

# CAROLINA CAPITAL MARKETS

## Business Continuity Plan

### I. EMERGENCY CONTACT PERSONS

The Firm is required to identify two emergency contact persons on the FINRA's Contact System. The Firm's Contact Persons are:

Mr. Thomas Shugrue, President, office: 919-960-0807, shugrue@bonddog.com; home: 919-933-8952, Cell: 919-423-9059; thomas.shugrue@gmail.com

Mr. Patrick Freeland, Chief Compliance Officer: office: 919-960-0807, freeland@bonddog.com; Cell: 804-986-6064; ceobonddog@gmail.com

Mr. Freeland is responsible for maintaining the Firm's contact information and performing the annual review of the Firm's contact information on the FINRA Website at: [https://regfiling.nasd.com/Contacts/NCS\\_Contacts.aspx](https://regfiling.nasd.com/Contacts/NCS_Contacts.aspx). The review will be conducted within 17 business days of the end of each calendar year. In the event of a material change, such as a replacement contact person, Mr. Freeland will update the information within 30 days of being advised of the change.

### II. FIRM POLICY

The Firm has adopted and implement a Business Continuity Plan ("the Plan) in order 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 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.

The Firm has created a Business Resumption Team ("BRT") comprised of the following individuals:

1. Tom Shugrue, President
2. Patrick Freeland, Chief Compliance Officer
3. Larisa Haytmanek, Operations / Accounting

The BRT is responsible for assessing, responding and coordinating the resumption of business for the Firm.

#### 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.

## **CAROLINA CAPITAL MARKETS Business Continuity Plan**

- 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**

Tom Shugrue, President, a registered principal, is responsible for approving the Plan and conducting the required annual review.

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

The Chief Compliance Officer is responsible for maintaining a copy of the Firm's current Plan, superseded versions of the Plan and its annual reviews for historical purposes. The Firm maintains a current copy of the Plan on the Firm's Server in a folder named: Business Continuity Plan. An electronic copy of the Plan is also in the BCP Repository Service offered by FINRA.

The Chief Compliance Officer is responsible for distributing the Plan to all employees and providing employees with revisions to the Plan as necessary.

## **III. BUSINESS DESCRIPTION**

The Firm is a broker dealer specializing in fixed income and structured finance products for institutional clients. The Firm is an introducing broker dealer and as such does not perform any type of clearing function for itself or others. Furthermore, we do not hold customer funds or securities.

In performing services for our customers we accept and enter orders and well as execute riskless principal transactions with counterparties. All transactions are sent to our clearing firm, which compares them, clears and settles them. Our firm services most institutional customers. We do not at this time engage in any private placements.

Our clearing firm is Clearview Correspondent Services, 8006 Discovery Drive, Richmond, Virginia 23229. On behalf of our customer accounts, the clearing firm custodies cash and securities, performs cashiering functions, settles transactions and can provide online viewing of accounts

Our clearing firm has also given us the following alternative contact in the event it cannot be reached:

## **IV. OFFICE LOCATIONS**

## **CAROLINA CAPITAL MARKETS Business Continuity Plan**

*List the locations of all of your offices, registered and unregistered, and state the means of transportation that employees may use to reach that facility. State also which mission critical systems, as defined below, take place at each location.*

### A. Headquarters

Carolina Capital Markets, Inc.

400 Meadowmont Village Circle

Suite 429

Chapel Hill, NC 27517

919-960-0807

Employees travel to the office primarily by car; several employees may be able to arrive on foot.

Mission-critical functions carried out in the headquarters include order taking, order entry, and order execution.

## **V. ALTERNATIVE PHYSICAL LOCATION(S) OF EMPLOYEES**

In the event of an SBD lasting over 24 hours the Firm will move critical staff from affected offices to the closest of our unaffected office locations. If none of our other office locations is available to receive those staff, we will move them to:

Brixham Green Three  
Suite 260  
13925 Ballantine Corp Place  
Charlotte, NC 28277  
(704) 731-2526

In the event of facility damage to both our Headquarters and our back up office in Charlotte, the Firm will move its critical personnel to Clearview Correspondent Services, 8006 Discovery Drive, Richmond, Virginia 23229.

## **CAROLINA CAPITAL MARKETS Business Continuity Plan**

### **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, Clearview Correspondent Services. 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, and if our Web access is available, our firm will post on our Web site a customer notice with instructions concerning how customers may access their funds and securities. Generally, as the Firm has other locations as referenced above, they will be able to contact another of the Firm's offices. 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.

### **VII. DATA BACK-UP AND RECOVERY (HARD COPY AND ELECTRONIC)**

The Firm maintains its primary hard copy books and records and its electronic records at its headquarters. The Chief Compliance Office is responsible for the maintenance of these books and records. Our firm maintains the following document types and forms that are not transmitted to our clearing firm. Books and records which are not maintained by our clearing firm include but are not limited to:

- New Account Worksheets
- Some customer correspondence and email (Bloomberg emails are maintained by Bloomberg)
- Corporate books and records

On a weekly basis the Chief Compliance Officer takes home a backup tape of the records contained on the Firm's server.

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.

Although the Firm currently has no capability to back up paper records, our clearing firm maintains copies of all Firm trading accounts and customer records including

## **CAROLINA CAPITAL MARKETS Business Continuity Plan**

transactions, statements and customer account information. Important financial records, such as the Firm's focus filings are maintained on the FINRA Website. The Firm's accounting firm,

Dunleavy & Company  
13116 S. Western Avenue  
Suite #1  
Blue Island, IL 60406

maintains duplicate copies of our yearly audits and tax returns.

