

## **PART IV: BUSINESS CONTINUITY PLAN**

### **I. Firm Policy**

Our firm's Business Continuity Plan (BCP) 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.

In the event of a national SBD, our firm will conduct our own risk analysis to determine where critical impact points and exposure exists. Based on our size and limited staff, travel restrictions for branch office inspections may be enacted based on where the firm is located and where its branch offices are located. Postponement of an office audit will continue until it is determined that travel will no longer pose a risk to staff.

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

David S. Wilson, the designated principal, is responsible for approving the plan and for conducting the required annual review. David Wilson or Joel Blumenschein 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, in electronic form and hard copy, and the changes that have been made to it, for inspection. We have given the Chicago District Office of FINRA (District 8) a copy of our plan. An electronic copy of our plan is located on the firm's computer server, in the K: Compliance>WSP's>BCP>Part IV Business Continuity 2020. A backup copy of the BCP, in electronic and hard copy, is located at the office of Freedom Securities Inc, 333 Bishops Way, Ste. 154, Brookfield, WI 53005. The BCP is available to our registered representatives through our Written Supervisory Procedures Manual which is accessible via the secured pages of our website ([www.kcdfinancial.com](http://www.kcdfinancial.com)). A customer notice regarding the BCP is available on the public pages of our website and a paper copy is provided to each new customer at the time an account is opened (See Attachment A).

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

### **II. Emergency Contact Persons**

Our firm's two emergency contact persons are: David S. Wilson, Principal, email: dave@kcdfinancial.com telephone: (920) 347-3400 or cell: (920) 784-5874, and Joel R. Blumenschein, Principal, email: joelb@kcdfinancial.com, telephone: (262) 436-8715. The address for the emergency

contacts is KCD Financial, 3061 Allied St, Suite B, Green Bay WI 54304, with a primary facsimile (920) 347-3402. The contact persons will be updated in the event of a material change, and our designated principal will review them within 17 business days of the end of each calendar year.

*Rule: FINRA Rule 4370(f); NASD Rule 1160.*

### **III. Business Description**

Our firm conducts business in securities, fixed income securities, variable products, and mutual funds. 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.

All individual equity and bond transactions, and some mutual fund 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 retail and institutional customers.

Our clearing firm is Hilltop Securities, 1201 Elm Street, Suite 3500, Dallas, TX 75270-2180, Phone: (214) 859-1800, Email: [Jonathan.Rogers@hilltopsecurities.com](mailto:Jonathan.Rogers@hilltopsecurities.com), website: [www.hilltopsecurities.com](http://www.hilltopsecurities.com) and our contact person at that clearing firm is Jonathan Rogers.

Variable insurance transactions, along with some mutual fund and other transactions, are processed as direct application business and accounts are held directly at the mutual fund company, insurance company, or issuing company of such investments.

### **IV. Office Locations**

Our Firm has one supervisory office location and an alternate location to provide services related to our Business Continuity Plan.

#### **A. Office Location #1 (Home Office)**

Our Home Office is located at 3061 Allied St. Suite B, Green Bay, WI 54304. Its main telephone number is (920) 347-3400. Our employees may travel to that office by means of foot, car, or bus. We accept and enter orders through our clearing firm. This is the principal office of KCD Financial, Inc.

#### **B. Office Location #2**

KCD has an Alternative Location. The alternative location is 333 Bishops Way, Ste 154, Brookfield, WI 53005. The main telephone number is (262) 436-8715. Our employees may travel to either office by means of plane, bus or car. We can accept and enter orders through our clearing firm at either location.

#### **C. Remote/Staff Residential Locations**

1. David Wilson, Chief Compliance Officer; 208 Traders Point Lane, Green Bay WI 54302  
Cell phone: 920-819-0120. Supervisor: Robert Rivera.
2. Robert Rivera, Compliance Officer; 807 Linden Drive, Green Bay WI 54311  
Cell Phone: 920217-7400. Supervisor: David Wilson.
3. Mark Berndt, Licensing Coordinator; 1044 Wrightstown Road, De Pere WI 54115  
Cell Phone: 920-246-5729. Supervisor: David Wilson.

4. Vicki Berger, Office Manager; 2794 Harbor Cove Lane, Suamico, WI 54313  
Cell Phone: 920-819-0838. Supervisor: David Wilson.

#### D. Other Office Locations

Our firm has a number of registered and non-registered branch locations. These locations are NOT responsible as a primary location of any books and records or business activities of the firm. All business activities at these locations can be duplicated at locations 1 or 2.

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

In the event of an SBD, we will move our staff from the affected office to the unaffected office location. If none of our other office locations are available to receive the staff, we will immediately (within 24 hours) find office space in a nearby location or move them temporarily to 333 Bishops Way, Ste 154, Brookfield, WI 53005. Its main telephone number is (262) 436-8715.

