

# Capital Portfolio Management, Inc

## Business Continuity Program (BCP)

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

Our firm's emergency contact person(s) are: Patrick V. Dyer, 410-667-4575, [pdyer@cpminvestments.com](mailto:pdyer@cpminvestments.com) and Steven Middleton, 410-667-4575, [smiddleton@cpminvestments.com](mailto:smiddleton@cpminvestments.com). These name(s) will be updated in the event of a material change, and our Executive Representative will review them within 17 business days of the end of each quarter.

*Rule: NASD Rule 3520.*

### **II. Firm Policy**

#### **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.

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

Patrick V. Dyer, *President*, a registered principal, is responsible for approving the plan and for conducting the required annual review. Mr. Dyer 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.

### **III. Business Description**

Our firm conducts a wide variety of financial services to assist our clients. Financial investments include equities, fixed income, 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. 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 only retail customers. We do not engage in any private placements. Our clearing firm is Fidelity Custody & Clearing 800-877-2410.

### **IV. Office Locations**

#### **A. Office Location #1**

Our Location #1 Office is located at  
9515 Deereco Road, Suite 1010 Timonium, MD 21093

Its main telephone number is 410-667-4575. Our employees may travel to that office by means of car, train, or bus. We engage in order taking and entry at this location.

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

In the event of an SBD, we will move our staff from affected office to the closest of our unaffected locations. If none of our other office locations is available to receive those staff, we will move them to the principle's residence, located in Towson, MD. Its main telephone number is 410-371-2027.

*Rule: NASD Rule 3510(c)(6).*

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

Our firm does not maintain custody of customers' funds or securities, which are maintained at our clearing firm, Fidelity Custody & Clearing. 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. 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:* NASD Rule 3510(a); Securities Exchange Act Rule 15c3-1; 15 U.S.C. 78eee (2003).

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

Our firm maintains its primary hard copy books and records and its electronic records at 9515 Deereco Road, Suite 1010, Timonium, MD 21093.

Patrick Dyer 410-667-4575 is responsible for the maintenance of these books and records. All pertinent account documentation is mailed to the clearing firm.

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.

*Rule:* NASD Rule 3510(c)(1).

## **VIII. Financial and Operational Assessments**

### **A. Operational Risk**

In the event of an SBD, we will immediately identify what means will permit us to communicate with our customers, employees, critical business constituents, critical banks, critical counter-parties, and regulators. Although the effects of an SBD will determine the means of alternative communication, the communications options we will employ will include, *telephone, voice mail & email*. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery (Hard Copy and Electronic).

*Rules:* NASD Rules 3510(c)(3) & (f)(2).

### **B. Financial and Credit Risk**

In the event of an SBD, we will determine the value and liquidity of our investments and other assets to evaluate our ability to continue to fund our operations and remain in capital compliance. We will contact 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. *Rules:* NASD Rules 3510(c)(3), (c)(8) & (f)(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.

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. 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 continually tests its back-up arrangements.

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 *within 4 hours*; and resumption time of 12 hours.

## A. Our Firm's Mission Critical Systems

### 1. Order Taking

Currently, our firm receives orders from customers via telephone/in person visits by the 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. If necessary, we will advise our customers to place orders directly with our clearing firm.

### 2. Order Entry

Currently, our firm enters orders by recording them on paper and/or electronically and sending them to our clearing firm electronically or telephonically. We have contacted our clearing firm and were told that, under its BCP, we can expect to trade at a remote site.

In the event of an internal SBD, we will enter and send records to our clearing firm by the fastest alternative means available, overnight etc. 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 currently execute orders through clearing firm.

## 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: NASD Rules 3510(c) & (f)(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, 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.

Rule: NASD Rule 3510(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 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: Patrick V. Dyer

Caller	Call Recipients
Patrick Dyer	Steven W Middleton
Patrick Dyer	Cheryl Longmire

Rule: NASD Rule 3510(c)(5).

## C. Regulators

We are currently members of the following *FINRA MSRB*. 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.

Rule: NASD Rule 3510(c)(9).

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

## A. Business constituents

We have contacted our critical business constituents (businesses with which we have an ongoing commercial relationship in support of our operating activities, such as vendors providing us critical services), and determined the extent to which we can continue our business relationship with them in light of the internal or external SBD. We will quickly establish alternative arrangements if a business constituent can no longer provide the needed goods or services when we need them because of a SBD to them or our firm.

Rules: NASD Rule 3510(c)(7).

# **XII. Regulatory Reporting**

Our firm is subject to regulation by: FINRA 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, NASD, 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: NASD Rule 3510(c)(8).*

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

We provide in writing a BCP disclosure statement to customers at account opening. We also post the disclosure statement on our statements. And mail it to customers upon request. Our disclosure statement is attached.

*Rule: NASD Rule 3510(e).*

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

Our firm will update this plan whenever we have a material change to our operations, structure, business or location 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.

*Rule: NASD Rule 3510(b).*

### **XV. Senior Manager Approval**

I have approved this Business Continuity Plan as reasonably designed to enable our firm to meet its obligations to customers in the event of an SBD.

*Rule: NASD Rule 3510(d).*