

# International Research Securities, Inc.

## Business Continuity Plan (BCP)

### (08-24-2018 Revision)

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

Our firm's two emergency contact persons are: Michael Holland, CCO, 972-888-6030, [MHolland@intlresearch.com](mailto:MHolland@intlresearch.com), and Kate Holland, ACO, 972-888-6030, [kholland@intlresearch.com](mailto:kholland@intlresearch.com).

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). Michael Holland 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.

*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 of a cyber-attack or if 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.

##### **B. Approval and Execution Authority**

Michael Holland, CCO, a registered principal, is responsible for approving the plan and for conducting the required annual review. Michael Holland, CCO, has the authority to execute this BCP.

### C. Plan Location and Access

Our firm will maintain copies of its BCP plan and the annual reviews, and the changes that have been made to it for inspection. We have given FINRA District 6 office, 12801 N Central Expressway #1050, Dallas, Texas 75243 a copy of our plan. An electronic copy of our plan is located in Microsoft Word on Michael Holland's Computer under file: FINRA Business Continuity Plan and Patti Smith's computer under file FINRA Business Continuity Plan.

### D. Pandemic Recovery Outline

Our mission is to protect staff from the impact of a pandemic illness, ensure information system uptime, data integrity and availability and overall business resilience. The firm will attempt to minimize the potential for infection and transmission of communicable diseases or diseases that pose a credible threat of transmission in the workplace. Examples might include swine flu, active TB, SARS, seasonal flu, etc. The universal precautions include, staying at home when ill, frequent hand washing, ready access to hand sanitizer, wearing a mask to prevent airborne spreading, latex gloves, annual flu vaccinations, and encouraging employees to take regular exercise and maintain a healthy and well-balanced diet.

Key trigger issues that would lead to activation of these pandemic steps include, escalating loss of staff due to illness and inability to adequately handle business operations. When a pandemic outbreak begins affecting company employees, the Firm will then decide the extent to which the BCP Plan must be invoked. The firm will evaluate the situation to determine the impact on the firm, determining the level of backup that will be needed, notifying appropriate emergency organizations (e.g. hospitals, clinics, etc.), and assigning responsibilities and activities to other employees to ensure the Firm's ability to maintain business operations. If the pandemic escalates to the point where an employee's immediate family may be affected, the Firm will notify the family members quickly. If necessary, we will move our unaffected employees to our alternative office location and restore normal business operations.

### E. Long-Term or Permanent loss of Founder, Owner or Other Key Personnel:

The Firm will cross-train personnel in different job functions to ensure that at least one other person has a working knowledge of each client's account. This can be accomplished by simulating unavailability of the key personnel and have backup personnel handle accounts for a temporary period.

The Firm will take steps for the owners to develop and implement an adequate estate plan which can include wills, trust or other instruments in place so that change of ownership upon death is understood by remaining personnel who can plan accordingly. The Firm will prepare a checklist providing guidance to the Trustee, Successor or Heir and

applicable remaining Firm personnel on what to do in the case of death or long term unavailability of founder, owner or other key personnel.

Rule: FINRA Rule 4370(b), (d) and (e).

**F. Process for sharing and obtaining information about cybersecurity threats:**

In the event of a cyber-attack, the CCO would be notified. The CCO will inform all employees, as applicable. The firm may use its notification system to alert employees. The CCO and/or CTO (and perhaps outside legal counsel) will determine the next steps.

1. Notify law enforcement
2. Notify regulators, including an analysis of specific state requirements
3. Notify customers affected
4. Notify other parties as appropriate

If the cyber-attack affects a vendor used by the firm, the CCO and/or CTO will analyze which steps to take.

**III. Business Description**

Our firm operates pursuant to the (k)(2)(i) exemption contained in SEC Rule 15c3-3 and does not have a clearing arrangement with any other firm. Furthermore, we do not hold customer funds or securities. We accept and enter orders. All monies received in connection with customer transactions are sent to the mutual fund, insurance company, or other entity for benefit of the customer. Our firm services both retail customers and accredited investors.

