

# **Classic, LLC**

## **Business Continuity Plan ("BCP")**

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This BCP establishes the plan all firm employees and Representatives will follow in the event of a business disruption.

### **Emergency Contact Persons**

Our firm's emergency contact persons are:

- Mark Young, 701-371-5857, [mark@finstrat.com](mailto:mark@finstrat.com)
- Michael Young, 701-429-1580, [myoung@finstrat.com](mailto:myoung@finstrat.com)

Our main number is 701-364-3930 and our web site is [www.classicassetmanagement.com](http://www.classicassetmanagement.com). This web site can be updated remotely and will be updated, as needed, in the event a disaster requires it to be changed.

The firm has provided FINRA with the contact information for two emergency contact persons: (1) name; (2) title; (3) mailing address; (4) email address; (5) telephone number; and (6) facsimile number through the FINRA Contact System (FCS).

Our Chief Compliance Officer will promptly notify FINRA of any change in this information through FCS (but no later than 30 days following the change) and will review, and if necessary update, this information within 17 business days after the end of each calendar year.

### **Firm Policy**

Our firm's policy is to respond to a Significant Business Disruption ("SBD") by safeguarding employees' lives and firm property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the firm's books and records, and allowing our customers to continue to transact business on an ongoing basis. In the event that we determine we are unable to continue our business, we have established procedures to assure customers prompt access to their funds and securities.

#### **A. Significant Business Disruptions ("SBDs")**

Our plan anticipates two kinds of SBDs, internal and external. Internal SBDs affect only our firm's ability to communicate and conduct 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 flood, or a wide-scale, regional communication disruption. Our response to an external SBD relies more heavily on other organizations and systems, especially on the capabilities of our direct business partners including those product providers we have selling agreements with.

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

Michael Young, Chief Compliance Officer, is responsible for approving the plan and for conducting the required annual review. Michael Young has the authority to execute this BCP.

## **C. Plan Location and Access**

Our firm will maintain copies of its BCP plan, the annual reviews of it, and the changes made to it for inspection by regulators. An electronic copy of our plan is located on our server and with our attorney.

## **Business Description**

Our firm conducts application-way business with mutual funds, variable annuities, non-traded REITS, and oil and gas partnerships (i.e. *direct business partners*). Our firm is not an introducing firm thus does not carry accounts or perform any type of clearing function for itself or others. Furthermore, we do not hold customer funds or securities. All transactions are sent to our direct business partners, which execute our orders, compares them, allocates them, clears and settles them. Our direct business partners also maintain our customers' accounts, can grant customers access to them, and delivers funds and securities. Our firm services only retail customers and does to act in any dealer capacity.

Contact information for each direct business partner can be found on our customers' quarterly account statements from each partner.

## **Office Locations**

Our office is located at 1220 28<sup>th</sup> Ave N, Fargo, ND 58102. Its main telephone number is 701-634-9390. We have no branch offices.

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

In the event of an SBD, we will move our staff from affected office to 7201 Broadway St. NW, Moorhead, MN 56560. Other information will be posted to the firm's web site and messages will be left with all employees. The firm will work with the phone company to transfer the phones to the alternate location. All customers will be informed of the change in address.

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

The firm does not maintain custody of customers' funds or securities. 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 direct business partners on their behalf and, if our Web access is available, our firm will post on our website that customers may access their funds and

securities by contacting the direct business partner(s) that maintain their account. The firm will make this information available to customers through its disclosure policy.

If SIPC determines for whatever reason that the firm is 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. The firm will assist SIPC and the trustee by providing our books and records identifying customer accounts subject to SIPC regulation.

Given the fact that our firm does not carry customer accounts or positions, it is highly unlikely SIPC will take any action against the firm.

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

Our firm maintains its primary hard copy books and records and its electronic records at 1220 28<sup>th</sup> Ave N, Fargo, ND 58102. The Chief Compliance Officer is responsible for the maintenance of these books and records. Required books and records will be stored and backed up electronically. FINRA has been notified through the Gateway system that records will be kept electronically.

The firm backs up its electronic records continuously by using an on-site backup device and sending the data nightly to two off site locations that are out of our region. The backup device and off site locations are maintained by Marco. Its local phone number is 701-373-7755.

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.

### **Financial and Operational Assessments**

#### **D. Operational Risk**

In the event of an SBD, the firm will immediately identify what means will permit us to communicate with our customers, employees, critical business constituents, business partners, critical banks, critical counter-parties and regulators. Although the effects of an SBD will determine the means of alternative communication, the communications options we will employ will include our website, e-mail, telephone voice mail, cell phone, etc. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery.

