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 clearing firm, critical banks, and investors to apprise them of our financial status. If we cannot remedy a capital deficiency, we will file appropriate notices with our regulators and immediately take appropriate steps.

*Rules: FINRA Rules 3510(c)(3), (c)(8) & (f)(2).*

## **VIII. Mission Critical Systems**

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 and entry. Our clearing firm provides, through contract, the 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.

Our clearing firm will maintain a business continuity plan and the capacity to execute that plan. Our clearing firm represents that it will advise us of any material changes to its plan that might affect our ability to maintain our business. In the event our clearing firm executes its plan, it represents that it will notify us of such execution and provide us equal access to services as its other customers. If we reasonably determine that our clearing firm has not or cannot put its plan in place quickly enough to meet our needs, or is otherwise unable to provide access to such services, our clearing firm represents that it will assist us in seeking services from an alternative source.

Our clearing firm represents that it backs up our records at a remote site. Our clearing firm represents that it operates a back-up operating facility in a geographically separate area with the capability to

conduct the same volume of business as its primary site. Our clearing firm has also confirmed the effectiveness of its back-up arrangements to recover from a wide scale disruption by testing and it has confirmed that it tests its back-up arrangements several times per year.

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 within 4 hours and resumption time of within 4 hours.

#### A. Our Firm's Mission Critical Systems

##### **Order Taking**

Currently, our firm receives orders from customers via telephone or fax depending on what type of order. During an SBD, either internal or external, we will continue to take orders through any of these methods that are available and reliable, and in addition, as communications permit, we will inform our customers when communications become available to tell them what alternatives they have to send their orders to us. Customers will be informed of alternatives by voicemail message, posting on our web site and directing customers to Pershing's contacts. If necessary, we will advise our customers to place orders directly with our clearing firm at 800-443-4342

##### **Order Entry**

Currently, our firm enters orders by recording them on paper and electronically and sending them to our clearing firm electronically or telephonically. Alternatively, We place customer orders through Net-X-Pro Net-X-Pro is a web-based product that can be accessed from any location as long as internet contact is available.

In the event of an internal SBD, we will enter and send records to our clearing firm by the fastest alternative means available, which include telephone email overnight delivery methods, mail and fax. In the event of an external SBD, we will maintain the order in electronic or paper format, and deliver the order to the clearing firm by the fastest means available when it resumes operations. In addition, during an internal SBD, we may need to refer our customers to deal directly with our clearing firm for order entry.

#### B. Mission Critical Systems Provided by Our Clearing Firm

Our firm relies, by contract, on our clearing firm to provide order execution, order comparison, order allocation, and the maintenance of customer accounts, delivery of funds and securities, and access to customer accounts.

*Rules: FINRA Rules 3510(c) & (f)(1).*

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

### A. Customers

We now communicate with our customers using the telephone, e-mail, our Web site, fax, U.S. mail, and in person visits at our firm or at the San Francisco location. In the event of an SBD, we will assess which means of communication are still available to us, and use the means closest in speed and form (written or oral) to the means that we have used in the past to communicate with the other party. For example, if we have communicated with a party by e-mail but the Internet is unavailable, we will call them on the telephone and follow up where a record is needed with paper copy in the U.S. mail.

Rule: FINRA Rule 3510(c)(4).

### B. Employees

We now communicate with our employees using the telephone, e-mail, and in person. We maintain an employee emergency contact data book in both office locations with names and alternate means of contact. In the event of an SBD, we will assess which means of communication are still available to us, and use the means closest in speed and form (written or oral) to the means that we have used in the past to communicate with the other party. We will also employ a call tree so that senior management can reach all employees quickly during an SBD. The call tree includes all staff home and office phone numbers. We have identified persons, noted below, who live near each other and may reach each other in person:

The person to invoke use of the call tree is: Dennis Collins.

<b>Caller</b>	<b>Call Recipients</b>
<i>Dennis Collins</i>	<i>Chris Bankovitch, Walt Logan, Eileen Fisher</i>
<i>Walton Logan</i>	<i>Sam Rankin, Jeannie Lauritsen</i>
<i>Sam Rankin</i>	<i>Trading personnel,</i>
<i>Jeannie Lauritsen</i>	<i>Inside brokers</i>
<i>Eileen Fisher</i>	<i>Pershing</i>
<i>Lynette White</i>	<i>Outside brokers</i>

Rule: FINRA Rule 3510(c)(5).

