

Private Client Services, LLC
Disaster Recovery and Business Continuity Plan
Updated 12-12-2013

Private Client Services, LLC (hereinafter, “PCS”) recognizes its corporate responsibility to customers, employees and stakeholders to manage its business in a way as to be prepared for disruptions which from time to time occur due to unexpected events including natural disasters of both small and large proportion. Preparing for the unexpected is good business and facilitates the return to normalcy following such an event.

As part of its duty to clients, and in accordance to FINRA Rule 4370 (Business Continuity Plans and Contact Persons), PCS has adopted this Disaster Recovery and Business Continuity Plan (hereinafter, the “Plan”) to help provide for the firm’s recovery from an emergency or disaster and the resumption of business operations in as short a period of time as possible. These policies and procedures are, to the extent practicable, designed to address those specific types of disasters that PCS might reasonably face given its business and location.

Since the terrorist activities of 9/11/2001 and the ever present threat of natural disasters which can occur on a moment’s notice, PCS has developed a written disaster recovery and business continuity plans for the firm’s business. This will facilitate PCS, Registered Representatives and Investment Advisor Representatives affiliated with the PCS to continue to fulfill their responsibilities to clients in managing client assets, provide ongoing customer services to those clients and conduct business among other things.

The Plan allows a firm to meet its regulatory requirements in the event of an emergency or disaster, such as a hazardous chemical spill affecting operations, fire, flood, earthquake, power failure or other event that may disrupt the firm or prevent access to our primary office location.

Emergency Contact Persons

Name	Title	E-Mail Address	Cell #
Ernest A. Sampson	CEO and Registered Principal	esampson@pcsb.net	502-417-5856
John Tobias	Information Technology Director	jtobias@pcsb.net	502-762-4707
Mary Wescott	Operations Officer	mwescott@pcsb.net	502-744-0712

Emergency Contact Persons listed above have designated additional PCS Secondary Emergency Contact Personnel as follows: Paul Ohlin.

Our Firm's Policy

Our firm's policy is to respond to a Significant Business Disruption ("SBD") by safeguarding employees' lives and firm property, making financial and operational assessments, 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.

Significant Business Disruption (SBD)

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 or significant damage to our building such as might occur from a tornado, which would render the building uninhabitable and diminish our capabilities to operate from the primary location of 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 or national disruption. Our response to an external SBD relies more heavily on other organizations and systems, especially on Pershing, LLC our clearing firm.

Approval and Execution Authority

Ernest A. Sampson, our CEO and Registered Principal, is responsible for approving the Plan and for conducting the required annual review of the Plan.

Ernest A. Sampson, Mary Wescott, and Paul Ohlin have the authority to execute the Plan.

Plan Location and Access

Our firm maintains copies of the Plan and the annual reviews, and the changes which have periodically been made to it for inspection. An electronic copy of our Plan is posted on our website: www.pcsbd.net and is maintained on our file server (V Drive under PCS Emergency Plan) at Peak 10 Data Solutions in Louisville, Kentucky.

In addition, the Plan has been distributed to our Emergency Contact Persons and Secondary Emergency Contact Personnel with the understanding that they will maintain the Plan off-site at their personal residences.

Finally, the Plan has been distributed to each home office employee with the understanding that they will maintain the Plan off-site at their personal residences.

Business Description of Private Client Services, LLC

Private Client Services, LLC is a FINRA member firm and SEC Registered Investment Advisor. PCS conducts business as an introducing firm to Pershing, LLC and does not perform any type of clearing function for itself or others. PCS does direct business with product manufacturers such as mutual fund companies and insurance companies. PCS also conducts business with third party asset managers (“TPAMs”).

We accept and enter orders. All transactions are sent to our clearing firm or product manufacturers or TPAMs, which execute our orders, compares them, allocates them, clears and settles them. Our clearing firm and product manufacturers or TPAMs also maintain our customer accounts, can grant customer access to them, and deliver funds and securities.

Our clearing firm is Pershing, LLC a subsidiary of Bank of New York Mellon. Our key contact person at Pershing, LLC is:

Paul Lewandowski
Assistant Vice President
Direct Brokerage Services
Pershing LLC, a BNY Mellon company
www.pershing.com
Office: 201-413-2223
Fax: 866-355-5570
Email: plewandowski@pershing.com

Pershing, LLC also maintains other locations which can be contacted in the event that Pershing, LLC offices in New Jersey are not operational. The office is located in Lake Mary, Florida.

Product manufacturers and TPAMs are located throughout the United States and can be contacted directly by customers based upon the information provided to them and periodically communicated on their account statements which identifies these parties and provides their contact information including their physical and e-mail addresses and phone numbers.

Private Client Services, LLC has Registered Representatives (“RR”s) and Investment Advisor Representatives (“IAR”s) affiliated with PCS as independent contractors. RRs and IARs maintain their own office locations throughout the United States and a limited number conduct business at the offices of PCS. There are approximately 25 such RRs and IARs located in the home office facilities. Each RR and IAR office facility is identifiable on the FINRA broker check website and located at:

<http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/index.htm>

In addition, each RR and IAR is identified to customers at the time they begin business with PCS and periodically by inclusion of the RRs and IARs name, address and phone number on the customer's account statement which is produced by Pershing, LLC, product manufacturers and TPAM.