**IV. Office Locations**

Our office is located at 3010 LBJ Suite 1200, Dallas, TX 75234. Its main telephone number is 972-888-6030. Our employees may travel to that office by means of foot, car. We engage in order taking and entry at this location.

**V. Alternative Physical Location(s) of Employees**

In the event of an SBD, we will move our staff from affected offices to the closest of our unaffected office locations. If none of our other office locations is available to receive those staff, we will move them to 3834 Waldorf circle, Dallas TX 75229. Its main telephone number is 310-880-4540.

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

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

Our firm does not maintain custody of customers' funds or securities, which are maintained at. In the event of an internal or external SBD, if telephone service is available, our customers may contact the mutual fund company directly for access to their securities. 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).

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

Our firm maintains its primary hard copy books and records at 3010 LBJ Suite 1200, Dallas, TX 75234. Michael Holland, CCO, 972-888-6030 is responsible for the maintenance of these books and records.

Our firm retains Armstrong Solutions, Inc., 3131 McKinney Avenue, Suite 600, Dallas, TX 75204, 1-866-526-7095. They capture all of our data, off-site, daily using ReadyNas Vault.

We have retained Global Relay Communications Inc., 220 Cambie Street, 2nd Floor Vancouver, BC V6B 2M9 , 866-484-6830. They archive all email and serve as designated third party for the purpose of compliance with SEC rule 17a-4. Designated Third Party and Attestation letters have been sent to FINRA.

In the event of an internal or external SBD that causes the loss of our paper records, we will physically recover them from Michael Holland's home, 3834 Waldorf Cir., Dallas, TX 75229. He has a binder containing copies of all client information sheets, which includes address and phone numbers for home and work. It also contains a listing of all client account numbers.

The firm through its IT department or vendor will keep a log of cyber-attacks. The operations department also keeps a log of client privacy items. These logs will be reviewed periodically by the CCO for trends.

If our primary site is inoperable, we will continue operations from our back-up site or an alternate location. For the loss of electronic records, we will either physically recover the

storage media or electronically 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).*

## **VIII. 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 telephone, voice mail, email. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery (Hard Copy and Electronic).

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 critical banks, and investors to apprise them of our financial status. If we determine that we may be unable to meet our obligations to those counter-parties or otherwise continue to fund our operations, we will request additional financing from our bank or other credit sources to fulfill our obligations to our customers and clients. If we cannot remedy a capital deficiency, we will file appropriate notices with our regulators and immediately take appropriate steps.

## **IX. *Rules: FINRA Rules 3510(c)(3), (c)(8) & (f)(2).* Mission Critical Systems**

Our 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.

We have primary responsibility for establishing and maintaining our business relationships with our customers and have sole responsibility for our mission critical functions.

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.

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

##### **1. Order Taking**

The Firm does not have an introducing clearing arrangement, thus all of the Firm's business is done via check and application with the mutual fund and insurance companies. No orders for general securities are taken.

##### **2. Order Entry**

Currently, our firm enters orders by completing the new account application(s), recording them on paper and electronically sending them to the respective mutual fund company or other appropriate party electronically or telephonically. Paper applications requiring a signature guarantee are submitted via US Mail.

In the event of an internal SBD, we will enter and send records to the mutual fund company by the fastest alternative means available, which include personal delivery. In the event of an external SBD, we will maintain the order in electronic or paper format, and deliver the order to the mutual fund company or appropriate party 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 to the mutual fund company for information about their account.

