

# YR Securities

## Business Continuity Plan

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## Introduction

FINRA Rule 4370 requires YR Securities (also referred to as the “Firm” or “YRS”) to create and maintain a business continuity plan that identifies procedures relating to an emergency or significant business interruption that are “reasonable 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.

Rule 4370(b) requires that the Firm 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 the rule, are flexible and should be tailored to the Firm’s size and needs.

However, at a minimum, YR Securities 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.

The 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 the Firm to designate two individuals as emergency contacts that the FINRA may contact in the event of a significant business disruption. Each contact must be an associated person; at least one contact must be a registered principal and member of senior management. The second contact, if not a registered principal, must be a member of senior management who has knowledge of the Company’s operations. If the Company does not have a second contact meeting this requirement, it must designate a person (registered with another firm or nonregistered) who has knowledge of the Company’s operations. This person may be, for instance, an attorney, accountant or clearing firm contact, among others.

Rule 4370 also requires that the Firm provide, review and update this information on FINRA’s Contact System, in accordance with Rule 1160.

## 1. Emergency Contact Persons

YR Securities has designated the following individuals to act as contact persons for the Firm as required under Rule 4370:

Jennifer Nelson (Primary) and William Roach (Alternate)

This information has been reported to FINRA via the FINRA Contact System. In addition, the CO of YR Securities must review and update this information, within 30 days of any material change. The FINRA Contact system will be reviewed within 17 business days of the end of each calendar year to ensure all updates have been made.

### **Executive Representative:**

YR Securities' Executive Representative is William Roach.

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

The Firm has designated Jennifer Nelson as the "Disaster Recovery Coordinator" and William Roach as the "Back-up Disaster Recovery Coordinator".

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 must make an announcement to all personnel as appropriate procedures. The announcement may be given via personal contact, e-mail, phone, intercom or other methods as appropriate given the systems available and size of staff and building. This announcement should be short and concise, should calmly identify the situation and should provide instructions to employees on how to respond and repeated as often as necessary to avoid confusion and to ensure all employees are aware of the situation. After ensuring the physical safety of Firm 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 that the SBD has directly affected other areas of the building but has not directly impacted the Firm's office, the Coordinator will contact building security or emergency personnel for instructions on how the Firm should respond and proceed accordingly.

## 2. Firm Policy

YR Securities 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.

**Significant Business Disruptions (SBDs):**

YR Securities plan anticipates two kinds of SBDs, internal and external. Internal SBDs affect only the Firm’s ability to communicate and do business, such as a fire or loss 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 Firm’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:**

Jennifer Nelson and/or William Roach, as CCO and CEO, are authorized and responsible for approving the plan and for conducting the required annual review.

**Plan Location and Access:**

YR Securities 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. An electronic copy of the Firm’s plan is available at any time, upon request, by contacting Jennifer Nelson or Will Roach at 757-91-0067x3. The plan is backed up to a cloud and maintained via electronic storage media compliant with Section 17(d) of the Securities Exchange Act of 1934.

A copy of the BCP will be provided to the FINRA District upon request. Requested contact information will be provided to FINRA within 15 days of request.

**3. Business Description**

YR Securities (‘YRS’ or ‘the Firm’) is a privately held corporation formed in the Commonwealth of Virginia in 2014 for the purpose of providing financial services. The Firm engages in securities activity with transaction based and trail compensation through mutual funds, variable annuities, life insurance and private placement transactions.

**4. Office Locations**

The Firm 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) | Business Taking Place at Office  |
|--|--|---|--|
| Registered                                   | 309 W Bute St.<br>Norfolk VA 23510<br>757-961-0067 | N   | Day to day business operations involved with security activity with transaction based and trail compensation through mutual funds, |

|  |  |  |  |
|--|--|--|--|
|  |  |  | variable annuities, life insurance and 529 accounts. |
|--|--|--|--|

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

In the event the firm’s home office(s) must be vacated, office staff will relocate to one of the following locations:

- |                   |                  |
|-------------------|------------------|
| 1339 Westover Ave | 7414 Rebel Rd    |
| Norfolk VA 23507  | Norfolk VA 23505 |
| 757-532-7503      | 757-218-6741     |

In the event of an office evacuation at a time when staff members are present in the home office, firm personnel may meet at the designated alternative Physical Locations noted above.

In the event of an office evacuation or for social distancing purposes in the event of health crises, certain staff members may be instructed to either stay at home without working, or work from their personal residences. If staff members are instructed to work from their homes, the Firm requires that their personal residences are adequately equipped to allow safe communication with customers, counterparties, vendors, regulators, etc., via secure internet connections equipped with firewalls and anti-virus software. The Coordinator is responsible for either permitting or not allowing use of residential offices, and will communicate his or her decisions and instructions to respective personnel.

