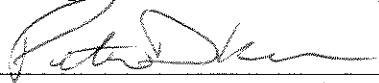


# Healthcare Community Securities Corporation Business Continuity Plan

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This "Business Continuity Plan" has been created to meet the requirements described in FINRA Rule 4370. This Business Continuity Plan is reasonably designed to enable our firm to meet its obligations to customers in the event of a Significant Business Disruption.

Authorized Approval Signature: 

Printed Name & Title:

Peter Kvam, Investments & Compliance Manager

Date:

3/09/2020

This Plan is effective from the date approved until the date of its authorized revision, update or replacement (see below).

Date this Plan was no longer effective (date of revision, update or replacement): \_\_\_\_\_

Recordkeeping: Discard after \_\_\_\_\_ (date three years from termination of use).

## **Introduction**

On April 7, 2004, the Securities and Exchange Commission approved NASD Rule Series 3500 dealing with emergency preparedness. On December 14, 2009, these Rules were converted to FINRA Rule 4370 as part of the FINRA Rule Consolidation process. Rule 4370 requires each member to create and maintain a Business Continuity Plan (BCP) that identifies procedures relating to an emergency or Significant Business Disruption (SBD) that are “reasonably designed to enable the member to meet its existing obligations to its customers.” In addition, the plan must address the firm’s existing relationships with other members and counter-parties. This plan must be promptly made available to the FINRA staff upon request.

Rules 4370(b) requires that each member review its plan at least annually to determine if any changes are needed and update its plan more frequently in the event of any material change to its operations, structure, business or location.

The plan should reflect the firm’s business and operations. Therefore, the requirements of the plan, as identified in Rule 4370, are flexible and should be tailored to the firm’s size and needs.

However, at a minimum, Healthcare Community Securities Corporation's plan must address the following areas:

- Data back-up and recovery (hard copy and electronic);
- All mission critical systems;
- Financial and operational assessments;
- Alternate communications between customers and the member;
- Alternate communications between the member and its employees;
- Alternate physical location of employees;
- Critical business constituents, banks, and counter-party impact;
- Regulatory reporting;
- Communications with regulators; and
- How the member will assure customers’ prompt access to their funds and securities in the event that the member determines that it is unable to continue its business.

Each firm is required to only address the elements applicable to its business, but the plan must contain an explanation if any element above is not included.

Rule 4370 requires each member to designate two individuals as emergency contacts that FINRA may contact in the event of a significant business disruption. Each contact must be a registered principal or member of senior management. However,

- If the member has only one principal but has other employees, the second contact should be another firm employee, or
- If the firm has only one principal and no other employees, the second contact may be someone who has knowledge of the firm’s business, such as an accountant, attorney, etc.

Rule 4370 also requires that each member enter this information into FINRA’s Contact System (NCS) at [https://regfiling.finra.org/contacts/ncs\\_contacts.aspx](https://regfiling.finra.org/contacts/ncs_contacts.aspx) and that required changes are made promptly.

## **Emergency Contact Persons**

Healthcare Community Securities Corporation has designated the following individuals to act as contact persons for the firm as required under Rule 4370:

### **Primary Contact**

Name, Title: Peter Kvam, Investments & Compliance Manager

Address: One Empire Drive, Rensselaer, NY 12144

Telephone Number: (518) 431-7775

Secondary Telephone Number: (347) 526-8726

Fax Number: (518) 431-7601

E-mail Address: [pkvam@hanys.org](mailto:pkvam@hanys.org)

### **Secondary Contact:**

Name, Title: James J. Kelley, President

Address: One Empire Drive, Rensselaer, NY 12144

Telephone Number: (518) 431-7737

Secondary Telephone Number: (518) 588-2354

Fax Number: (518) 341-7955

E-mail Address: [jkelly@hanys.org](mailto:jkelly@hanys.org)

These contacts will be reported through FINRA's Contact System. This system may be accessed directly at [https://regfiling.finra.org/contacts/ncs\\_contacts.aspx](https://regfiling.finra.org/contacts/ncs_contacts.aspx) or through the Firm Gateway at [www.finra.org/firmgateway](http://www.finra.org/firmgateway) and must be updated in the event of a material change. In addition, Healthcare Community Securities Corporation's Executive Representative or his/her written designee must review and update this information, if necessary, within 17 business days of the end of the calendar year. The Executive Representative or his/her designee will also ensure that contact information is updated promptly if changes occur at any time during the year.