Office Location of Private Client Services, LLC

Private Client Services, LLC corporate headquarters (home office) is located at 2225 Lexington Road, Louisville, Kentucky 40206. Our main phone numbers are 502-451-0600 and 800-966-9347. Our fax number is 502-473-1721 and our website is www.pcsbd.net.

PCS has approximately 40 home office employees, RRs and IARs working from this location and therefore this location is considered by our firm to be operationally critical for us to conduct business. At this location, PCS conducts business with Pershing, LLC, product manufactures, TPAMs, RRs, IARs, and a variety of vendors including bank, technology and communication companies.

In addition, customers and regulators including FINRA, the SEC and various regulatory agencies interface for a variety of purposes with employees located at this facility.

Communications with our employees, RRs and IARs are essential and therefore if we are unable to operate from this facility, we have identified an alternative site and believe we can adequately communicate from that location should it be necessary. Access to the home office and alternative site is primarily achieved by use of personal transportation and alternatively by public transportation. If these means of transportation to either site is so affected by a disaster, communications will primarily be conducted by hard line phone, cell phone or e-mail to the extent such means are available for use by the public and our employees and RRs and IARs.

Alternative Physical Location of PCS Employees, RRs and IARs

In the event that PCS's home office is damaged or otherwise inaccessible, PCS has designated Ernest Sampson's residence as a temporary alternate location from which to restore normal business operations. If the expected duration of the disruption or inaccessibility of PCS's principal office is longer than a month, Ernest Sampson will determine a more permanent alternative location or new principal office. Depending on an employee's job requirements and the availability of a personal computer and internet access at home, some employees may be permitted or required to work remotely for a time from his/her residence. Due to PCS's size of essential staff, this determination will be made and communicated to each employee at the appropriate time based on the particular circumstances.

Ernest Sampson's residence is:

5813 Glen Park Road Louisville, KY 40222
Phone # 502-963-5669
Fax # 502-963-5118

Directions to Ernest Sampson's residence are as follows:

From: 2225 Lexington Road, Louisville Kentucky 40206
To: 5813 Glen Park Road, Louisville Kentucky 40222

- 1: Start out going EAST on Lexington Road toward St. Mathews. 0.4 Mile
 - 2: Turn Left on Grinstead Drive. 0.1 Mile
 - 3: Merge onto I-64 East. 3.9 Mile
 - 4: Take the I-264/Watterson Expressway exit, Exit 12. 0.2 Mile
 - 5: Take the Watterson Expressway/I-264 E, Exit 12B on the Left. 0.8 Mile
 - 6: Take the Exit on the Left toward I-264 E/Watterson Expressway. 0.9 Mile
 - 7: Merge onto I-264 E via the exit on the Left. 2.0 Mile
 - 8: Take the US-42/Brownsboro Road exit, Exit 22. 0.3 Mile
 - 9: Turn Right onto Brownsboro Road/US-42 N. Continue to follow US-42 N. 0.7 Mile
 - 10: Turn Slight Left onto Lime Kiln Lane. 1.1 Mile
 - 11: Turn Left onto Glen Park Road. 0.0 Mile
 - 12: End at 5813 Glen Park Road Louisville, KY 40222
- Estimated Time: 15 Minutes
Estimated Distance: 10.5 Mile

Customer Access to Funds and Securities

Our firm does not maintain custody of customers' funds or securities, which are maintained at our clearing firm, Pershing, LLC, product manufacturers and TPAMs. 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, product manufacturers and TPAMs on their behalf, and if our website is available, PCS will post on our website that customers may access their funds and securities by contacting these parties directly.

If SIPC determines that we, or firms we conduct business with as an introducing broker dealer, are unable to meet our or their obligations to customers, or if our or their liabilities exceed our or their assets in violation of Securities and Exchange rule 15c3-1, SIPC may seek to appoint a trustee to disburse our assets to customers or cause those parties which should do so to.

Data Back-Up and Recovery (Hard and Electronic)

Private Client Services, LLC maintains its primary hard copy books and records at its home office location and stores all records off-site electronically on hard drives located at Peak 10 Data Solutions in Louisville, Kentucky. All data on PCS hard drives are backed up daily and stored off-site at this address.

Our clearing firm, Pershing, LLC also maintains a complete list of all customer names, addresses, phone numbers, etc., on our behalf regardless of the type of business we conduct with the customer. This includes customer data on business held at Pershing, LLC, product manufacturers, and TPAM. We have evidence which attests to Pershing and Peak 10 Data Solutions maintenance of these records that meet regulatory standards mandated to PCS.