Depending on the SBD, some or all of these methods will be used to ensure that communications with our clients are not disrupted.

The firm has the ability to have all phone calls forwarded to another alternative phone number. Voicemail recording and received messages can be accessed and updated remotely via telephone. Email can be accessed through web-mail and updates to our public web-site do not require us to be on-site in the home office. In the event of such evacuation, the firm’s telephone numbers will be forwarded to the firm personnel’s home or cellular telephones.

The closest hospital to the firm’s office is: Sentara Norfolk General Hospital, 600 Gresham Dr., Norfolk VA

The closest fire department to the firm’s office is: Norfolk Fire Station No 1, 450 St. Paul Blvd, Norfolk VA

The closest police precinct to the firm’s office is: Norfolk Police Department, 100 Brooke Ave, Norfolk VA

**Pandemic Preparedness:**

Resources:

World Health Organization (WHO): <https://www.who.int/>

Centers for Disease Control and Prevention (CDC): <https://www.cdc.gov/>

Occupational Safety and Health Administration (OSHA): <https://www.osha.gov/>

Virginia Department of Health: <https://www.vdh.virginia.gov/>

Norfolk Department of Public Health: <https://www.norfolk.gov/153/Public-Health>

The Firm will expect its personnel to make use of home computers and cellular phones to conduct Firm business, as described above, in the event of a pandemic. All employees have secure internet and access connections available at their homes. Telephone lines can forward office calls to homes or cell phones and clients have employees cell phone numbers as well. Phone messages can be customized remotely, and website(s) can be updated remotely to alert clients of possible delays in customer service. Social distancing techniques will be used to distribute staff in critical area and reduce exposure to the spread of illness. Expanded teleconferencing may be used to reduce exposure to the spread of illness with both internal and client meetings. Continuing communications with employees may be through email or phone. Employees should not come to work if they are feeling unwell. Hygiene supplies are kept regularly at the office to reduce the spread of possible illnesses (hand sanitizers, tissues, hands free trash receptacles, etc). If warranted, we will close our building and display signs at entries for employees and clients. We will work with the building cleaners to ensure rigorous disinfection. We always encourage employees to follow WHO, CDC, OSHA state and local recommended procedures. If an employee were to test positive for an illness, they must follow OSHA procedures, including quarantine and testing requirements, before returning to work. Additional references and resources:

<https://www.finra.org/rules-guidance/key-topics/business-continuity-planning>

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

YR Securities does not maintain custody of customers' funds or securities. Respective Private Placement Issuers and Mutual Fund, Insurance and Annuity companies maintain all account records and documentation related to our customers' investments.

In the event of an SBD, if telephone service is available, our registered persons will make efforts to assist customers in contacting these entities by providing phone numbers and email addresses, if so requested.

While not likely applicable, the following procedure is included to address regulatory expectations: If SIPC determines that the Firm is unable to meet its obligations to its customers or if the Firm's liabilities exceed its assets in violation of Securities Exchange Act Rule 15c3-1, the Firm will cooperate with SIPC's requests for information if action is deemed necessary.

## **6. Data Back-Up and Recovery (Electronic and Cloud Backup)**

YR Securities maintains its financial books and records books and records in an electronic format, backed up onto a cloud, via Microsoft Office One Drive, as well as backed up and maintained by Patrina Corporation. Jennifer Nelson and William Roach are responsible for the maintenance of these books and records.

YR Securities maintains the following document types and forms that are not transmitted to the product sponsor or issuer: contracts, product information and financial information.

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

YR Securities maintains Investor and transaction records in an approved format hosted externally. Microsoft One Drive is the web hosting service utilized for backing up our electronic files and Patrino Corporation provides archiving services. The Firm also engages an email archiving system through Patrino which retains an offsite copy of every inbound and outbound email. We have reviewed each company's privacy policies and a security statement detailing their data encryption procedures.

Information regarding investors is forwarded to the issuer and also maintained in their offices. The Firm does not handle or retain customer funds, securities or customer investments; therefore, an internal or external SBD should not pose a threat to customer records or financial holdings. Financial books and records are maintained electronically and backed up onto a cloud.

In the event of an internal or external SBD that causes the loss of YR Securities' paper records, the Firm will physically continue operations from an alternate location. The Firm will recreate the environment by procuring new hardware and restoring connects to their hosted services.

Pursuant to Section 17(d) of the Securities Exchange Act of 1934 the firm notified FINRA on 3/24/2022 of its intent to utilize electronic storage media solely for its files, books and records through Patrino Corporation.

The electronic storage :

- Preserves records in a non-rewriteable, non-erasable format
- Automatically verifies the quality and accuracy of the storage media recording process
- Serializes the original, time and date for required retention period
- Has the ability to readily download indexes and records stored on the electronic storage media to an acceptable medium as required by FINRA, the SEC or any other self-regulatory organization

Electronic records maintained by our hosted solutions can at any point be restored.