*Rule: FINRA Rule 4370(c)(6).*

#### 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, Hilltop Securities or at individual investment companies. 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 or investment companies on their behalf. If our web access is available, our firm will post on our web site that customers may access their funds and securities by contacting Hilltop Securities at (214) 859-1800 or by contacting the investment companies who hold their accounts directly. For accounts held directly with mutual fund, insurance, and other companies, customers are able to access their funds by calling the individual numbers listed on their statements. 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 4370(a); Securities Exchange Act Rule 15c3-1; see also 15 U.S.C. § 78eee.*

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

Our Home Office maintains its primary books and records and its electronic records at 3061 Allied St. Suite B, Green Bay, WI 54304. David Wilson is responsible for the maintenance of these books and records. Our firm maintains via electronic form the following document types and forms that are not transmitted to our clearing firm or investment companies: New Account Forms, Disclosure Forms and other proprietary documents related to the business of KCD Financial, Inc.

Our Home Office maintains its back-up electronic books and records at an off-site location. Electronic books and records are accessible remotely, backed-up and transported off-site daily. These records are electronically stored on both external and internal computer hard drives. Vicki Berger, telephone (920) 347-3400, is responsible for the maintenance of these back-up books and records. Our firm backs up its server daily, which is transported off site.

When circumstances prevent daily file backups, reasonable effort will be made to do weekly and if not possible, monthly backups.

Secured remote access to the home office server is available to the CEO and several key employees with the ability to access and/or back-up all books and records remotely, as well as maintaining electronically all books and records. In the event of a disruption in business at the KCD home office, access to all books and records of the firm can be obtained remotely.

For the loss of electronic records, we will either physically recover the storage media or electronically recover data from the off-site location, or, if our primary site is inoperable, continue operations from our alternate location.

*Rule: FINRA Rule 4370(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 our web site at: [www.kcdfinancial.com](http://www.kcdfinancial.com), telephone (920) 347-3400 and/or e-mail notifications from one of our officers or principals. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery.

*Rules: FINRA Rules 4370(c)(3),(c)(4), (c)(5), (c)(7), (c)(9 & (g)(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 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.

*Rules: FINRA Rules 4370(c)(3), (c)(8) & (g)(2).*

## **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 the Hilltop Securities customer web site for access to securities account information, (<https://clientexp.hilltopsecurities.com//pcg/LogIn>) or clearing firm accounts, and individual investment company websites for accounts processed through direct application.

For the clearing firm accounts, 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, entry, execution and maintenance. 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 is attached. In the event our clearing firm executes its plan, it represents that it will notify us of such execution and provides 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 daily.

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 *next business day* and resumption time of *next business day* (assuming only our clearing firm was affected).

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

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

Currently, our firm receives orders from customers via telephone or in personal visits by each customer. 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 telephone or mail. If necessary, we will advise our

customers to place orders directly with our clearing firm at (214) 859-1080 or directly with investment companies that hold their accounts using the phone numbers found on their statements.

## **2. Order Entry**

Hilltop Securities: Currently, our firm enters orders electronically sending them to our clearing firm or via telephone. The electronic orders are placed through a Hilltop Securities software system called the CSS Module. Hilltop Securities Contingency Plan suggests that if this CSS Module is impaired, Hilltop will manually process all transactions until the CSS Module can be reactivated.

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 and facsimile. 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.

Investment Company Business: Currently, our firm assists with account instructions via telephone, facsimile or mail/courier delivery. In the event of an internal or external SBD, we will send instructions to the appropriate investment company in the fastest means available. In addition, during an internal SBD, we may need to refer our customers to deal directly with the investment company until operations resume.

## **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)(2) & (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, our web site, fax, U.S. mail, third party delivery services, and in personal 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, 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 and registered representatives quickly during an SBD. The call tree includes all staff home and office phone numbers.

The person to invoke use of the call tree is: David Wilson or Joel Blumenschein

Caller	Call Recipients
David Wilson	Vicki Berger, Cindi Giesler, Mark Berndt, Rob Rivera Registered Reps A-M
Joel Blumenschein	Registered Reps N-Z

Each individual responsible for contacting registered reps is provided with a directory of registered reps, updated periodically as needed, to be accessible in the event it is needed.

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

**C. Regulators**

We are currently members of the following SROs: FINRA and MSRB. We communicate with our regulators using the telephone, e-mail, fax, U.S. mail, overnight delivery companies 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 4370(c)(9).*

**XI. Critical Business Constituents, Banks, and Counter-Parties**

We currently have relationships with Constituents, Banks and Counter-Parties and communicate with these parties 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) that we have used in the past to communicate with the other party.