In the event PCS hard copy records are damaged or inaccessible due to a SBD following an emergency, as may be the case in the event of a power failure, it may be possible to safely retrieve and transport PCS's server and hardware systems, containing all electronically-stored data, to the alternate site for restoration of business operations. In the initial stages of the disruption, Ernest Sampson will make the determination regarding the physical possibility and practicality of this course of action or whether a complete back-up to the alternate system is warranted.

PCS maintains mission critical equipment at the alternative site including computers, fax, duplicating, scanning and emergency generators in order to meet the temporary business needs in the event of an emergency.

Financial and Operational Assessments

In the event of an SBD, we will immediately identify what means will permit us to communicate with our customers, employees, critical business constituents, bank, critical counter-parties, RRs and IARs, law enforcement personnel, disaster first responders and regulators.

Although the effects of an SBD will determine the means of communication, the communication we will employ will include our website, telephone voice mail, secure email, cell phones, etc. In addition, we will retrieve our key activity records as described in this Plan.

The Financial and Operational Assessment will be conducted by Ernest A. Sampson, Mary Wescott or Paul Ohlin.

Emergency Contact Persons

Ernest Sampson is a Registered Principal and will designate other Registered Principals to conduct principal and supervisory oversight of the firm and Mary Wescott is an Operations Officer and both are the Emergency Contact Persons and will designate others to assist in the event of an emergency. They have cross-trained responsibilities so that if one person is unable to provide an assessment, conduct or coordinate principal functions, the other can execute or coordinate the responsibilities. Other principals associated with the firm will be designated to execute responsibilities if either is unable to do so and will be requested by Secondary Emergency Contact Persons as necessary.

**When a Significant Business Disruption Occurs
Or
Is Anticipated**

Emergency During Office Hours

In the event of an emergency during office hours, an assessment will be made as to the need to involve law enforcement or emergency first responders, and if so, PCS personnel will be instructed to call 911.

The next appropriate course of action will depend on the nature of the emergency. Most types of emergencies will require all personnel to quickly evacuate the building, including fire, tornado, bomb-threats, etc. If so, personnel will be instructed to gather their belongings, including any medications, if time safely permits and promptly exit the building.

Certain emergencies, however, may require that personnel remain in-doors, including the release of a hazardous airborne substance in the immediate vicinity of the PCS home office. Personnel should, at all times, follow the instructions of emergency personnel. If it is necessary to evacuate, the PCS building has well-displayed and illuminated exit signs. The Louisville Metro Fire Marshal Inspector does an annual review of our exit signs and finds our building in compliance.

Please note key alternative routes in the event that main exit-ways are impassable during an emergency. All personnel are to meet at the designated area indicated below, if safe to do so, following any evacuation of the principal office which is expected to last for any extended duration of time and requires operational functionality during the remainder of the SBD.

Designated Meeting Area:

Residence of Ernest Sampson 5813 Glen Park Road Louisville, Kentucky 40222

After-Business Hours Disruption/Discovery and Notification of Personnel

Any person initially identifying an SBD should contact Ernest Sampson to inform him of the situation. If, for any reason, Ernest Sampson cannot be reached, the person is to contact John Tobias and Mary Wescott. John Tobias and Mary Wescott will continue to attempt to contact Ernest Sampson, if possible, and together the two will determine a course of action. (If, for instance, the disruption involves a power failure, the two will attempt to contact the utility company to obtain an estimate of when power will be restored to the principal office).

In the event of a SBD occurring after business hours, each home office employee, RR and IAR being affected by the SBD will be contacted, informed of the nature of the event and given instructions regarding if, when and where to convene or how the PCS plans to deal with the SBD.

Once a plan of action has been decided upon, John Tobias and Mary Wescott shall initiate the SBD Call Tree which is simply to contact each person identified on the PCS Organizational Chart and instruct them to initiate contact with the affected personnel directly reporting to them and how PCS plans to deal with the SBD. Clear instructions will be to meet at the PCS home office at a later time, to meet at the alternative business location at a specific time or to await further instructions.

Responsibilities in the event of a SBD

Each Emergency Contact Person and designated Secondary Emergency Contact Person is responsible for understanding his/her role during a SBD. The following individuals have the primary responsibility for the following during a SBD.

- Ernest Sampson is responsible for designating and arranging for the alternative physical business location in the event of a SBD for mission critical persons to meet and to continue business and or to coordinate the repair of the home office facilities to make them mission critical prepared and functional.**
- Ernest Sampson is responsible for determining and assessing back-up systems and/or recovery plans for key data and coordinate this with John Tobias or alternative IT professionals as needed.**
- Ernest Sampson will assess and determine the business equipment and technology resource needs of the alternative physical business location and arrange for them**
- Ernest Sampson will determine which vendors and mission critical service providers need to be contacted and will arrange for their contact.**
- Ernest Sampson is responsible for developing the BCP, conducting periodic and actual testing and training of mission critical personnel and therefore will assess the execution of the Plan and determine if personnel are fulfilling their responsibilities and if not deal with it.**
- John Tobias is responsible for documenting computer back-up procedures, i.e., frequency, procedure, person(s) responsible, for designating back-up storage location(s) and persons responsible to maintain back-up data in separate locations.**
- John Tobias is responsible for establishing back-up telephone/communication system for clients, personnel and others to contact the firm and for the firm to contact clients.**
- Mary Wescott is responsible for identifying and listing key or mission critical people in the event of an emergency or disaster, obtaining their names, addresses, e-mail, fax, cell phone and other information and distributing this information to all personnel.**