## **7. Financial and Operational Assessments**

### **Operational Risk:**

In the event of an SBD, YR Securities will immediately identify any methods available that will permit personnel to communicate with customers, other employees, critical business constituents, critical banks, critical counterparties, and regulators.

Although the effects of an SBD will determine the means of alternative communication, the communications options the Firm may employ will include telephone, telephone voice mail, and secure e-mail. In addition, YR Securities will retrieve key activity records as described in the section above, Data Back-Up and.

**Financial and Credit Risk:**

In the event of an SBD, YR Securities FINOP will determine the value of its assets and its ability to liquidate its investments in order to evaluate the Firm’s ability to continue to fund its operations and remain in capital compliance.

In the event there is suspension or termination of the Firm’s business, the Firm will attempt to notify customers regarding the situation and provide them with instructions for conducting future business. Notification will be made in a form to be determined based on the circumstances permitted by regulatory authorities and may include telephone calls, letters or a posting on the Firm’s website.

## **8. Mission Critical Systems**

**Internal Mission Critical Systems:**

YR Securities does not maintain trading or other critical systems to handle customer accounts since its business is limited to acting as the placement agent in the offering of private, unregistered securities. The issuer of these securities is solely responsible for maintaining information regarding the holdings and the valuation of each investor’s interest in these issues.

Mission critical system:

Microsoft Office 365 OneDrive (800) 636-7914, cloud backup of all files

Patrina Corporation (212) 233-1155, electronic media storage of emails, files, books and records

**Order Execution, Entry, Settlement:**

The Firm does not execute, enter or settle orders. All business transacted by the Firm is done on a subscription basis and execution is handled by the product manager or issuer.

## **9. Alternate Communications between the Firm and Customers, Employees, and Regulators**

**Customers**

The Firm currently communicates with our customers 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. 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 Firm currently communicates with its 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.

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

### Regulators

The Firm is a FINRA member, and is registered with the SEC.

YR Securities communicates with applicable 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.

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

### Business Constituents

YR Securities has contacted our critical business constituents (businesses with which the Firm has an ongoing relationship in support of its operating activities, such as vendors providing critical services), and determined the extent to which the Firm can continue its business relationship with these businesses in light of the internal or external SBD. The Firm 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.

| Business Constituent | Business Type                                | Contact                        |
|----------------------|--|--------------------------------|
| Patrina              | Email archiving and electronic media storage | 212-233-1155                   |
| Virginias IT         | IT company                                   | 757-344-6900, Scott Costa      |
| Cavanaugh Nelson     | Accountant                                   | 757-620-6282, Mark Nelson      |
| Hirschler Fleischer  | Legal  | 804-771-9543, Dave Lionberger  |
| Towne Bank           | Bank   | 757-673-1900, Nicholle Shipman |

## Banks

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

| Types of account (i.e. checking, savings, PAIB, escrow) | Name of Financial Institution | Address of Financial Institution    | Telephone Number | Contact Name     |
|---|-------------------------------|-------------------------------------|------------------|------------------|
| Checking  | Towne Bank                    | 1006 Colley Ave<br>Norfolk VA 23507 | 757-673-1900     | Nicholle Shipman |

## 11. Regulatory Reporting

YR Securities is subject to regulation by FINRA and SEC, as well as various state and other securities regulators (see list below).

The Firm 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 an SBD, we will check with the SEC, FINRA, and other regulators to determine which means of filing are still available to us, and use the means closest in speed and form (written or oral) to our previous filing method. In the event that we cannot contact our regulators, we will continue to file required reports using the communication means available to us.

The Firm's current regulators can be reached as follows:

### FINRA District Office -

Address: 1601 Market Street, Suite 2700,  
Philadelphia, PA 19103-2929  
Phone: 215-665-1180

### FINRA Coordinator -

David Oogle  
Phone: 404-239-6132

### SEC Regional Office –

Address: 1617 JFK Boulevard, Suite 520  
Philadelphia, PA 19103

### SEC Regional Director:

Kelly L. Gibson  
Phone: (215) 597-3100

## 12. Disclosure of Business Continuity Plan

The Firm will disclose in writing a summary of our BCP, or the document in its entirety, to customers on request. The Firm will notify customers in writing when material changes are made to the Plan that may affect their business relationship with the Firm. 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. Provides general information about our intended response.

Our summary also discloses the existence of back-up facilities and arrangements. A copy of the Firm's disclosure statement is included below.

## 13. Updates and Annual Review

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

YR Securities aims to review and modify the BCP, if necessary, semi-annually, but no longer 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 Firm's operations, structure, business, or location. The firm must keep a record of having conducted this review, whether it resulted in changes or not. Records may consist of marked prior versions.