### **Executive Representative:**

Healthcare Community Securities Corporation's Executive Representative is Peter Kvam.

## **Disaster Recovery Coordinator/Team:**

The Company has designated Peter Kvam, Investments & Compliance Manger, as the “Disaster Recovery Coordinator” (“Coordinator”). In his absence, James J. Kelley, President, will assume his responsibilities.

The “Disaster Recovery Coordinator” has the responsibility to make an immediate preliminary assessment of the nature and extent of the disruption by assessing the following: electricity supply; condition of computer network/phones; damage to the building; HVAC in extreme weather; and other hazards.

If the Coordinator determines that personnel should evacuate the affected location(s), he/ she must make an announcement to all personnel as to appropriate procedures. The announcement may be given via personal contact, e-mail, intercom or other methods as appropriate given the systems available; the size and location of the staff; and the size of the office or building. This announcement should be short and concise, should calmly identify the situation and should provide instructions to employees on how to respond. This announcement should be repeated as often as necessary to avoid confusion and to ensure all employees are aware of the situation. After ensuring the physical safety of Company personnel, the Coordinator must then implement this BCP.

If the situation does not merit evacuation, steps should be taken to alert designated persons of necessary actions to facilitate ongoing operations in the face of limited disruption. In this case, the Coordinator will determine which, if any, procedures in this BCP should be implemented.

In the event, the SBD has directly affected other areas of the building but has not directly impacted the Company’s office, the Coordinator will contact building security or emergency personnel for instructions on how the Company should respond and proceed accordingly.

## **Firm Policy**

Healthcare Community Securities Corporation'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 its customers to transact business. In the event that it is determined the firm is unable to continue its business, the firm will assure customers prompt access to their funds and securities.

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

Healthcare Community Securities Corporation's plan anticipates two kinds of SBDs, internal and external. Internal SBDs affect only the Company’s ability to communicate and do business, such as a fire or loss of electrical power in the office or building.

External SBDs prevent the operation of the securities markets or a number of firms, such as a terrorist attack, a natural disaster, or another event that causes a wide-scale, regional disruption in essential services. The Company’s response to an external SBD will rely more heavily on

other organizations and systems, especially on the capabilities of the product sponsors, federal emergency authorities, local officials and utility companies.

**Approval and Execution Authority:**

Peter Kvam, Investments & compliance Manager, a registered principal, is responsible for approving the plan and for conducting the required annual review.

Peter Kvam has the authority to execute this BCP.

**Plan Location and Access:**

Healthcare Community Securities Corporation will maintain copies of its BCP plan, a record of the firm’s annual reviews, and the changes that have been made to the BCP for inspection by regulators. A hard copy of the Company’s Plan is located in its main business location and may be accessed by contacting Peter Kvam, (518) 431-7775, pkvam@hanys.org.

An electronic copy of the Company’s plan is located on the Company’s server in a file named HCSC Compliance/Business Continuity. A back-up copy of this electronic file is maintained at Regulatory Compliance, in Londonderry, New Hampshire.

A copy of the BCP will be provided to FINRA District Office #9 located in Woodbridge, New Jersey upon request.

**Business Description**

Healthcare Community Securities Corporation conducts business on a subscription basis in mutual funds and variable insurance products. The Company does not hold customer funds, securities or customer accounts. Healthcare Community Securities Corporation accepts applications only from customers for the purchase of these products. All applications are submitted while on-site with the client to their HR department and all funding is done through payroll deduction and/or direct rollovers. The product sponsor maintains all the customer accounts, and delivers funds and securities upon the customer’s request.

We do not engage in any private placements or utilize the services of a clearing firm. Our firm services institutional customers.