Dealing with a SBD

As noted above, business disruption can occur from such relatively benign events as a power failure. Following the events of September 11, 2001, however, it is all too clear that very dangerous or malevolent forces can also be the cause of disruptions. As we all know, disasters or traumatic events can be disorienting. Be calm. The timeline provides step-by-step guidelines for PCS's response and recovery from such an event. Of course, an actual emergency may require some deviation from this guide and unique situations may require creative solutions. Throughout any emergency and business disruption, we remind each employee to be mindful of PCS's duty to its clients both when evaluating the situation and when determining the appropriate course of action.

A Timeline of Tasks

0 – 2 hours

Discovery and assessment

- Does disaster occur during business hours and require emergency personnel?
- If yes, Law Enforcement or Emergency Responders should be called CALL 911
- Is evacuation necessary? Does remaining in the building pose a threat to the safety of employees?
- If, yes, evacuate building and meet at safe, designated location outside building ALWAYS FOLLOW INSTRUCTIONS OF EMERGENCY PERSONNEL
- If safety permits, secure all confidential client information prior to evacuation.
- Conduct a roll call at designated location to ensure the health and safety of all employees.
- Attempt to assess estimated amount of time before possible resumption on-site. If more than a day, determine whether or not to initiate a set-up of alternate site.
- If safety does not demand evacuation of building, can normal operations resume (i.e., is there a power outage or other resulting disruption that does not permit resumption of business?)?
- If the disruption does not permit the resumption of normal business activities, attempt to assess estimated amount of time before possible resumption on-site.
- If less than a day, determine whether or not to dismiss employees for a number of hours.
- If more than a day, determine whether or not to initiate a set-up of the firm's alternate location.
- If disruption results from an emergency at a key third-party vendor assess amount of time until restoration by vendor, formulate a work around or determine whether an alternative vendor may fill the gap.
- If no, anyone initially discovering situation must notify Ernest Sampson, Mary Wescott or John Tobias immediately. Does situation preclude safe, normal business operations. (Ernest Sampson John Tobias will make this determination).
- If yes, execute call tree. Inform employees of situation, direct them to avoid principal office and to await further instruction.

- If no, attempt to quickly assess estimated amount of time before possible resumption on-site and execute call tree to inform employees of situation and where and when to reconvene.
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- **2 – 6 hours:**
- **Initiate Emergency Recovery/Contact Critical Vendors**
- **Assess which staff will meet at alternative location and which will work from home. Set a time the following day for a conference call, if possible, or otherwise require each staff member to call in at a set time. Notify staff accordingly.**
- **Begin to compile list of data lost or otherwise inaccessible.**
- **If possible, begin to salvage data and files from principal office or make plans for such salvage as soon as safety and the authorities permit.**
- **If necessary, initiate recovery of backed-up data to alternate systems.**
- **Begin to capture expenses associated with disruption.**
- **If necessary, notify insurance carriers of situation.**
- **Arrange with authorities and/or landlord to participate in salvage operations and secure confidential information ASAP.**
- **Notify and brief key vendors on situation, including Pershing, LLC.**
- **Request Pershing, LLC send (fax email or other remaining means) information regarding client issues and transactions.**
- **Contact Telephone Company to redirect all calls made to firm's main number to John Tobias' s cell phone number.**
- **Determine if and what client communication is necessary.**
- **If possible and if estimated time of disruption calls for it, consider recording emergency voicemail to provide basic information regarding situation to clients and vendors calling in.**
- **If possible and if estimated time of disruption calls for it, contact web-host to post a notice to clients on the firm's home page informing them of the situation, how to contact PCS and any other prudent information.**
- **If possible and if estimated time of disruption calls for it, consider sending an email to all clients informing them of situation and other important information. If disruption includes a failure of website and email systems, use firm's back-up national email system (Yahoo) and send an email to all clients informing them of situation and other important information.**
- **Verify that restoration of back-up data was successful and systems are fully operational. If necessary, contact IT vendors for priority assistance. (If disruption is not localized, priority assistance may not be feasible, thus, testing systems before an emergency occurs is critical).**
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- **6 – 8 hours**
- **Restoration of Normal Business Operations**
- **Conduct a reconciliation of accounts to verify that holdings match broker-dealer information.**
- **Resume normal operations.**

- **Assess damage and estimated time until principal office will be accessible and operational. If estimate is more than a month, begin to formulate plan for new principal office or a more-permanent alternate location.**
- **Review compliance checklist to determine whether any critical filings are required in the near future.**
- **Notify regulators to inform them of situation and new operating location, if necessary.**

Financial and Credit Risk

In the event of a 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, bank and affected parties to apprise them of our financial situation. If we determine that we are unable to meet our obligations or otherwise fund our operations, we will request additional funding 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 steps, including the reduction of expenses and or capital infusion to PCS by the owners of the firm as needed.