### C. Regulators

We are currently members of FINRA. We communicate with our regulators using the telephone, e-mail, fax, U.S. mail, and in person. In the event of an SBD, we will assess which means of communication are still available to us, and use the means closest in speed and form (written or oral) to the means that we have used in the past to communicate with the other party.

Rule: FINRA Rule 3510(c)(9).

## X. Critical Business Constituents, Banks, and Counter-Parties

### A. Business constituents

We have contacted 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), and determined the extent to which we can continue our business relationship with them in light of the internal or external SBD. We will quickly establish alternative arrangements if a business constituent can no longer provide the needed goods or services when we need them because of an SBD to them or our firm.

Rules: *FINRA Rule 3510(c)(7).*

## **B. Banks**

The bank maintaining our operating account is: City National. The bank maintaining our Proprietary Account of Introducing Brokers/Dealers (PAIB account) is Pershing. We will contact these companies in the event of an SBD and we will quickly establish alternative arrangements if they can no longer provide the needed goods or services because of an SBD to them or our firm.

Rules: *FINRA Rule 3510(c)(7).*

## **C. Counter-Parties**

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

Rules: *FINRA Rules 3510(a) &(c)(7).*

## **XI. Regulatory Reporting**

Our firm is subject to regulation by: FINRA, the SEC, and the State of California. We now file reports with our regulators using paper copies in the U.S. mail, and electronically using fax, e-mail, and the Internet. In the event of an SBD, we will check with the SEC, FINRA, and other regulators to determine which means of filing are still available to us, and use the means closest in speed and form (written or oral) 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.

The following is our contact information for the following Regulatory Agencies:

State of California – Department of Corporations  
1390 Market Street, #810  
San Francisco, CA 94102

State of California – Department of Corporations  
1515 K Street, Suite 200  
Sacramento, CA 95814  
916-445-7205 fax 916-445-7975 [www.corp.ca.gov](http://www.corp.ca.gov)

William P. Wood – California Corporations Commissioner 916-324-9011

FINRA Regulation Inc.  
9509 Key West Avenue, 3<sup>rd</sup> Floor  
Rockville, MD 20850 240-386-5161

SEC Headquarters  
450 Fifth Street, NW  
Washington, DC 20549

Office of Investor Education and Assistance 202-942-7040 [help@sec.gov](mailto:help@sec.gov)

San Francisco District Office  
44 Montgomery Street, Suite 1100  
San Francisco, CA 94104  
415-705-2500 [sanfrancisco@sec.gov](mailto:sanfrancisco@sec.gov)

SEC – Los Angeles  
5670 Wilshire Blvd. 11<sup>th</sup> floor  
Los Angeles, CA 90036  
213-965-3815

SIPC  
[www.sipc.org](http://www.sipc.org)  
202-371-8300

*Rule: FINRA Rule 3510(c)(8).*

## **XII. Disclosure of Business Continuity Plan**

We disclose in writing a summary of our BCP to customers at account opening in our customer welcome letter. We also post the summary on our Web site, [www.portsmouthfinancial.com](http://www.portsmouthfinancial.com) and include the disclosure on our monthly statements. We will also mail it to customers upon request. Our summary addresses the possibility of a future SBD and how we plan to respond to events of varying scope. In addressing the events of varying scope, our summary:

(one) provides specific scenarios of varying severity. We will categorize the scope of events in the following categories: Category 1 is main office outage only; Category 2 is a regional disruption of both our office and Pershing San Francisco office.

(two) states whether we plan to continue business during that scenario and, if so, our planned recovery time; and

(three) provides general information on our intended response. Our summary discloses the existence of back-up facilities and arrangements.

*Rule: FINRA Rule 3510(e).*

**XIII. Updates and Annual Review**

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, usually during the month of September to modify it for any changes in our operations, structure, business, or location or those of our clearing firm.

*Rule: FINRA Rule 3510(b).*

**XIV. Senior Manager Approval**

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 3510(d).*

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_