##### **3. Order Execution**

We currently rely, by contract, on the mutual fund company 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) & (g)(1).*

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

##### **A. Customers**

We now communicate with our customers using the telephone, e-mail, and in person visits at our firm or at the other's 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 4370(c)(4).*

## B. Employees

We now communicate with our employees using the telephone, 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. 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:

Caller	Call Recipients
Michael Holland	All International Research Securities, Inc. personnel

Rule: *FINRA Rule 4370(c)(5).*

## C. Regulators

We are currently members of the following SROs: FINRA. We communicate with our regulators using the telephone and e-mail. 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 4370(c)(9).*

## **XI. 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 a SBD to them or our firm. Our major suppliers are: For office supplies: Office Depot, 4131 University Blvd., Dallas, Texas, 1-800-543-0270; For printing supplies: Allcraft Printing Co., 1525 Edison, Dallas, Texas, 214-742-6994. For postage we use Stamps.com. For telephone service: Birch Telecom, 15305 Dallas Pkwy #1500, Addison, Texas 75001, 214-646-2700. For copier: Toshiba Business Solutions (Cust. # BI3261), 4103 Billy Mitchell, Addison, TX 972-386-1860; Key Equipment Finance (account # 591067369 1), 600 Travis #1300, Houston, TX 77002, 800-690-2225, Armstrong Solutions, 3131 McKinney Ave. Ste. 600, Dallas, TX 75204.

Rules: *FINRA Rule 4370(c)(7).*

### **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: BBVA Compass Bank, 11705 Preston Rd. Dallas TX 75230, 214-346-6135 or 214-346-6131, Ruby Danos.

Rules: *FINRA Rule 4370 (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 those counter-parties directly to make alternative arrangements to complete those transactions as soon as possible.

Rules: *FINRA Rule 4370 (c)(7).*



## **XII. Regulatory Reporting**

Our firm is subject to regulation by: SEC, FINRA, Texas Securities Commission. 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. FINRA Regulation, Inc. 15201 Diamondback Drive, Rockville, MD 20850, 301-590-6970, SEC, 801 Cherry Street #1900, Ft. Worth, Texas 76102, 817-978-3821. Texas State Securities Board, 208 E. 10<sup>th</sup> Street, 5<sup>th</sup> Floor, Austin, Texas 78701, 512-305-8300.

*Rule: FINRA Rule 4370(c)(8).*

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

We disclose in writing a summary of our BCP to customers at account opening and every 3 years. We 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 (1) provides specific scenarios of varying severity (e.g., a firm-only business disruption, a disruption to a single building, a disruption to a business district, a city-wide business disruption, and a regional disruption); (2) states whether we plan to continue business during that scenario and, if so, our planned recovery time; and (3) provides general information on our intended response. Our summary discloses the existence of back-up facilities and arrangements.

*Rule: FINRA Rule 4370(e).*

## **XIV. Updates and Annual Review**

Our firm will update this plan whenever we have a material change to our operations, structure, business or location. In addition, our firm will review this BCP annually, in June, to modify it for any changes in our operations, structure, business, or location.

*Rule: FINRA Rule 4370(b).*

## **XV. 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 4370(d).*

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

Title: CCO

Date: 08/24/2018

**XVI. Employee Initial Acknowledgement of Receipt**

I \_\_\_\_\_ (*name*), as \_\_\_\_\_ (*title*),  
acknowledge that I have received, read, understand, and agree to abide by, the Business  
Continuity Plan (the “Plan”), and participate in its facilitation to the extent requested. I  
have received adequate training on this Plan; however, should I have any questions  
regarding the Plan, including its application, I will immediately address them with Senior  
Management.

Signed: \_\_\_\_\_ (*employee signature*)

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

## **INTERNATIONAL RESEARCH SECURITIES, INC.**

### **Business Continuity Planning**

International Research Securities, Inc. has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

**Contacting Us** – If after a significant business disruption you cannot contact us as you usually do at 972-888-6030.

**Our Business Continuity Plan** – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

**Varying Disruptions** – Significant business disruptions can vary in their scope, such as only our Company, a single building housing our Company, the business district where our Company is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our Company or a building housing our Company, we will transfer our operations to a local site when needed and expect to recover and resume business within 1 day. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business within 3 days. If the significant business disruption is so severe that it prevents us from remaining in business, we will notify our clients as soon as is practically feasible.

**For more information** – If you have questions about our business continuity planning, you can contact us at 972-888-6030.