PCS currently has no debt or leases. Our home office location is owned by key personnel associated with the firm, is debt-free and is fully insured in the event of an SBD. Management believes operational capital is sufficient to deal with most SBDs and its affect. None the less, PCS takes serious its responsibility to be prepared for any type of SBD and as such operates in the manner described in this paragraph to be better prepared to deal with many SBDs.

Mission Critical 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 Pershing, LLC, our clearing firm provides, through contract, the execution, comparison, allocation, clearance and settlement of securities transactions, 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 has presented us via their website with an executive summary of its plan, which we have reviewed and believe is in good order. 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 and or we are prepared to find alternative arrangements for clearing services.

Our clearing firm represents that it backs up our records at a remote, out of region 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 every periodically.

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 24 hours within the same business day.

PCS will periodically review our clearing firm’s capabilities to perform the mission critical functions the clearing firm has contracted to perform for our firm.

In addition we conduct business directly with product manufacturers and TPAM which we have reasonable evidence due to our ongoing due diligence practices to warrant our belief that they have in place appropriate business continuity plans which will assure as best as possible uninterrupted services to our clients and customers.

Our Firm’s Mission Critical Systems

Order Taking

Currently, our firm receives orders from customers via telephone and in-person visits by the customer. During an SBD, either internal or external, we will continue to take orders through either of these methods that are available and reliable as alternatives such as fax or by e-mail if necessary, 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 a posting on our website, email or other means of communication such as newscast announcement on how to communicate with us. If necessary, we will advise our customers to place orders directly with our clearing firm by contacting:

**Paul Lewandowski
Assistant Vice President
Direct Brokerage Services
Pershing LLC, a BNY Mellon company
www.pershing.com**

Office: 201-413-2223

Fax: 866-355-5570

Email: plewandowski@pershing.com

In addition, we will instruct our clients and customers to conduct business with product manufacturers and TPAMs which we have introduced them to and whom are located throughout the United States by contacting them directly based upon the information provided to them directly by and periodically communicated on their account statements which identifies these firms and provides their contact information including their physical and e-mail addresses and phone numbers.

Order Entry

If PCS or our Registered Representatives and Investment Advisor Representatives and their designated managing principal charged with review of their transactions including PCSs principal review is unable to do so due to SBD from entering orders received from customers,

Currently, our firm enters orders by recording them on paper and electronically and sending them to our clearing firm electronically or telephonically. We place customer orders through NetX360, a Pershing order entry system. We have contacted Pershing, LLC and were told that, under its BCP, we can expect service within 24 hours.

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 the use of cell phones when available. 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.

Order Execution

Our firm does not execute orders and therefore we rely on Pershing, LLC to do so and their ability to provide these services as part of the Mission Critical Systems Provided by Our Clearing Firm.

Other Services Currently Provided to Customers

In addition to those services listed above in this section, we also provide assistance with securing distributions from accounts held at our clearing firm, product manufacturers and TPAM. We do so by contacting these firms as described above and will continue to operate under the Plan as described above in the event of a SBD.

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, customer account maintenance and/or access and delivery of funds and securities.

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

Customers

We now communicate with our customers using the telephone, email, our website, fax, U.S. mail and in-person visits at our firm or another 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 email 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

We now communicate with our employees using telephone, email, 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 on “Exhibit #2 - Home Location of PCS Affiliates”, who live near each other and may reach each other in person and will distribute it to all “Exhibit#3 - Organizational Chart and Exhibit #4 – PCS Phone List (internal and external attachments)” recipients as part of our call tree training exercise and periodically distribute updated versions:

The person to invoke use of the call tree are John Tobias and Mary Wescott. John Tobias and Mary Wescott shall initiate the SBD Call Tree which is simply to contact each person identified on the PCS Organizational Chart and instruct them to initiate contact with the affected personnel directly reporting to them and how PCS plans to deal with the SBD.

Regulators

We are currently members of FINRA and a SEC Registered Investment Advisor and are also regulated by 50 state agencies and or departments of insurance and securities of the various states. We communicate with our regulators using telephone, email, fax, U.S. mail, and overnight package deliver services. 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.

Critical Business Constituents, Banks, and Counter-Parties

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.

Disruption in Services of Critical Third-Party Vendor

In the event of a disruption in the services provided by a critical service provider, John Tobias, Mary Wescott or other designated individual will attempt to contact the vendor to determine the nature of the problem and an estimate of the restoration of services.

If the vendor cannot be reached and services cannot be restored, John Tobias, Mary Wescott will put together a team of PCS employees from the critical service area affected to determine an appropriate “work-around” solution. PCS may also consider referencing the vendor’s own recovery plan on file with PCS to attempt to determine likely causes of the disruption and the vendor’s own estimate of the restoration of services therefrom. If continued efforts to contact the vendor and/or to restore services are unsuccessful, consider contacting a back-up or replacement vendor.