**Office Locations**

The Company or its registered personnel currently operate from the following locations:

Type of Location, Registered or Unregistered	Address and Main Phone Number	Located in a Personal Residence? (Y or N)	Means of Transportation Employees Use to Reach Office	Mission Critical Functions Taking Place at Office
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Type of Location, Registered or Unregistered	Address and Main Phone Number	Located in a Personal Residence? (Y or N)	Means of Transportation Employees Use to Reach Office	Mission Critical Functions Taking Place at Office
Home office, Registered	One Empire Drive, Rensselaer, NY 12144	No	car	Completion of application and maintenance of institutional accounts.
Branch office, Registered	3445 Winton Place, Suite 222 Rochester, NY 14623	No	car	Completion of application and maintenance of institutional accounts.
Branch office, Registered	3 Huntington Quadrangle, Suite 301S, Melville, NY 11747	No	car and train	Completion of application and maintenance of institutional accounts.
Branch office, Un-Registered	254 Park Ave South PHC, New York, NY 10010	Yes	Home Office for Pete Margiotta	Non Critical Functions take place at this office
Branch office, Un-Registered	4 Ivy Place, Hartsdale, NY 10530	Yes	Home office for John Rosenfeld	Non Critical Functions take place at this office
Branch office, Un-Registered	104 Bedford Drive, Whitesboro, NY 13492	Yes	Home office for Dan Brindisi	Non Critical Functions take place at this office

### **Alternative Physical Location(s) of Employees:**

In accordance with Rule 4370 each member must designate a location at which business will be conducted in the event the primary office of the Company must be evacuated. In accordance with this requirement, Healthcare Community Securities Corporation will move critical members of its staff from affected offices to the Company's closest unaffected office locations. If none of the Company's other office locations is available to receive staff, they will relocate to their personal residences.

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

Healthcare Community Securities Corporation does not maintain custody of customers' funds or securities.

In the event of a SBD:

1. If telephone service is available, our registered persons will:
  - a. take customer orders or instructions and contact the product sponsor on customers' behalf, or
  - b. provide information to the customer with information on contacting the product sponsor; and

2. If Web access is available, the firm will post on our Web site who customers may contact to access their funds and securities.

The Company will make this and additional information regarding accessing funds and/or securities available to customers through its disclosure policy (below).

Respective mutual fund sponsors and variable annuity product issuers maintain all account records and documentation related to its customers' investments.

If SIPC determines that the Company is unable to meet its obligations to its customers or if the Company's liabilities exceed its assets in violation of Securities Exchange Act Rule 15c3-1, SIPC may seek to appoint a trustee to disburse the Company's assets to its customers. Healthcare Community Securities Corporation will assist SIPC and the trustee by providing applicable books and records identifying customer accounts subject to SIPC regulation.

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

Healthcare Community Securities Corporation maintains its primary books and records in hard copy and electronic format at One Empire Drive, Rensselaer, NY 12144. Peter Kvam is responsible for the maintenance of these books and records.

Healthcare Community Securities Corporation maintains the following document types and forms that are not transmitted to the product sponsor: Retirement Plan Services Agreements.

#### **Back-up of Paper Records:**

The Company does not typically hold customer funds or securities and customer investments are primarily maintained directly by the respective fund or offeror. Therefore, an internal or external SBD affecting Company offices should not pose a threat to customer records or financial holdings. While the Company may lose access to some or all FINRA- or SEC-required records in an external SBD, or may permanently lose some or all such records in an internal SBD (such as a fire), we believe our customers would not suffer as a result.

#### **Back-up of electronic records:**

The firm backs up its electronic records daily by copying all files to a local device (Dell/EMC Data Domain) in the Rensselaer office. The backup is then replicated to our co-location site located at 777 Central Blvd., Carlstadt, New Jersey, 07072.

In the event that electronic records are lost, the Company will either physically recover the storage media or electronically recover data from its back-up site, or, if the Company's primary site is inoperable, continue operations from its back-up site or an alternate location.

## **Financial and Operational Assessments**

### **Operational Risk:**

In the event of a SBD, Healthcare Community Securities Corporation will immediately identify any methods available that will permit personnel to communicate with customers, other employees, critical business constituents, critical banks, critical counter-parties, and regulators.

