

SVWM BUSINESS CONTINUITY PLAN

FINRA Rules 3510 and 3520 requires our firm to create and maintain a business continuity plan (BCP) that addresses procedures to follow in the event of possible significant business disruptions (SBDs). There are 10 critical elements of a BCP specified in FINRA Rule 3510. The following elements will be addressed in our firm's BCP:

- Emergency contact information
- Data back up and recovery (hard copy and electronic)
- All mission critical systems
- Financial and operational assessments
- Alternate communications between customers and the firm
- Alternate communications between the firm and its employees
- Alternate physical location of employees
- Critical business constituents, banks and counter-parties impact
- Regulatory reporting and communications with regulators
- Assuring customers' prompt access to their funds and securities if the firm is unable to continue business

Documentation of annual testing and evidence of any changes to the Business Continuity Plan will be made using Compliance Max software. Senior manager attestation will also be documented annually in Compliance Max.

14.01 Emergency Contact Persons

Our firm has designated two emergency contact persons who are both registered principals as well as members of senior management.

1. Martin R. Ledgerwood: (541) 884-2597 or (541) 591-1406
mtjledgerwood@charter.net
2. Clark D. Pederson (541) 882-7917
pedersoncr@charter.net

These names will be updated in the event of a material change, and our executive representative will review them within 17 business days of the end of each quarter.

14.02 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 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.

14.03 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. 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.

14.04 Approval and Execution Authority

Martin R. Ledgerwood, President and registered principal, is responsible for approving and executing the firm's BCP in addition to conducting required annual reviews.

14.05 Plan Location and Access

Our firm will maintain copies of its BCP plan, annual reviews and necessary updates, which will be available for inspection. An electronic copy of our plan is located on the South Valley Wealth Management server at:

f://users/broker_information/operations/business_continuity_plan

14.06 Business Description

Our firm conducts business in equity and fixed income securities, as well as mutual funds. Our firm is an introducing firm 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 securities transactions are sent to our clearing firm, which executes our orders, compares them, allocates them, clears and settles them. Our clearing firm also maintains our customers' accounts, can grant customers access to them, and delivers funds and securities. All mutual fund transactions are sent directly to the fund family for processing. The funds also maintain the customers' accounts and can grant customers access to them and deliver funds. Our firm services retail and institutional customers. We do not engage in any private placements.

Our clearing firm is:

RBC Correspondent Services (866) 358-2729
510 Marquette Ave. www.rbccs.com
Minneapolis, MN 55402-1106

Our BCP contact persons at RBC CS are:

Primary: Paul Meehl (612) 607-8998 paul.r.meehl@rbc.com
Secondary: Dennis Hollenkamp (314)-589-5770
dennis.hollenkamp@rbc.com

14.07 Office Locations

Our Firm has offices located in Klamath Falls, Medford and Bend, Oregon.

1. **Klamath Falls, Oregon - Company Headquarters:** Our primary Klamath Falls, Oregon office is located at 810 Main Street, Klamath Falls, OR 97601. Its main telephone number is (541) 882-5488 or 1-800-577-1773. Our employees may travel to that office by means of foot, car, bicycle, train, bus, or plane. We engage in order taking and entry at this location.

2. **Klamath Falls, Oregon - Registered Branch Office:** Our second Klamath Falls, Oregon office is located on the fourth floor in the South Valley Bank building at 803 Main Street, Klamath Falls, OR 97601. Its main telephone number is (541) 883-7322. Our employees may travel to that office by means of foot, car, bicycle, train, bus, or plane. We engage in order taking and entry at this location
3. **Medford, Oregon - Registered Branch Office:** Our Medford, Oregon office is located in the Navigator's Landing building at 891 O'Hare Parkway, Medford, OR 97504. Its main telephone number is (541) 245-4001 or 1-866-533-4379. Our employees may travel to that office by means of foot, car, bicycle, train, bus, or plane. We engage in order taking and entry at this location.
4. **Bend, Oregon – Registered Branch Office:** Our Bend, Oregon office is located in the South Valley Bank & Trust building at 572 SW Bluff Drive, Suite E, Bend, OR 97702. Its main telephone number is (541) 312-7125. Our employees may travel to that office by means of foot, car, bicycle, train, bus, or plane. We engage in order taking and entry at this location.

14.08 Alternative Physical Location(s) of Employees

In the event of an SBD, we will move our staff from affected offices to the closest of our unaffected office locations. If none of our other office locations are available to receive those staff, we will move them to South Valley Bank & Trust, 5215 S 6th Street, Klamath Falls, OR 97603. Its main telephone number is (541) 883-3366.

14.09 Customers' Access to Funds and Securities

Our firm does not maintain custody of customers' funds or securities, which are maintained at our clearing firm, RBC Correspondent Services or individual mutual fund families. 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 website that customers may access their funds and securities by contacting the clearing firm at the number listed in Section 14.06 of this manual or the appropriate mutual fund customer service center. 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.