COMMUNICATIONS

Telecommunications Disruption

In the event that local “land-line” telephone service is disrupted, employees are encouraged to use their personal cellular phones to conduct business until service is restored. PCS has arranged with its local telephone service provider to use a feature called Remote Call Forwarding in the event of a local telecommunications disruption. This feature will forward all in-coming telephone calls made to the principal office to John Tobias’ cellular telephone number. This contingency is for disruptions lasting more than a day because the forwarding system will typically be operational within 24 hours following a disruption.

Internet & Email Service Disruption

In the event that our internet provider service goes down they have redundant services to provide temporary service. Our firm does have its own domain name and resides on our own servers and with redundancy. Our e-mail server is housed off site and is backed-up by tape daily.

Our major suppliers and vendors are:

External IT Technical Support

Advanced Business Solutions

2908 Brownsboro Road #206

Louisville, KY 40206

(502) 896-2557

(502) 894-8385 Fax

Point of Contact:

Donny Guess, (502) 896-2557, extension #123, dguess@advancedbusinesssolutions.com,

Data Back-up & Recovery:

PEAK 10, (location of servers)

733 Barret Avenue

Louisville, KY 40204

(502) 315-6015

(502) 315-6020 Fax

Point of Contact:

John Burkhart, Senior Account Executive, (502) 315-6039, cell phone (502) 315-6030

John.Burkhart@peak10.com

Chris Simmons, Managed Services Engineer, (502) 315-8253 Mobile: (502) 403-5122

chris.simmons@peak10.com

Insight Communications, (Internet Provider)

10168 Linn Station Rd # 220

Louisville, KY 40223

1-877-900-5590, Tech Support,

(502) 409-4168, Local Louisville Office

Local Phone Company and Internet Provider:

Windstream Communications

1301 Clear Springs Trace

Louisville, KY 40223

(800) 843-9214, Tech Support

(502) 400-4315, Local Louisville Office

Equipment Vendor:

Tiger Direct

7795 W Flagler St. Suite 35

Miami, FL. 33144

800-800-8300

Equipment Vendor:

CDW

Point of Contact:

Franco DeLeon, 773.800.1088, fradele@cdw.com

Website Host:

Emerald Support www.emeraldsupport.com

Payroll:

Rodefer Moss, CPAs 812-945-5236

Benefits Providers:

United HealthCare: 800-232-2006

Guardian 800627-4200

Delta Dental 800-955-2030

Service type: cleaning service

Coverall

Our contact: Chris Chenault

Phone: 502-429-9929

Service type: office supplies

Company name: Staples

Our contact: Nora Flores

Address: 41541 11 Mile Rd., Novi, MI 48375

Email: Nora.Flores@staples.com

Phone: 800-693-9900 ext. 465

Service type: ink supplies

Company name: 4 Ink Now

Our contact: Ken Krumelbeck

Email: KenK@4inknow.com

Phone: 513-3176158

Service type: phone system repair

Company name: Access Voice and Data Solutions

Our contact: Villie McDaniel

Address: 1441 Lincoln Ave, Louisville, KY 40213-1836

Email: service@adcky.com

Phone: 502-367-1881

Fax: 502-368-4132

Service type: printing service

Company name: Allegra

Our contact: Susan Schmidt
Address: 8307 Preston Hwy, Louisville, KY 40219
Email: SusanS@allegralouisville.com
Phone: 502-964-0973

Service type: banking
Company name: Chase Bank
Our contact: Chris Carter
Address: 416 W Jefferson St, Louisville, KY 40202
Email: christopher.a.carter@chase.com
Phone: 502-566-3948
Fax: 502-220-4760

Service type: shipping
Company name: FedEx (our account number 3552-6702-4)
Address: P.O. Box 371461, Pittsburgh, PA 15250-7461
Phone: 800-622-1147
Fax: 800-548-3020

Service type: services the meter mail
Company name: Scot Mailing
Address: 11461 Blakenbaker Access Dr, Suite 103, Louisville, KY 40299
Email: sales@scotmailing.com
Phone: 502-267-4080
Fax: 502-267-0307

Service type: shredding company
Company name: Shred-It (our account number D-1973714)
Our contact: Paula Sawaya
Address: 10115 Production Ct, Louisville, KY 40299
Email: Paula.Sawaya@shredit.com
Phone: 502-491-4151
Fax: 502-491-4102

We have identified the following as possible providers of services in the event of an emergency: Technology Consulting Incorporated 140 Whittenham Parkway, Louisville, Kentucky 40222 Attn: Ken Wicker CEO 502-394-9353

Banks

We have contacted our bank and potential lenders to determine if they can continue to provide the banking services to PCS and extend a line of credit in the event of an internal or external SBD. The bank maintaining our operating account is JP Morgan Chase located

at: Jefferson Street, Louisville, Kentucky 40202. Contact Person: Chris Carter 502-566-3948 Christopher.a.carter@chase.com

If our banks and other lenders are unable to provide the financing, we will seek alternative financing immediately from: Stock Yard Bank and Trust

Regulatory Reporting

Our firm is subject to regulation by FINRA, the SEC and 50 various states insurance and state securities regulators. We now file reports with our regulators using paper copies in the U.S. mail, and electronically using fax, email 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.

