

In December, 2009 FINRA Rule 4370 went into effect. FINRA Rule 4370 represents a consolidation of former NYSE Rule 446 and NASD Rules 3510 and 3520. This rule requires that member firms establish and maintain business continuity plans (BCPs) that are reasonably designed to enable the firm to meet its obligations to clients in the event of a sudden business disruption. The rule also requires that firms conduct an annual review of their BCPs to determine whether modifications are necessary in light of material changes to their operational environment.

BCP Requirements as defined by FINRA Rule 4370

*Books and records backup and recovery:* William Blair & Company's client accounting and clearance and settlement of securities transactions is accomplished using a comprehensive system provided on a service bureau basis by one of the leading providers of brokerage firm processing systems. The vast majority of the firm's books and records information is stored electronically. This electronically stored data is saved to backup media nightly and moved to an off-site location. Hard copy data is moved off-site on a regularly scheduled basis. The brokerage processing service bureau also saves the firm's books and records data in accordance with industry standards. William Blair & Company conducts regular testing with the brokerage processing service bureau to verify data-recovery capabilities.

*Identification and backup of all mission-critical systems:* William Blair & Company has analyzed its business lines to identify the applications and technologies that are essential to each of the firm's businesses. Redundant infrastructure has been implemented at an alternate datacenter facility located outside the City of Chicago that will allow the firm to recover these mission-critical systems in a timely manner. The databases required to support these applications are replicated in real-time to the alternate facility.

*Financial and operational risk assessments:*

- **Operational Risk:** William Blair & Company regularly assesses its exposure to risks associated with a changing operational environment. When material changes affect the production environment they are accounted for at the recovery site and within the business recovery plan. The firm has proactively identified the staff, systems and procedural requirements necessary to continue to meet its operational risk management obligations when operating from the alternate facility.
- **Financial Risk:** William Blair & Company regularly assesses its exposure to the financial and credit risks associated with a changing marketplace. The staff, systems and data required to make this assessment have been identified and contingencies have been implemented to maintain this level of risk management in the event of a significant business disruption.

*Alternate communications between clients and the firm:* Several contingencies have been implemented to ensure that the firm can communicate with its clients in the event of a sudden business disruption

- An alternate phone switch provides the ability to route the firm's main number, as well as each employee's personal extension, to the recovery facility. If the employee is working remotely the extension will be routed to a voice mail system managed by the employee.
- Applications containing client contact information are considered mission critical and recovered as a priority in an effort to facilitate the communication process.
- Clients will also have access to information at the firm's Web site ([www.williamblair.com](http://www.williamblair.com)).

*Alternate communications between the firm and its employees:* Several contingencies have been implemented to ensure that the firm can communicate with its employees in the event of a sudden business disruption

- A mass notification system has been implemented to notify all employees in the event of an incident.
- An Interactive Voice Response (IVR) System provides status updates during a crisis.
- A secure portal on the firm's public website provides Management with an Internet based means to disseminate information to employees.
- Each employee has a personalized Emergency Reference Card that details how to access information during an outage.

*Alternate physical location of employees:* William Blair & Company's Business Continuity Plan addresses the relocation of firm employees through two means

- Employees that require a centralized work environment have been allocated seats at a dedicated recovery facility. This facility has been built to replicate the employee's production environment in providing applications and access specific to the employee's needs.
- Employees that do not require a centralized workplace will access the firm's network through a Citrix based remote access environment.

*Critical business constituent, bank, and counter-party impact:* William Blair & Company has identified the third parties that are critical to the firm's ongoing business. The firm has implemented contingency plans for these constituents that would allow the firm to continue operations in the event that William Blair & Co. or the third party experienced a significant business disruption.

*Regulatory reporting:* Regulatory reporting is provided by William Blair & Company using various brokerage processing system reports and data from the firm's financial, client, and employee databases. These systems and databases have been identified and incorporated within the firm's Business Recovery Plan. In the event that an incident disrupted the firm's normal means of filing this data with the regulatory agencies, William Blair & Company would confer with each affected agency to identify and use the means of delivery that is closest in speed and form to the firm's previous filing method.

*Communications with regulators:* William Blair & Company has documented within its Business Recovery Plans the need and means by which to coordinate daily conference calls with regulatory agencies.

*How William Blair & Company will assure clients prompt access to their funds and securities in the event the firm determines it is unable to continue its business:* If William Blair & Company were unable or unwilling to continue its business, client assets would be transferred to one or more brokerage firms through the firm's common clearing platform. Clients would be notified accordingly and provided with instruction on how access their funds and securities following the transferal.

William Blair & Company provides multiple means to ensure that clients are informed of this requirement and the firm's full compliance with all industry rules and regulations. This summary document is posted on the firm's website and distributed to all new accounts. Documentation of William Blair & Company's business continuity plan is available to our clients upon request. The plans and the plan summary document are subject to modification; updates will be reflected in the plan summary document posted on the firm's Web site. Please contact Bryan Hansen, *Director of Business Continuity Planning*, at 312-364-8009, or e-mail us at [info@williamblair.com](mailto:info@williamblair.com)

William Blair & Company is a member of the NASD, NYSE, and SIPC.

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