Although the effects of a SBD will determine the means of alternative communication, the communications options the Company may employ will include its web site, telephone and secure e-mail. In addition, Healthcare Community Securities Corporation will retrieve 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 a SBD, Healthcare Community Securities Corporation's CFO will determine the value and liquidity of its investments and other assets to evaluate the Company's ability to continue to fund its operations and remain in capital compliance.

Healthcare Community Securities Corporation will contact its critical banks, and investors to apprise them of the Company's financial status. If the Company determines that it may be unable to meet its obligations to those counter-parties or otherwise continue to fund its operations, Healthcare Community Securities Corporation will request additional financing from our bank or other credit sources to fulfill its obligations to our customers and clients. If Healthcare Community Securities Corporation cannot remedy a capital deficiency, the CFO will file appropriate notices with applicable regulators and immediately take appropriate steps.

In the event of a suspension or termination of the Company's business, the Company will attempt to notify customers regarding the situation and provide them with instructions for accessing their funds or securities, if applicable, for verifying transactions in process or for conducting future business. Notification will be a form allowed based on the circumstances permitted by regulatory authorities and may include telephone calls, letters or a posting on the Company's website.

## **Mission Critical Systems**

### **Internal Mission Critical Systems**

Healthcare Community Securities Corporation does not maintain trading or other critical systems to handle customer accounts since its business is limited to the sale of mutual funds and variable insurance products via subscription method. The individual product sponsors maintain all records of customer investments. These companies, as members, are responsible for ensuring that they have policies and procedures in place to ensure their business continuity in the event of a SBD. Healthcare Community Securities Corporation, in the event of a SBD, will notify investors how to access their account information or obtain assistance directly from these firms.



The Company has primary responsibility for establishing and maintaining business relationships with customers and has sole responsibility for the Company's mission critical functions of Investor relations/service.

### **Order Taking/Order Execution**

The Company does not take or execute orders.

The firm conducts business with product sponsors on an application basis and orders are sent to the sponsor in that manner and execution is handled by the product sponsor or issuer.

### **Other Services Currently Provided to Customers**

In addition to those services listed above the Company also provides retirement consulting services to institutional customers in the form of plan design, plan benchmarking, and general plan review.

In the event of an internal or external SBD, the Company will attempt to continue to offer these services provided that doing so does not place our employees or customers in harm's way. These services may be temporarily suspended if the Company determines that safety cannot be assured or if critical systems necessary for offering these services, such as telephone or Internet systems are disrupted.

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

### **Customers**

The Company currently communicates with our customers using telephone, fax, e-mail, our web site, U.S. mail and in person visits at our firm.

In the event of a 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.

### **Employees**

The Company currently communicates with its employees using telephone, e-mail, regular mail and in person.

In the event of a 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.

Employees will be notified directly by the Disaster Recovery Coordinator, or his/her designee, as to events and the manner in which they should proceed.

### **Regulators**

The Company is currently a member of FINRA and is registered with the SEC.

The Company is registered to conduct business in the following states: CA, CT, MD, MA, NJ, NY, and PA.

Healthcare Community Securities Corporation communicates with applicable regulators using telephone, e-mail and regular mail.

In the event of a 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.

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

Healthcare Community Securities Corporation has contacted our critical business constituents (businesses with which the Company has an ongoing commercial relationship in support of its operating activities, such as vendors providing critical services), and determined the extent to which the Company can continue its business relationship with these businesses in light of the internal or external SBD. The Company has entered into a supplemental contract with certain critical business constituents to provide such services. The alternative suppliers are disclosed below.

Our major suppliers are:

<b>Business Constituent</b>	<b>Address, Phone Number</b>	<b>Alternative Supplier</b>	<b>Address, Phone Number</b>
CenturyLink	(800)-871-9244	Crown Castle	(855)-93-FIBER
Crown Castle	(855)-93-FIBER	CenturyLink	(800)-871-9244
National Grid	(800) 642-4272	Generator on site	

Healthcare Community Securities Corporation has contacted its banks and lenders to determine if they can continue to provide the financing that the Company may need in light of the internal or external SBD. The Company's accounts are currently with the following institutions:

<b>Types of account (i.e. checking, savings, PAIB, escrow)</b>	<b>Name of Financial Institution</b>	<b>Address of Financial Institution</b>	<b>Telephone Number</b>	<b>Contact Name</b>
Checking Account	JP Morgan Chase Bank	One South Clinton Ave, Suite 700 Rochester, NY 14604	585-797-1830	Marie Ceasuolo, Sr. Client Service Officer

If our banks and other lenders are unable to provide the financing, we will seek alternative financing immediately.