**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. A directory of our critical business constituents are listed in Attachment C.

*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: Associated Bank, 200 N. Adams Street, Green Bay, WI 54301, (920) 433-3188 and our contact is Grant Schilling. If our bank is unable to provide the financing, we will seek alternative financing immediately.

Proprietary Account of Introducing Brokers/Dealers (PAIB account):

Hilltop Securities has established a separate reserve account for assets held in our PAIB account and has taken other actions in order to permit Hilltop and KCD to conform to the provisions of NASD NTM 98-99. This account is maintained by Hilltop Securities, our clearing firm.

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

### **C. Counter-Parties**

We have determined that we will be able to carry out our transactions with critical counter-parties, such as other broker-dealers or institutional customers, in light of an internal or external SBD. We will work with our clearing firm or contact those counter-parties directly to make alternative arrangements to complete those transactions.

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

## **XII. Regulatory Reporting**

Our firm is subject to regulation by: the Securities and Exchange Commission (SEC), Chicago District Office of FINRA-District 8, and the State of Wisconsin. We now file reports with our regulators using paper copies in the U.S. mail, and electronically using fax, e-mail, overnight delivery 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.

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

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

We provide our customers with a written summary of our BCP at account opening and also provide a copy on the public pages of our website. We will also mail it to customers upon request (See Attachment A.)

*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, location or to those of our clearing firm. In addition, the designated principal will review the entire BCP annually, at the end of each year, to modify it for any changes in our operations, structure, business, location or those of our clearing firm.


*Rule: FINRA Rule 4370(b).*



**XV. Designated Principal 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: Chief Compliance Officer

Date: 03/11/2020

## **ATTACHMENT A**

### **Customer Summary of Business Continuity Plan**

KCD Financial, Inc. (KCD) 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 (920) 347-3400, you should call our alternate office location at (262) 436-8715 or go to our web site at [www.kcdfinancial.com](http://www.kcdfinancial.com). If you cannot access us through either of those means, you should contact our clearing firm, Hilltop Securities, at (214) 859-1800 or [www.hilltopsecurities.com](http://www.hilltopsecurities.com) for instructions on how it may provide assistance to accomplish your requests; such as: account information, trade requests or availability of funds. Additionally, if you're a customer with assets held directly at an investment company and not through Hilltop Securities, you may contact them directly at the investor telephone number provided on your account statement(s).

#### **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, Hilltop Securities, backs up our important records in a geographically separate area, as do any direct investment companies we do business with. 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 the next business day or sooner. Your orders and requests for funds and securities could be delayed during this period. This holds true for direct investment companies you may do business through.

#### **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 an alternative site when needed and expect to recover and resume business within the next business 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 the next business day. In either situation, we plan to continue in business, transfer brokerage operations to our clearing firm if necessary, and notify you through our web site

[www.kcdfinancial.com](http://www.kcdfinancial.com) on 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.

***To obtain more information about our Business Continuity Planning, please contact us at:***

***KCD Financial, Inc.  
3061 Allied St. Suite B  
Green Bay, WI 54304  
Telephone: (920) 347-3400  
Facsimile: (920) 347-3402  
[www.kcdfinancial.com](http://www.kcdfinancial.com)***

**ATTACHMENT B – Business Constituents**

Lease Holder: Great Lakes Development  
2020 Trissino Way  
Green Bay, WI 54313  
Telephone: (920) 362-7368

Banking: Associated Bank  
Attn: Grant Schilling  
200 N. Adams Street  
Green Bay, WI 54301  
Telephone: (920) 433-3188  
Fax: (920) 433-3190  
[www.associatedbank.com](http://www.associatedbank.com)

Information Technology: Technology Architect  
1300 W Main Ave.  
De Pere, WI 54115  
Telephone: (920) 339-0555  
Fax: (920) 339-0966  
[www.technologyarch.com](http://www.technologyarch.com)

Internet\Telephone Provider: Time Warner  
2155 Holmgren Way  
Green Bay, WI 54304  
Telephone: (877) 283-8091  
[www.twc.com/business](http://www.twc.com/business)

Website Administrator: Technology Architect  
1300 W Main Ave.  
De Pere, WI 54115  
Telephone: (920) 339-0555  
Fax: (920) 339-0966  
[www.technologyarch.com](http://www.technologyarch.com)

Cellular Service Provider: Sprint  
PO Box 105243  
Atlanta, GA 30348-5243  
Telephone: (888) 211-4727  
[www.sprint.com](http://www.sprint.com)

Email Hosting: SMARSH, Inc.  
75 Broad, Suite 306  
New York, NY 10004  
Telephone: (866) SMARSH-1  
Fax: (971) 998-9967  
[www.smarsh.com](http://www.smarsh.com)