#### **E. Financial and Credit Risk**

In the event of an SBD, the firm 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 direct business partners and critical banks to apprise them of our financial status. If we determine that we may be unable to meet our obligations to those counterparties 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, including requesting assistance from FINRA.

## **Mission Critical Systems**

Our firm's "mission critical systems" are those that ensure prompt and accurate processing of securities transactions, including order taking, entry, execution, comparison, allocation, clearance and settlement of securities transactions, the maintenance of customer accounts, access to customer accounts and the delivery of funds and securities. More specifically, these systems include: telephone and internet services, computer server and workstations used to operate the office and access customer account information at direct business partners offices.

We have primary responsibility for establishing and maintaining our business relationships with our customers and have responsibility for our mission critical functions of order taking and entry. Our direct business partners provide 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. Each have adequate back-up systems in the event they encounter an SBD.

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 transaction and other customer service activities after a wide-scale disruption while resumption refers to the capacity to accept and process new transactions and payments after a wide-scale disruption.

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

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

Currently, our firm receives orders from customers via telephone, fax, 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 by recorded message and/or posting the issue on our website. If necessary, the firm will advise our customers to place orders directly with our direct business partners.

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

Currently, our firm enters orders by recording them on paper and/or electronically and sending them to our direct business partners electronically or telephonically.

In the event of an internal SBD, we will enter and send records to our direct business partners by the fastest alternative means available. In the event of an external SBD, we will maintain the order in electronic or paper format, and deliver the order to the direct business partner 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 direct business partners for order entry. Information will be promptly posted to our website and/or recorded via voice message.

## **B. Mission Critical Systems Provided by Direct Business Partners**

Our firm relies on our direct business partners provide order execution, order comparison, order allocation, customer account maintenance and/or access and delivery of funds and securities. We do not expect our mission critical systems to be affected by any SBD we may have due to the fact that our transactions are effected on an application-way basis and because our business partners are independent.

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

### **A. 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 business partner 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.

### **B. 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. Ultimately, Mike Young and/or Mark Young shall be responsible to make sure that each employee is contacted.

### **C. Regulators**

We communicate with our regulators, including FINRA, using telephone, email, fax, U.S. mail, 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.

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

### **C. 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 business partners and other 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.

### **D. Banks**

We have contacted our banks and lenders to determine if they can continue to provide the financing that we will need in light of the internal or external SBD. The bank maintaining our operating account is Bremer Bank.

### **E. Counter-Parties**

We have contacted our critical counterparties, such as our business partners, to determine if we will be able to carry out our transactions with them in light of the internal or external SBD. Where the transactions cannot be completed, we will work with counterparties directly to make alternative arrangements to complete those transactions as soon as possible. Due to the nature of our business, we expect minimal financial assistance will be required to continue operations.

## **Regulatory Reporting**

Our firm is subject to regulation by FINRA, SEC and respective states, laws and rules. 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.

## **Disclosure of Business Continuity Plan**

Attached as attachment A is our written BCP disclosure statement we provide customers at account opening and annually thereafter. We also post the disclosure statement on our website and mail it to customers upon request.

**Updates, Annual Review and Training**

Our firm will update this plan whenever we have a material change to our operations, structure, business or location. In addition, our firm will review this BCP annually, to modify it for any changes in our operations, structure, business or location.

We will also train our staff as needed regarding this BCP, and about each update to it.

**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: \_\_\_\_\_

**Classic, LLC's Business Continuity Planning**

Classic, LLC has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

**Contacting Us** – If after a significant business disruption you cannot contact your registered representative as you usually, you should call our number 1-701-364-9390 or go to our website at {URL}. If you cannot access us through either of those means, you should contact the firm listed on your quarterly statement at the phone number that they publish on the statement for instructions on how it may provide prompt access to funds and securities, enter orders and process other trade-related, cash and security transfer transactions.

**Our Business Continuity Plan** – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

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

**Varying Disruptions** – Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to a local site when needed and expect to recover and resume business within one trading day. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business within a short reasonable time. In either situation, we plan to continue in business, and notify you through our website [www.classicassetmanagement.com](http://www.classicassetmanagement.com) or our customer emergency number 701-364-9390, how to contact us. If the significant business

disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt access to their funds and securities.

**For more information** – If you have questions about our business continuity planning, you can write to us at Classic, LLC, 1220 28<sup>th</sup> Ave N., Fargo, ND 58102.