

# **The Legend Group**

## **Business Continuity Plan 2008**

### **I. Firm Policy**

The Legend Group'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 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.

#### **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 or hurricane damage to our building. External SBDs prevent the operation of the securities market 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 mutual fund partners and clearing firm.

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

Legend has designated a Vice President responsible for approving the plan and for conducting the required annual review. The President of Legend Equities Corporation and Vice President of all other affiliated companies, has the authority to execute this BCP.

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

Our firm will maintain copies of its Business Continuity Plan (BCP) and the annual reviews, and the changes that have been made to it for inspection. An electronic copy of our plan is located on Legend01 server in the file folder IT/Business Continuity Plan and Iron Mountain.

### **II. Business Description**

Our firm conducts business in mutual fund equity, variable insurance products and fixed income securities and municipal securities, as well as, stocks and bonds. Less than one percent of our firms business is securities cleared through our clearing firm, Pershing (stocks and bonds). We do not conduct business in municipal bonds or derivatives. Our firm is an introducing broker/dealer and does not perform any type of clearing function for itself or others. Furthermore, we do not hold customer funds or securities. We accept and enter orders. All transactions are sent to the mutual fund companies, variable insurance companies or our clearing firm, which executes our orders, compares them, allocates them, clears and settles them. The mutual fund companies, variable insurance companies and our clearing firm also maintains customer's accounts, can grant customers access to their accounts and can deliver funds and securities. Our firm services only retail customers. We do not engage in any private placements.

The mutual fund companies, variable annuity companies and our clearing firm have provided the following contact information. The following list represents approximately 95% of all mutual fund activity conducted by our firm:

Aim Investment Services, Inc.  
Shareholder Services  
11 Greenway Plaza  
Suite 763  
Suite 100 (overnight)  
Houston, TX 77046  
(800) 949-4246, Shareholder Services  
[www.aiminvestments.com](http://www.aiminvestments.com)

Alliance Capital  
8000 IH 10 West  
San Antonio, TX 78230  
(210) 384-6167  
[www.alliancecapital.com](http://www.alliancecapital.com)

American Funds  
Client Services  
5300 Robinhood Road  
Norfolk, VA 23513  
(800) 421-0180  
[www.americanfunds.com](http://www.americanfunds.com)

American Skandia /Prudential Annuities (Variable Annuities)  
8<sup>th</sup> Floor-TPIA Department  
1 Corporate Drive  
Shelton, CT 06484  
**Overnight:**  
2101 Welsh Rd.  
Dresher, PA 19025  
(800)628-6039  
[www.annuities.prudential.com](http://www.annuities.prudential.com)

Columbia Funds (old Nations Funds)  
*Company Address:*  
30 Dan Rd.  
Canton, MA 02021  
*Processing Address:*  
C/O Boston Financial Data Services  
66 Brooks Drive  
Braintree, MA 02184  
(800) 441-4020  
[www.columbiainvestments.com](http://www.columbiainvestments.com)

Evergreen Management Company  
Dealer Services  
200 Berkeley Street  
Boston, MA 02116-5034  
(800) 847-5397  
[www.evergreen-funds.com](http://www.evergreen-funds.com)

Federated Securities Corporation  
Attn: Federated Operations  
66 Brooks Drive  
Braintree, MA 02184-3839  
(800) 245-5051 opt 3, customer service  
[www.federatedinvestors.com](http://www.federatedinvestors.com)

Fidelity Advisors  
2300 Litton Lane KH2A  
Hebron, KY 41048  
(877) 895-5951  
[www.fidelityadvisor.com](http://www.fidelityadvisor.com)

Fidelity Investments (RIA)  
100 Crosby Parkway, KC1E  
Covington, KY 41015  
(888) 766-6815  
(800) 523-5518, opt. 3  
[www.fidelity.com](http://www.fidelity.com)

Franklin Templeton Funds  
Attn: DMOS-Team 2  
100 Fountain Parkway  
St. Petersburg, FL 33716-1205  
[www.franklintempleton.com](http://www.franklintempleton.com)

JP Morgan Funds  
1111 Polaris Pkwy STE 2-G  
Columbus, OH 43240  
(800) 779-0771, Shareholder Services  
[www.jpmorgan.com](http://www.jpmorgan.com)

