

**MSCS FINANCIAL SERVICES, LLC  
BUSINESS CONTINUITY PLAN  
DISCLOSURE STATEMENT**

**January 16, 2009**

**SUMMARY**

In accordance with NASD Rules 3510 and 3520, MSCS Financial Services, LLC (the “Firm”) a wholly-owned subsidiary of Matrix Settlement & Clearance Services, LLC (“MSCS”) is providing you with the following disclosure statement that describes in general how our Firm will respond to events that significantly disrupt our business. Our Firm is committed to protecting its employees and institutional customers (the “Customers”) through its dedication to business continuity management in accordance with FINRA rules. Business Continuity is mandated by regulatory rules; corporate policy; developed and tested regularly by each business unit; and supported by trained, full-time staff. Management focus is maintained at a high level by ongoing compliance reporting, including annual reporting to Senior Management.

Please reference this document in the event that you require more information pertaining to the Firm’s contingency planning. It is also available on the MSCS website in the “Business Continuity” section.

**RECOVERY RESOURCES**

Business Continuity Plans (“BCP”) define the critical resources required for recovery, and the plans are reviewed during regular test and maintenance periods and whenever significant changes occur. The Firm distributes its BCP to key personnel for immediate use during a disruptive event. Off-site command centers are used to direct recovery activities and recovery locations are identified for all mission critical business processes. The recovery service levels required by each business process determine the speed of recovery and the methods by which recovery resources are staged.

The Firm maintains nearly all of its recovery resources at different Colorado facilities. Some recovery resources are also obtained under contract from commercial vendors, or critical business constituents, and some are procured at the time of a disaster. Backup copies of data records are maintained at storage facilities and also tested regularly.

**OPERATIONAL AND FINANCIAL ASSESSMENTS**

During any disruptive event, procedures are in place to rapidly assess the extent and expected duration of any outages to operational resources and infrastructure. The Firm’s BCP is designed to provide responses to events of varying scope.

During events of short duration and local scope, Customers may experience longer than usual service times but normal operational channels and modes of communication will

continue to be used. During events of long duration and larger scope, including a total loss of the primary operating facility, this BCP dictates a plan for the resumption of processing all mission critical functions at a recovery location including the staff, records and data, technical infrastructure, facilities, and communications with all critical business constituents, regulators, banks, and counter-parties. Customers will be notified of any changes in service through use of multiple modes of communication.

These objectives are not, however, hard deadlines that must be met in every disruptive event. Various external factors such as the time of day, scope of disruption, and status of critical infrastructure – primarily telecommunications – affect actual recovery time.

During any disruptive event, the Firm executes a financial assessment to determine the value and liquidity of its investments and other assets so that it can evaluate its ability to continue to fund its operations and remain in capital compliance. The Firm contacts its Customers; critical banks; critical business constituents; and its primary counterpart for effecting settlements, the Depository Trust & Clearing Corporation, to apprise them of its financial status. If the Firm determines that it may be unable to meet its obligations to those counter-parties or otherwise continue to fund its operations, it will request additional financing from its credit sources to fulfill its obligations to its Customers. If the Firm cannot remedy a capital deficiency, it will file appropriate notices with its regulators and immediately take appropriate steps.

## **MISSION CRITICAL SYSTEMS**

We consider mission-critical systems to be those business functions and all supporting staff, facilities, data, documents, and technical infrastructure that support our mutual fund wire order business, including clearance and settlement of mutual funds. As an introducing broker-dealer, we rely on Ridge Clearing & Outsourcing Solutions, Inc., for our stock business. We have obtained a copy of Ridge Clearing's BCP Executive Summary and will mail it to you upon request.

We have primary responsibility for establishing and maintaining our business relationships with our Customers and have sole responsibility for our mission critical functions of our mutual fund wire order business.

Our contracts with third parties that support our mission-critical systems require these firms to have executable business continuity plans that can maintain the service levels we require.

In response to any disruptive event, rapidly executed operational and financial assessments will determine the best available alternative resources and processing methods, and continuity plans will be invoked to activate these resources, including communication to the customers, employees, and regulators.

## **ALTERNATE COMMUNICATIONS TO CUSTOMERS, EMPLOYEES AND REGULATORS**

Existing communication with our Customers, employees, and regulators utilizes a number of modes including telephone, cell phone, wireless communications, email, facsimile, Internet, Corporate Intranet, U.S. Mail, and in-person visits. During any disruptive event, Senior Management will determine the best method of alternate communication closest in speed and form to the original that remain available and stable. The Firm will make this information available to its Customers. If after a significant business disruption you cannot contact us as you usually do at your designated 1-800 #, account executive's direct line and/or email address, you should contact our after hours Operations cell phone (303) 324-8564.

## **CUSTOMER'S ACCESS TO FUNDS AND SECURITIES**

In the event of any disruptive event, our registered persons (account executives) will facilitate customer interaction with the mutual fund companies via available forms of communication.

## **CRITICAL BUSINESS CONSTITUENT, BANK AND COUNTER-PARTY IMPACT**

We have contacted our critical business constituents, banks, and counter-parties to determine alternate arrangements to continue our operational activities during disruptive events. During any disruptive event, we will again contact all of these critical entities, rapidly assess the extent and expected duration of any outages to operational resources and infrastructure, and implement these alternate arrangements.

## **REGULATORY REPORTING**

We are subject to regulation by the Securities and Exchange Commission and the Financial Industry Regulatory Authority. We now file reports with our regulators using paper copies in the U.S. Mail, and electronically using facsimile, email and FINRA's web-based regulatory filing system. During any disruptive event, we will determine from our regulators what means of filing are still available to our Firm, and use the means closest in speed and form to our previous method. In the event that we cannot contact our regulators for support, we will use the best means available to us.

## **EMERGENCY CONTACTS**

In the case of an emergency, Customers should contact their Account Executive. If after a significant business disruption you cannot contact us as you usually do at your designated 1-800 line, your account executive's direct line and/or email address, you should contact our after hours Operations cell phone (303) 324-8564.