Our primary contact at FINRA is:
Tom Shea 55 W. Monroe Street, Chicago, Illinois 60603

We may also contact the SEC:
Securities and Exchange Commission:
175 W. Jackson Blvd. Suite 900
Chicago, IL 60604
312-353-7390

Disclosure of Business Continuity Plan

Attached is our written BCP disclosure statement we provide customers at account opening. We also post the disclosure statement on our website at www.pcsbd.net and mail it to customers upon request.

Private Client Services, LLC's Business Continuity Plan is intended to ensure the safety of the company's associates and the resumption of critical operations and services in the event of an emergency such as fire; power or communication blackouts; natural or man-made disaster; foreign and domestic terrorism; and civil disturbance. The timeframe for resuming critical business operations may vary based on the nature and severity of the emergency.

Private Client Services, LLC recognizes the importance of maintaining viable emergency response, resumption, recovery and restoration strategies. It is the policy of Private Client Services, LLC, and all affiliated organizations, to maintain a viable Business Continuity Plan. In support of this policy, procedures are in place to:

- Relocate critical business operations to established recovery facilities.
- Reroute and activate customer service phone lines.

- Process all customer transactional requests.**
- Quickly restore communications with business constituents, banks and regulatory agencies.**
- Contact all home office associates and sales representatives.**
- Quickly restore all critical company data and systems.**

The Business Continuity Plan is reviewed annually by a member of senior management of Private Client Services, LLC.

Private Client Services, LLC exercises its Business Continuity Plan at least once per year, or at a greater frequency as determined by Senior Management. Results of each test, or exercise, are reviewed by Senior Management.

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, and include it as part of our annual meeting with our board of directors evidencing its review and approval beginning 2013, to modify it for any changes in our operations, structure, business or location or those of our clearing firm.

TRAINING, TESTING & REVISION OF PLAN

Distribution of the Plan

Each employee will receive two (2) copies of the Plan and will be required to sign an acknowledgement that he/she has read and understands the Plan. See “ACKNOWLEDGEMENT FORM” see page 26. One copy of the Plan is to be kept at the employee’s workstation. The other copy is to be kept at the employee’s home address. All employees are required to maintain a current copy of this plan at his or her home address. The acknowledgement is to be provided to Mary Wescott and stored on the V Drive of the offsite server.

Training

The Plan will be reviewed at least annually with home office employees at staff meetings. Minutes of these meetings will be kept and attendance by all employees is mandatory. If an employee has any questions regarding the Plan or his/her role in the event of an emergency, he/she is encouraged to ask Ernest Sampson for clarification. It is imperative that all personnel are familiar with the policies and procedures of the Plan and have a thorough understanding of his/her responsibilities in the event of an emergency.

Testing, Plan Revision & Recordkeeping

Ernest Sampson will periodically, and on at least an annual basis, test the Plan. Such tests may be as complex as running a simulation of an actual disaster, including the restoration of data to alternate systems, or as basic as testing the employee call tree.

Typically, but not always, testing will be conducted after hours to minimize disruption of normal business operations. In order to gain realistic results that may be used to revise and optimize the effectiveness of the Plan in the event of a real emergency, not all tests will be announced ahead of time to all employees.

Test results will be evaluated and documented by Ernest Sampson and a determination of any weaknesses exposed by the test will be made at that time. The Plan will be revised accordingly to fill gaps discovered during testing. The Plan may also be revised pursuant to reviews and the issuance of regulatory guidance.

Changes in business operations, contracts and contacts, including new employees, new vendors or new addresses for existing employees or vendors, etc. will be reflected in the Plan and updated at least annually.

Ernest Sampson will be responsible for ensuring that the Plan is updated periodically and as required by any major changes. Changing the date in the upper center of the Plan will indicate any such revision. Any revision to the Plan will be distributed to all employees and each employee will be required to provide a new, signed acknowledgement form of receipt to Mary Wescott.

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: _____

Date: _____

**VULNERABILITY ASSESSMENT
BUSINESS IMPACT ANALYSIS**

<u>FIRM VULNERABILITY WORKSHEET</u> The following is designed to assist the Disaster Recovery Team to assess the firm's vulnerability and plan for possible disaster scenarios.		Approximate Risk Level* (If yes, assign likelihood of occurrence impacting firm)
1. Is the firm located in an area at all susceptible to hurricanes, tornados or other severe weather?	Yes	__ High <u>X</u> Med __ Low
2. Is the firm located near the shore, a flood plain or low lying area?	No	__ High __ Med <u>X</u> Low
3. Is the firm located in an earthquake zone or an area susceptible to volcanic activity?	Yes	__ High <u>X</u> Med __ Low
4. Is the firm located near hazardous industry or potential terrorist targets (concentrated financial district, airport, nuclear power plant, oil refinery, etc.)?	No	__ High __ Med <u>X</u> Low
5. Is the firm located in an area that may be impacted by mudslides or wildfires?	No	__ High __ Med <u>X</u> Low
6. Other Concerns?		__ High __ Med __ Low

For this assessment, the following definitions of the measures of risk are used:
 High - Event likely to be experienced once per year. Med - Event likely to be experienced once every ten years. Low - Event likely to be experienced once every hundred years.