In the event of an SBD the most recent back up tape will be installed on a computer at our alternate facility.

### **VIII. FINANCIAL AND OPERATIONAL ASSESSMENTS**

#### **A. Operational Risk**

In the event of an SBD, we will immediately identify how the Firm will can 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 may include a notice posted to our website, moving to our alternate facility, contacting key relationships by telephone from our alternate facilities and dial up connections to our Clearing Firm. In addition, depending on the duration of the SBD we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery (Hard Copy and Electronic).

#### **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. As our clearing Firm is located within a day's driving distance from many of our offices, we did

## **CAROLINA CAPITAL MARKETS Business Continuity Plan**

not anticipate an outage severe enough to cause the Firm financial illiquidity as the Firm does not generally take positions for itself.

### **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. More specifically, these systems include:

- Bloomberg
- Web based access to Clearview for trade orders and customer accounts
- Telephones

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 execution. Our clearing firm provides, through contract, the some execution capability and 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 and presented us with an executive summary of its plan, which is attached. 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 tests its back-up arrangements as specified in its Plan.

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

## **CAROLINA CAPITAL MARKETS Business Continuity Plan**

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 established SBD recovery time and resumption objectives as provided in their summary which is attached.

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

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

Currently, our Firm receives orders from customers via telephone. During an SBD, either internal or external, we will continue to take orders by telephone using telephone numbers available to us at alternate offices or if need be by cell phone. In addition, as communications permit, customers will be informed of alternatives by website postings, telephone message records. If necessary, we will advise our customers to place orders directly with our clearing firm at 800-552-7757.

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

Currently, our firm enters orders by recording them on paper and electronically sending them to our clearing firm. We place customer orders through Beta Backoffice. Our clearing firm's BCP as attached identifies the expected resumption times for various order entry outages.

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 dialup connection to clearing firm, faxes or telephone. 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**

In the event of either an internal or external SBD, we currently execute orders by telephone and subsequent data entry to our clearing firm's platform. In the event of an internal SBD, we will continue to execute orders via alternate telephone arrangements and dial up capability (if necessary) to the clearing firm's platform.

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 as detailed in IX above.

## CAROLINA CAPITAL MARKETS Business Continuity Plan

### X. ALTERNATE COMMUNICATIONS BETWEEN THE FIRM AND CUSTOMERS, EMPLOYEES, AND REGULATORS

#### A. Customers

We now communicate with our customers using telephone, e-mail, our Web site, fax, U.S. mail. In the event of an SBD, we will assess which means of communication are still available to us, and use the means closest in speed and form (written or oral) to the means that we have used in the past to communicate with the other party. For example, if we have communicated with a party by e-mail but the Internet is unavailable, we will call them on the telephone and follow up where a record is needed with paper copy in the U.S. mail.

#### B. Employees

We communicate with our employees via the telephone, e-mail, fax 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 Freeland.

<b>Caller</b>	<b>Call Recipients</b>
<i>Tom Shugrue</i>	Sales personnel
<i>Patrick Freeland</i>	Trade personnel
<i>Larisa Haytmanek</i>	Operational personnel

#### C. Regulators

We are currently a member of the FINRA. We communicate with our regulator using the telephone, e-mail, fax, and the U.S. mail. In the event of an SBD, we will assess which means of communication are still available to us, and use the means closest in speed and form (written or oral) to the means that we have used in the past to communicate with the other party.

## **CAROLINA CAPITAL MARKETS Business Continuity Plan**

### **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. Our major suppliers are listed on the attached.

#### B. Banks

The bank maintaining our operating account is

RBC Centura  
101 E. Rosemary St.  
Chapel Hill, NC 27514  
Contact: Caroline Riggsbee  
919-918-4309

The bank maintaining our Proprietary Account of Introducing Brokers/Dealers (PAIB account) is

Clearview Correspondent Services  
8006 Discovery Drive  
Richmond, Virginia 23229

As the Firm is not engaged in proprietary trading it is not anticipated that we will need to seek alternative financing.

#### C. Counter-Parties

We have contacted our critical counter-parties, such as other broker-dealers or institutional customers, 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 our clearing firm or contact those counter-parties directly to make alternative arrangements to complete those transactions as soon as possible.

### **XII. Regulatory Reporting**

**CAROLINA CAPITAL MARKETS**  
**Business Continuity Plan**

The Firm is subject to regulation by the FINRA, the SEC and MSRB along with various states in which we are licensed to conduct business. We generally file required reports electronically via secure FINRA Web Sites. . In the event of an external SBD, we will check with the SEC, FINRA, and other regulators as appropriate 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

**XIII. DISCLOSURE OF BUSINESS CONTINUITY PLAN**

On our behalf, Clearview provides a copy to each customer upon account opening. Our disclosure statement is posted on our Web site and is mailed it to customers upon request.

**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 the Plan annually, generally during its OSJ inspection, to modify it for any changes in our operations, structure, business, or location or those of our clearing firm.

**XV. SENIOR MANAGEMENT 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.

**CAROLINA CAPITAL MARKETS**

Signed: \_\_\_\_\_, Patrick N. Freeland  
Chief Compliance Officer

Date: \_\_\_\_\_