MFS Investment Management  
Dealer Services  
500 Boylston St.  
9<sup>th</sup> Floor  
Boston, MA 02116-3741  
(800) 343-2829 Dealer Services  
[www.mfs.com](http://www.mfs.com)

Nationwide Life Ins. Co. of America  
5100 Rings Road  
RR1-04-A4  
Dublin, OH 43017  
(800) 321-9332, Customer Service  
(800) 321-6064, Dealer Line  
[www.bestofamerica.com](http://www.bestofamerica.com)

Oppenheimer Funds  
10200 E. Girard Avenue, Bldg D  
Denver, CO 80231  
(800) 525-7040 Rep/Dealer Services  
(800) 525-7048 Client Services  
[www.oppenheimerfunds.com](http://www.oppenheimerfunds.com)

Pioneer Investments  
Dealer Services  
30 Dan Rd.  
Canton, MA 02021-2809  
(800) 225-6541  
[www.pioneerfunds.com](http://www.pioneerfunds.com)

Prudential Mutual Fund Service  
Attn: Dealer Services  
101 Sabin Street  
Pawtucket, RI 02860  
(877) 332-2371  
[www.jennisondryden.com](http://www.jennisondryden.com)

Putnam Investors Services  
Attn: Dealer Services  
7 Shattuck Rd.  
Andover, MA 01810  
(800) 354-2228, Dealer Services  
[www.putnam.com](http://www.putnam.com)

Rydex Series Funds  
9601 Blackwell Rd., Suite 500  
Rockville, MD 20850  
(800) 783-5608  
[www.rydexfunds.com](http://www.rydexfunds.com)

Security Funds  
One Security Benefit Place  
Topeka, KS 66636  
(800) 888-2461  
[www.securitybenefit.com](http://www.securitybenefit.com)

Security Benefit Life (Annuities)  
Retirement Plans/Customer Service  
One Security Benefit Place  
Topeka, KS 66636  
(800) 888-2461 ext. 3112, Customer Service  
www.securitybenefitplanner.com

Sentinel Funds  
One National Life Drive  
Montpelier, VT 05604  
(802) 229-7329 or (802) 229-7222  
www.sentinel Funds.com

Van Kampen  
Harborside Financial Center Plaza  
Plaza Two, 2<sup>nd</sup> Fl  
Jersey City, NJ 07311-3977  
(800) 421-3863  
www.vankampen.com

Waddell & Reed / Ivy Funds  
6300 Lamar Avenue  
Overland Park, KS 66202  
(800) 532-2783 Legend's Service Line  
(888) WADDELL, Rep Services  
www.waddell.com

### **III. Office Locations**

Our Firm has offices located in Location #1, #2, #3 and Location #4.

#### **A. Office Location #1**

Our Location #1 Office (Home Office) is located at 4600 East Park Drive, Suite 300, Palm Beach Gardens, FL 33410. Its main telephone number is 561-694-0110. Our employees may travel to that office by means of foot, car, bus and bicycle. We engage in order taking and order entry at this location.

#### **B. Office Location #2**

Our Location #2 Office (Home Office mailroom) is located at 3920 RCA Blvd., Suite 2004, Palm Beach Gardens, FL 33410. Its main telephone number is 561-622-8408. Our employees may travel to that office by means of foot, car, bus and bicycle. This site is our mail distribution and literature storage facility.

#### **C. Office Location #3**

Location #3 Office is located at 450 Corporate Parkway, Suite 102, Amherst, NY 14226. Its main telephone number is 716-837-3335. Our employees may travel to that office by means of car, bus or plane. This site is a registered branch office.

D. Office Location #4

Location #4 Office is located at 640 Johnson Avenue, Suite 204, Bohemia, NY 11716. Its main telephone number is 631-244-8201. Our employees may travel to that office by means of car, bus or plane. This site is a registered branch office.

**IV. Alternative Physical Location(s) of Employees**

In the event of an SBD, we will relocate a team from the affected office to the closest unaffected IBM Disaster Recovery location that is available. Once the IBM location has been designated we will move our staff to the IBM Disaster Recovery location or to an alternative office location.

Alternative Office Location #1

Our Alternative Location #1 will be declared by IBM once a disaster has been declared. IBM will decide the city and state of the recovery location. The IBM Disaster Recovery Location will be designated for order entry.

