

# **Arete Wealth Management, LLC Business Continuity Plan (BCP)**

## **I. Emergency Contact Persons**

Our firm's four emergency contact persons are Joshua Rogers (312) 203-4580, UnBo (Bob) Chung (312) 550-0117, David Hock (503) 709-7943 and Heidi Flanagan (847) 331-5544. These names will be updated in the event of a material change, and our Executive Representative will review them on an ongoing basis within 30 days.

## **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.

### **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, National Financial Services, LLC.

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

Joshua Rogers, a registered principal and President of the firm, is responsible for approving the plan and for conducting the required annual review. He may delegate the task of conducting the review to UnBo (Bob) Chung, Chief Compliance Officer. Joshua Rogers 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. An electronic copy of our plan is located in the home of Joshua Rogers in the Business Continuity Plans folder. The file is entitled "BCP Plan".

## **III. Business Description**

Our firm is a Delaware limited liability company that engages in the business activity of General Retail Securities Business on a solicited and unsolicited level. Our firm 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, 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 individual and institutional customers. We do engage in private placements.

Our clearing firm is National Financial Services, LLC and our contact is Middle Office (800) 877-2410

#### **IV. Office Locations**

Home Office Location:

Our Office is located at 1101 W. Lake Street, 1<sup>st</sup> Floor, Chicago, IL 60607. Its main telephone number is (312) 940-3684. We engage in order taking and entry at this location.

Please See attached Branch List as Appendix A for the complete list of branch offices.

#### **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 the home of Joshua Rogers. The main telephone number is (312) 203-4580.

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

Our firm does not maintain custody of customers' funds or securities, which are maintained at our clearing firm, National Financial Services, 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.

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.

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

Our firm maintains its primary hard copy books and records and its electronic records at 1101 W. Lake Street, 1<sup>st</sup> Floor, Chicago, IL 60607. UnBo (Bob) Chung, the Chief Compliance Officer of the firm, (312) 940-3684, is responsible for the maintenance of these books and records.

Our firm maintains a paperless books and records system. All books and records are maintained and backed up daily by SingleHop LLC, located at 9333 W Grand Ave, Franklin Park, IL 60131. In compliance with FINRA and SEC regulations regarding electronic record keeping, in addition to the daily backups of all data, SingleHop also syncs all data and servers in near-realtime to 615 N 48th St, Phoenix AZ 85008.

In the event of an internal or external SBD that causes the loss of our paper records, we will physically recover them from our back-up site. 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.

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

### **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 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. 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. More specifically, these systems include: desktop computers and telephone 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 contract provides that 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 and presented us with an executive summary of its plan, which can be found at their website [www.nationalfinancial.fidelity.com](http://www.nationalfinancial.fidelity.com). 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. 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**

Currently, our firm receives orders from customers via telephone. During an SBD, either internal or external, we will continue to take orders through this method 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. If necessary, we will advise our customers to place orders directly with our clearing firm.

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

Currently, our firm enters orders electronically or by phone and sends those to our clearing firm electronically or by phone.

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 electronic and phone. 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.

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

We do not currently execute orders for our customers. This function is provided by our clearing firm, National Financial Services.

#### 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.

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

#### A. Customers

We now communicate with our customers using the telephone, e-mail, fax, U.S. 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.

#### B. Employees

We now communicate with our employees using the telephone, e-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. 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: Joshua Rogers

**Caller**

Joshua Rogers

**Call Recipients**

UnBo (Bob) Chung

David Hock

Heidi Flanagan

Maggie Carter

**C. Regulators**

We are currently members of the following SROs: 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.

**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 supplier is: National Financial Services, LLC

**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 First Midwest Bank (815) 344-7281. The bank maintaining our Proprietary Account of Introducing Brokers/Dealers (PAIB account) is National Financial Services (800) 877-2410.

**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.

**XII. Regulatory Reporting**

Our firm is subject to regulation by: the SEC and FINRA as well as the states in which we are registered to do business. 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.

**XIII. Disclosure of Business Continuity Plan**

We provide in writing a BCP disclosure statement to customers at account opening. We also mail it to customers upon request. Our disclosure statement is attached.

**XIV. 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 to modify it for any changes in our operations, structure, business, or location or those of our clearing firm.

**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.

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

Title: CCO & General Counsel

Date: 01/03/2019

Attachment to Arete Wealth Management, LLC Business Continuity Plan

**Arete Wealth Management, LLC's Business Continuity Planning**

Arete Wealth Management, LLC 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 (312) 940-3684, you should call our alternative number, (312) 203-4580. If you cannot access us through either of those means, you should contact our clearing firm, National Financial Services, LLC, at (800) 877-2410 for instructions on how it may provide prompt access to funds and securities, enter orders and process other trade-related, cash, and security transfer transactions for you.