14.10 Data Back-Up and Recovery (Hard Copy and Electronic)

Our firm maintains its primary hard copy books and records and its electronic records at 810 Main Street, Klamath Falls, OR 97601. Alison Hulbert, Financial Operations Principal, is responsible for the maintenance of these books and records and can be reached at (541) 882-5488 or 1-800-577-1773. Our firm maintains the following document types and forms that are not transmitted to our clearing firm: new account forms, client correspondence, and portfolio summaries.

Our firm does not maintain back-up hard copy books and records independent from those currently maintained by our clearing firm and the mutual fund families.

The firm backs up its electronic records both daily, weekly and monthly. We currently prepare a tape copy of the entire company server every Friday, and an incremental backup (those files actually altered) daily. We keep this tape at South Valley Bank building 803 Main Street, Klamath Falls, OR 97601.

In the event of an internal or external SBD that causes the loss of our paper records, we will physically recover them from our clearing firm and the mutual fund companies. If our primary site is inoperable, we will continue operations from an alternate location. For the loss of electronic records, we will either physically recover the storage media, or, if our primary site is inoperable, continue operations from an alternate location.

14.11 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 will include our website, telephone answering machine, and secure e-mail. In addition, 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 action.

14.12 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.

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.

Our clearing firm provides, through contract, the 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.

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 has 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 provide us equal access to services as available to 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. It has confirmed that it tests its back-up arrangements semi-annually.

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. 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. Our clearing firm has the following SBD recovery time and resumption objectives: recovery time period of 24 hours; and resumption time of 24 hours.

Our firm's mission critical systems have been identified as follows:

1. **Order Taking:** Currently, our firm receives orders from customers via telephone, fax, and 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 telephone and our website. If necessary, we will advise our customers to place orders directly with our clearing firm at (866) 358-2729.
2. **Order Entry:** Currently, our firm enters orders online and sending them to our clearing firm electronically and/or telephonically. 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 via e-mail, telephone and fax.

In the event of an external SBD, we will maintain the order in 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.

14.13 Mission Critical Systems Provided by Our Clearing Firm

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.

14.14 Alternate Communications with Customers, Employees and Regulators

- A. **Customers:** We now communicate with our customers using the telephone, e-mail, our website, fax, U.S. mail, 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 (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 now communicate with our employees using the telephone, e-mail, fax, 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 (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. **(Refer to Exhibit – L of the Appendix)** We have identified persons, noted below, who live near each other and may reach each other in person:

Martin R. Ledgerwood will invoke use of the firm’s call tree.

Caller	Call Recipients
<i>Martin Ledgerwood</i>	<i>Richard Ledgerwood, Clark Pederson, Jeff Rieb</i>
<i>Clark Pederson</i>	<i>Alison Hulbert, Tracy Ronningen, Diane Dombras</i>
<i>Alison Hulbert</i>	<i>Keren Christensen, Jackie Smith, Debra DiNapoli,</i>
<i>Richard Ledgerwood</i>	<i>Meredith Hoffman, Allen Schutzky, Celeste Patton</i>

- C. **Regulators:** We are currently members of the FINRA. We communicate with our regulators using the telephone, 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 (written or oral) to the means that we have used in the past to communicate with the other party.

14.15 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 supplier is our clearing firm, RBC Correspondent Services, Inc.

- 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. The bank maintaining our operating account is:

South Valley Bank & Trust
Dawna Oksen (541) 880-5233
803 Main Street
doksen@southvalleybank.com
Klamath Falls, Oregon 97601

The firm maintaining our proprietary account of introducing brokers/dealers (PAIB account) is:

RBC Correspondent Services
510 Marquette Ave.
Minneapolis, MN 55402-1106

Brett Thorne (612) 371-7895
brett.thorne@rbc.com

If our banks and other lenders are unable to provide financing, we will seek alternative financing immediately from US Bank, 740 Main Street, Klamath Falls, OR 97601, (541) 883-4611.

- 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.

14.16 Regulatory Reporting

Our firm is subject to regulation by the FINRA, SEC and the State of Oregon. We now file reports with our regulators using paper copies in the U.S. mail, and electronically using 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 (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.

FINRA
601 Union Street, Suite 1616
Seattle, WA 98101

Paul Beeson
(206) 624-0790

Securities & Exchange Commission
Pacific Regional Office
5670 Wilshire Boulevard, 11th Floor
Los Angeles, CA 90036

State of Oregon, Dept of Consumer & Business Services
Division of Finance & Corporate Securities
350 Winter Street, NE Room 410
Salem, OR 97301

Craig McCullough
(503) 378-4140

14.17 Disclosure of Business Continuity Plan

We provide in writing a BCP disclosure statement to customers at account opening. We also post the disclosure statement on our website and mail it to customers upon request. [\(Refer to Exhibit - G of the Appendix\)](#)

14.18 Updates and Annual Review

Our firm will update this BCP 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, on December 31st, to modify it for changes in our operations, structure, business or location or to those of our clearing firm.

14.19 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: _____
Martin R. Ledgerwood, President

Date: _____