Alternative Office Location #2

Our Alternative Location #2 Office is located at 450 Corporate Parkway, Suite 102, Amherst, NY 14226. Its main telephone number is 716-837-3335. Our employees may travel to that office by means of car, bus or plane. This site is our branch office facility that will assist as a back up customer service center and order taking facility in the event of a disaster.

Alternative Office Location #3

Our Alternative Location #3 Office is located at 640 Johnson Avenue, Suite 204, Bohemia, NY 11716. Its main telephone number is 631-244-8201. Our employees may travel to that office by means of car, bus or plane. This site is our branch office facility that will assist as a back up customer service center and order taking facility in the event of a disaster.

Alternative Office Location #4

Our Alternative Location #4 Office is located at 6300 Lamar Avenue, Overland Park, KS 66202. Its main telephone number is 913-236-2000. Our employees may travel to that office by means of car, bus or plane. This site is Corporate Headquarters for Waddell & Reed Financial Inc. Legend Equities is a wholly owned subsidiary of Waddell & Reed Financial Inc. This office will assist as a full back-up location in the event of a disaster.

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

Our firm does not maintain custody of customer's funds or securities, which are maintained at the respective mutual fund company or our clearing firm, Pershing. 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 the appropriate mutual fund company or our clearing firm on their behalf, and if necessary 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 appropriate mutual fund company or Pershing directly. The firm will make this information available to customers.

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.

*FINRA Rule 3510(a); Securities Exchange Act Rule 15c3-1; 15 U.S.C. 78eee (2003)*

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

Our firm maintains its primary files and electronic records at 4600 East Park Drive Suite 300, Palm Beach Gardens, FL 33410 and 3920 RCA Blvd, Suite 2004, Palm Beach Gardens, FL 33410. Legend's Office Manager is responsible for the relationship and maintenance of these files to Iron Mountain. Our firm maintains the following documents types and forms that are not transmitted to our clearing firm(s):

- General Securities Cash Account Agreement
- Client Data Sheet
- Mutual Fund/Variable Annuity Purchase/Replacement Disclosure Notice
- Advisory Services Agreement
- SEC Rule 206 Solicitor's Agreement and Disclosure

Our firm maintains its electronic records at Iron Mountain. The electronic form consists of CD's, cartridges, magnetic tapes and electronic records. Legend's IT Vice President is responsible for the maintenance of these back-up tapes. Our firm backs up its hard copy paperwork via an IBM imaging system and its electronic records. The system has a nightly timer that runs a full backup of all document objects, database files and applications.

The firm also runs a tape backup on a nightly timer. This backup includes all files and data stored on the servers. This would include web servers and network file servers. Legend's Network Administrator is responsible for the maintenance of this back-up.

The back up for both processes are created daily and the most recent copies of the backups remain in the IT Vice President's possession each morning. Once a week, on Monday, the second most recent back-up is stored off-site at Iron Mountain's storage facility.

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.

*FINRA Rule 3510(c)(1)*

## **VII. Financial and Operational Assessments**

### **A. Operational Risk**

In the event of an SBD, we will immediately identify what means will permit us to 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 can include our website, telephone voice mail, cellular phones, secure e-mail and any other means which may become available. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery.

### **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 banks and 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 calculating net capital. Advise Legend Equities executive management of deficiency. Advise parent company, Waddell & Reed of deficiency and arrange for capital to be wired the same day. Notify by phone and fax regional and district offices of FINRA. Cease sale operations until capital is in place.

Legend Equities Corporation is wholly owned subsidiary of Waddell & Reed Financial Inc. In the event of a SBD, if we have a need for funds the needed capital would be contributed by the parent company, Waddell & Reed. Waddell & Reed is a publicly traded company that is well capitalized and has access to millions in lines of credit. Legend Equities is well capitalized in excess of required Net Capital most of which is readily available cash on deposit in the operating account.

## **VIII. 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 of securities transactions, the maintenance of customer accounts, access to customer accounts and the delivery of funds and securities. More specifically, these systems include Commission system, New Business processing system and Imaging system.

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 entry. The

mutual fund companies and our clearing firm provide, through contract, the execution, comparison, allocation, clearance and settlement of securities transactions, the maintenance of our customer accounts, access to customer accounts and the delivery of funds and securities.