### **Regulatory Reporting**

Healthcare Community Securities Corporation is subject to regulation by FINRA and SEC, as well as various state and other securities regulators (see list of states in Part 10 – Regulators).

The Company currently files 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 a 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 Company's current regulators can be reached as follows:

FINRA District Number 9:

Address: 581 Main Street, 7th floor, Woodbridge, NJ 07095-1164

Phone: (732) 596-2000

SEC New York Region:

Address: 3 World Financial Center, Suite 400, New York, NY 10281-1022

Phone: (212) 336-1100

For information on contacting states where the firm is registered or licensed, please visit [www.nasaa.org](http://www.nasaa.org).

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

The Company will disclose in writing a summary of our BCP to customers at account opening. The Company will notify customers in writing when material changes are made to the Plan than may affect their business relationship with the Company. The Company will also post the summary on our Web site and mail it to customers upon request.

The 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, the 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. Provide general information on our intended response.

Our summary also discloses the existence of back-up facilities and arrangements. A copy of the Company's disclosure statement is included at the back of this Plan.

## **Updates and Annual Review**

The Company will update this plan whenever there is a material change to its operations, structure, business or location.

The Company's BCP will be reviewed and modified, if necessary, at least annually, but no later than within 12 months of the date on which this Plan was put into effect or previously reviewed, to take into account any changes in the Company's operations, structure, business, or location.

## Customer Disclosure Statement

### Healthcare Community Securities Corporation

Healthcare Community Securities Corporation plans to quickly recover and resume business operations after a significant business disruption (SBD) 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 company's business continuity plan (BCP) is designed to permit us to resume operations as quickly as possible, given the scope and severity of the SBD.

The BCP 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.

**Significant Business Disruptions:** The Company's plan takes into account two kinds Significant Business Disruptions, internal and external. Internal SBDs affect only the Company's ability to communicate and do business, such as a fire or loss of electrical power in the office or building.

External SBDs prevent the operation of the securities markets or a number of firms, such as a terrorist attack, a natural disaster, or another event that causes a wide-scale, regional disruption in essential services.

**Internal SBDs:** In the event of a disruption in the Company's business operations due to an internal SBD, the Company will attempt to continue to conduct business as usual by utilizing alternative communication methods (if available), such as the Internet, cell phones, etc., or by moving its operations to an alternative location.

If personnel or operations must be moved to an alternate location, the Company anticipates that it will resume regular operations within 24 hours.

**External SBDs:** In the event of a disruption in the Company's business operations due to an external SBD, the Company will attempt to continue to conduct business as usual by moving its operations to an alternative location outside the affected area, if possible, or by providing customers with alternative communication arrangements, as indicated below, to conduct business or to access their funds and securities.

The Company will attempt to resume business within 24-48 hours and to keep its customers informed regarding relevant events to the best of its ability based on the circumstances.

In all cases, the Company will resume normal business operations as soon as it is able to do so, based on the type and the extent of the disrupting event.

If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt access to their funds and securities.

**Communications:** In the event you are unable to reach the Company at our main number, please proceed as follows:

1. Access the Company's website at <http://www.hanysbenefits.com> or [www.strategicbenefitservices.com](http://www.strategicbenefitservices.com).
2. Contact the product sponsor directly at the number listed on your most recent statement.
3. Access the product sponsor website for more information on contacting this entity and their business continuity plans. The website address can generally be found on your statement or offering documents.
4. Contact FINRA's District office at the following telephone number for more information on the company's status and additional instructions: (732) 596-2000.

**Contact information:** Any questions regarding the Company's Business Continuity Plans should be addressed to: Peter Kvam, One Empire Drive, Rensselaer, NY 12144, Tel. (518) 431-7775.