**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 back up 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.

Our clearing firm, National Financial Services, LLC, backs up our important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we have been advised by our clearing firm that its objective is to restore its own operations and be able to complete existing transactions and accept new transactions and payments within 1 business day. Your orders and requests for funds and securities could be delayed during this period.

**Varying Disruptions** – Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm 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 firm or a building housing our firm, we will transfer our operations to a local site when needed and expect to recover and resume business within 48 hours. 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 5 business days. In either situation, we plan to continue in business, transfer operations to our clearing firm if necessary, and notify you how to contact us. 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.

**For more information** – If you have questions about our business continuity planning, you can contact us at (312) 940-3684

Attachment A  
Branch List

**Chicago, IL (Headquarters)**

1101 W. Lake Street, First Floor  
Chicago, IL 60607  
312-940-3684

**Birmingham, AL**

800 Shades Creek Pkwy, Suite 460  
Birmingham, AL 35209  
205.874.9299

**Scottsdale, AZ**

6424 E. Greenway Pkwy, Suite 149  
Scottsdale, AZ 85254  
858.207.4817

**Carlsbad, CA**

6005 Hidden Valley Rd, Suite 290  
Carlsbad, CA 92011  
858.217.5347

**Century City, CA**

1875 Century Park East, Suite 600  
Century City, CA 90067  
310.407.5400

**San Diego, CA**

3636 Nobel Dr, Suite 440  
San Diego, CA 92122  
858.455.1825

**San Diego, CA**

3131 Camino Del Rio North, Suite 370  
San Diego, CA 92108  
619.906.4499

**San Diego, CA**

12760 High Bluff Dr, Suite 110  
San Diego, CA 92130  
858.257.4646

**San Francisco, CA**

109 Olympia Way  
San Francisco, CA 94131  
415.258.1776



**Santa Barbara, CA**

925 de la Vina St, Suite 103  
Santa Barbara, CA 93101  
805.845.3092

**Woodland Hills, CA**

6320 Canoga Ave, Suite 1500  
Woodland Hills, CA 91367  
818.533.1911

**Englewood, CO**

7887 East Belleview Ave, Suite 1100  
Englewood, CO 80111  
303.768.0520

**Fairfield, CT**

777 Commerce Dr  
Fairfield, CT 06825  
203.337.1805

**Farmington, CT**

790 Farmington Ave, Bldg 3  
Farmington, CT 06032  
860.677.7755

**Palm Beach, FL**

2875 South Ocean Blvd, Suite 200  
Palm Beach, FL 33480  
561.666.6700

**Atlanta, GA**

3715 Northside Pkwy, Suite 4-250  
Atlanta, GA 30327  
404.666.5000

**West Des Moines, IA - Insight**

6600 Westown Pkwy, Suite 190  
West Des Moines, IA 50266  
515.273.1333

**West Des Moines, IA - Silvercap**

1200 Valley West Dr, Suite 104  
West Des Moines, IA 50266  
515.225.4141

**Crystal Lake, IL**

1 North Virginia St, Suite D  
Crystal Lake, IL 60014  
815.940.4650

**Baton Rouge, LA**

525 Florida St, Suite 300  
Baton Rouge, LA 70801  
225.336.1770

**Opelousas, LA**

306 W. Landry St  
Opelousas, LA 70571-1298  
337.948.8186

**Wenham, MA**

300 Main St  
Wenham, MA 01984  
617.413.9057

**Annapolis, MD**

61 Cornhill St  
Annapolis, MD 21401  
443.926.9226

**Clayton, MO**

8000 Maryland Ave, Suite 1031  
Clayton, MO 63105  
314.725.2000

**Creve Coeur, MO**

745 Craig Rd, Suite 308A  
Creve Coeur, MO 63141  
314.786.2119

**Kirkland, MO**

214 N Clay Ave, Suite 210  
Kirkwood, MO 63122  
314.238.7444

**Portsmouth, NH**

40 Pleasant St  
Portsmouth, NH 03801  
781.405.1967

**Lake Oswego, OR**

5775 Jean Road, Suite 210  
Lake Oswego, OR 97035  
503.372.9489

**Pittsburgh, PA**

320 Fort Duquesne Blvd, Suite 235  
Pittsburgh, PA 15222  
412.627.2870

**Memphis, TN**

775 Ridge Lake Blvd, Suite 150  
Memphis, TN 38120  
901.767.5755

**Centerville, UT**

1148 W Legacy Crossing Blvd, Suite 300  
Centerville, UT 84014  
801.335.8200

**Vienna, VA**

8500 Leesburg Pike, Suite 209  
Vienna, VA 22182  
202.536.4468

**Vienna, VA**

8000 Towers Crescent Dr, Suite 1250  
Vienna, VA 22182  
703.462.9475