Our contracts with the mutual fund companies and our clearing firm provide that they will maintain a business continuity plan and the capacity to execute that plan. They represent that they will advise us of any material changes to their plan that might affect our ability to maintain our business. In the event they execute their own plan, they will notify us of such execution and provide us equal access to services as their other customers. If we reasonably determine that they have not or cannot put their plan in place quickly enough to meet our needs, or are otherwise unable to provide access to such services, they represent that they will assist us in seeking services from an alternative source.

The mutual fund companies and our clearing firm represent that they back up our records at a remote site. They represent that they operate a back-up operating facility in a geographically separate area with the capability to conduct the same volume of business as its primary site. They have also confirmed the effectiveness of their back-up arrangements to recover from a wide scale disruption by testing. Testing is completed and confirmed no less than annually with each of our mutual fund companies, variable annuity companies and our clearing firm.

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. The mutual fund companies and our clearing firm have the following SBD recovery time of 24-48 hours.

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

### **1. Order Taking**

Currently, our firm receives orders from reps and customers via hard copy paperwork and fax paperwork. 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 additions, as communications permit, we will inform our reps who will notify our customers when communications become available to tell them what alternatives they have to send their orders to us. Reps will be informed of alternatives by email or phone and will communicate these alternatives to the customer. If necessary, we will advise our customers to place orders directly with the mutual fund company or our clearing firm.

### **2. Order Entry**

Currently, our firm enters orders by recording them on paper and sending them to the respective mutual fund company by UPS overnight, U.S. mail or a secondary carrier.

In the event of an internal SBD, we will enter and send records to the mutual fund companies, variable annuity companies and our clearing firm by the fastest alternative means available, which may include email or paper copy. In the event of an external SBD, we will maintain the order in electronic or paper format and deliver the order to the mutual fund company or 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 the mutual fund company or the clearing firm for order entry.

### **3. Order Execution**

Legend Equities Corporation does not execute orders.

#### **B. Mission Critical Systems Provided by Our Clearing Firm**

Our firm relies, by contract, on the mutual fund companies, variable annuity companies and 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.

*FINRA Rules 3510(c) & (f)(1)*

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

#### **A. Customers**

We currently communicate with our customers using the telephone, e-mail, fax, U.S. mail, our website and in person visits at our firm or at other locations. 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 to the means that we have used in the past to communicate with the other party. In the event of an SBD, we will re-direct phones to one of our alternate offices. For example, if we have communicated with a party by e-mail but the Internet is unavailable, we may call them by phone to follow up where a record is needed with paper copy. The paper copy will be sent via U.S. mail or by fax.

*FINRA Rule 3510(c)(4)*

#### **B. Employees**

We now communicate with our employees using the telephone, e-mail 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 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 the SBD.

*FINRA Rule 3510(c)(5)*

#### **C. Regulators**

We are currently members of FINRA. We communicate with our regulators using the telephone, e-mail, fax, U.S. mail 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 to the means that we have used in the past to communicate with the other party.

*FINRA Rule 3510(c)(9)*

## **X. 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 and services when we need them because of an SBD to them or our firm. *FINRA Rule 3510(c)(7)*

### **B. 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. If our banks and other lenders are unable to provide the financing, we will seek alternative financing immediately from Waddell & Reed, 6300 Lamar Avenue, Overland Park, KS 66202 at (913) 236-2000.

*FINRA Rule 3510(c)(7)*

### **C. Counter Parties**

We have contacted our critical counter parties to determine if we will be able to carry out 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.

*FINRA Rule 3510(a) & (c)(7)*

## **XI. Regulatory Reporting**

Our firm is subject to regulation by FINRA. We now file reports with our regulators using paper copies in the U.S. mail and electronically using fax, e-mail 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 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.

*FINRA Rule 3510(c)(8)*

## **XII. Disclosure of Business Continuity Plan**

The customer will have access to the BCP disclosure statement on our website at [www.legendgroup.com](http://www.legendgroup.com) or available upon request by mail. The customer is informed annually on how to access a copy of the BCP disclosure.

*FINRA Rule 3510(e)*

## **XIII. 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 to modify it for any changes in our operations, structure, business or location or those of our clearing firm.

*FINRA Rule 3510(b)*