EXPLANATION OF RESPONSES AND/OR OTHER RISKS AND COMMENTS

The above vulnerability/risk assessment is based on the firm's geographic location and an attempt to account for unforeseen events. The firm is not currently situated in a significant risk-prone environment, critical vendors, communication lines and transportation routes of employees may be. This is considered in the "Resulting Business Disruptions" analysis below.

Resulting Business Disruptions Possible

Certain disruptions may result from any or several of the causes listed above (although the particular cause may impact the duration of the disruption). The Plan must provide for the recovery of critical processes from these disruptions. These include (among others):

- Partial or total physical damage to the firm's office and/or equipment and/or files.
- Partial or total physical damage to a critical vendor's office and/or equipment and/or files.
- Inaccessibility to office, equipment or files (whether damaged or not).
- Inaccessibility of a critical vendor to its office, equipment or files
- Power outage.
- Loss of life or incapacity of critical personnel.
- Loss of communications (phones/internet).

Critical Processes of Various Business Groups

PCS is classified as a small to medium size business. As such, the same individuals often handle its critical processes and the firm is not, strictly speaking, separated into business groups rather they are more functional in nature and operate as separate departments within the firm. Nevertheless, for purposes of this analysis, the firm's critical processes are categorized as follows:

Financial and HR Functionality

- Tax materials and tax accounting preparation
- Monthly financial statements, submission of reports to regulatory authorities
- Submission of payroll information to third-party vendors
- Benefit administration via coordination with third-party vendors

Advisory Services:

- Research and analysis (dependent on third-party vendors)
- Trading capability (dependent on third-party vendors)
- Adhering to client suitability, portfolio guidelines and client imposed restrictions

Client Relations:

- Quarterly reports summarizing performance (dependent upon third-party vendors)
- Website updates (posting dependent on third-party vendors and IT Director)

Legal:

- Regulatory compliance (including Form ADV amendments, state notice filings and fees, if applicable, etc.)

- Client reporting (Form ADV, Part II offering, and privacy notice delivery)
- Trading compliance (proprietary & personal, including initial and annual holdings reports and quarterly transaction reports)

IT:

- User support (dependent on third-party vendors if required and IT Director)
- System recovery (dependent on third-party vendors and IT Director)
- User account administration (dependent on third-party vendors if required and IT Director)

Central files:

- Organization, maintenance and security of records
- Regulatory Compliance- all required books and records
- Insurance documents

The Plan must address the back-up and recovery of all critical and required books and records pertaining to the above processes, not only to the firm’s main systems but also to the firm’s alternate site for business operations in the event of a loss of the firm’s principal place of business. The Plan must also provide for back-up systems (hardware and software) by which these critical processes can be carried out notwithstanding a loss of the firm’s principal address.

Because many of the firm’s critical processes are dependent to a large extent on third party vendors, the Plan must also provide for a review of 1) who the firm’s critical vendors are, and 2) due diligence reviews of those vendor’s disaster recover/business continuity plans.

Business Impact Analysis

Business Disruption/Impact Analysis Depending on Duration (complete as appropriate):

Category	Potential Impact	6 Hrs	24 Hrs	72 Hrs	5 Days
Revenue	Less than \$100,000				X
	\$100,000 - \$1,000,000				
	\$1,000,000 - \$1,000,000,000				
	More than \$1,000,000,000				

Financial Exposure	Less than \$100,000				X
	\$100,000 - \$1,000,000				
	\$1,000,000 - \$1,000,000,000				
	More than \$1,000,000,000				
Additional Operating Costs	Less than \$100,000				X
	\$100,000 - \$1,000,000				
	\$1,000,000 - \$1,000,000,000				
	More than \$1,000,000,000				
Reputational Impact	None/negligible impact				
	Minor impact (rumor among fin'l community)				X
	Significant impact (Limited local publicity)				
	Serious impact				
	Very serious impact (Major regional publicity)				
Legal / Regulatory	None/negligible impact				
	Minor impact (May negotiate resolution)				X
	Significant impact (May receive penalty)				
	Serious impact (May receive sanction)				
	Very serious impact (Risk of closure)				

**ACKNOWLEDGEMENT FORM
DISASTER RECOVERY PLAN**

I, the undersigned, do hereby acknowledge and certify that I have read and reviewed the entire contents of PCS's Disaster Recovery Plan. I accept responsibility for understanding my role in the event of an emergency.

Printed Name of Employee

Signature

Date