



# FAMILY MANAGEMENT SECURITIES, LLC

155 East 44<sup>th</sup> Street, 21<sup>st</sup> Floor, New York, NY 10017 Tel: 212-872-9600 Fax: 212-758-4020

## **IMPORTANT ANNUAL NOTICES**

### **BUSINESS CONTINUITY PLANNING**

Family Management Securities, LLC and Family Management Corporation (collectively, “Family Management”) has adopted a business continuity plan that is designed to assure each of you timely access to your cash and securities in the event of a significant business disruption.

A significant business disruption may range from a fire or a communications failure that solely affects Family Management to something significantly larger including a regional electrical blackout, flooding or a terrorist attack that may interrupt the operations of either the securities markets or the activities of a crucial number of firms essential to the operations of those markets.

In addition to the fact that Family Management has always maintained continuity plans as a part of our prudent approach to business, FINRA also requires us to invest in contingency planning, back-up facilities and training. Family Management reviews its business continuity plan annually and updates it as necessary. Our plan outlines the actions we will take in the event of a building, citywide or regional incident including relocating personnel to a seamlessly operable at home environment.

In the event of a significant business disruption that affects Family Management’s main office solely, we anticipate re-commencing operations promptly either the same day or at the start of business the following day. Should Family Management determine that it cannot recommence business in a manner that is most consistent with best serving you, we will provide further instructions by electronic mail or other means depending upon the disruption.

We will use the best and most appropriate means available to contact you in the event of a significant business disruption. Family Management’s phone system supports remote capabilities and we will continue to receive and respond to phone calls even though personnel may not be physically present in our

office. To the extent our remote capabilities become inoperative, we will promptly leave an instructive message (though promptly will depend on the scope of the disruption) on our mail telephone line. **The main telephone number for Family Management is (212) 872-9600.**

Though we have summarized our plan here, we would gladly provide you with a complete copy of it at your request.

### **CHECKS**

To help ensure the most efficient processing of deposit checks, please remember to make all such checks payable to the clearing firm (Pershing LLC) and to include your account number.

### **CUSTOMER COMPLAINTS**

In accordance with Securities and Exchange Act Rule 17a-3, please be advised that any customer complaints may be directed to Family Management Securities, LLC., 155 East 44<sup>th</sup> Street, 21<sup>st</sup> Floor, New York, NY, 10017, Attn: Chief Compliance Officer, or you may contact the Chief Compliance Officer at 212-872-9637.

### **CYBER SECURITY**

If you believe that any of your online accounts (email, banking, brokerage, etc.) have been compromised or if you have been the victim of cyber theft or “hacking”, please notify your Family Management Securities client service representative immediately.

### **FINANCIAL INDUSTRY REGULATORY AUTHORITY**

REQUIRED ANNUAL FINRA INFORMATION: FINRA MAINTAINS A TOLL-FREE PUBLIC DISCLOSURE HOTLINE WHERE INVESTORS MAY CALL TO REQUEST DISCLOSABLE BACKGROUND INFORMATION ON ANY LICENSED BROKER OR BROKER-DEALER. TO CALL THE HOTLINE, DIAL 800-289-9999. FINRA ALSO MAINTAINS AN INTERNET WEBSITE WHERE INVESTORS MAY OBTAIN USEFUL INFORMATION CONCERNING FINRA POLICIES, PROCEDURES AND SERVICES. THE WEB SITE CAN

BE ACCESSED AT [WWW.FINRA.ORG](http://WWW.FINRA.ORG). ADDITIONALLY, FINRA HAS A BROCHURE WHICH DESCRIBES THE INVESTOR EDUCATION AND PROTECTION PROGRAM. YOU MAY REQUEST THIS BROCHURE EITHER THROUGH THE FINRA WEB SITE OR BY CALLING THE TOLL-FREE PUBLIC DISCLOSURE HOTLINE.

### **MARGIN DISCLOSURE STATEMENT**

Family Management would like to provide you with some basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review the margin agreement provided to you. Consult with any member of Family Management regarding any questions or concerns you may have with your margin accounts.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from the brokerage firm. If you choose to borrow funds from the firm, you will open a margin account. The securities purchased are the firm's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the firm can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with the member, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

#### **You can lose more funds than you deposit in the margin account**

A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities or assets in your account(s).

#### **The firm can force the sale of securities or other assets in your account(s)**

If the equity in your account falls below the maintenance margin requirements or the firm's higher "house" requirements, the firm can sell the securities or other assets in any of your accounts held at the firm to cover the margin deficiency. You also will be

responsible for any short fall in the account after such a sale.

#### **The firm can sell your securities or other assets without contacting you**

Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.

#### **You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call**

Because the securities are collateral for the margin loan, the firm has the right to decide which security to sell in order to protect its interests.

#### **The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice**

These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause the member to liquidate or sell securities in your account(s).

#### **You are not entitled to an extension of time on a margin call**

While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.

### **PRIVACY**

Family Management values you as a customer and respects your right to privacy. We pledge our commitment to treating your information responsibly and we have established the following policy to assure you that we are protecting your privacy.

We hope you will take a moment to review the privacy policy of the Family Management. We are proud of our policy and practices, and we want you to know how we

protect your information and how we use it to service your account.

### **How do we protect the confidentiality and security of your information?**

Family Management maintains physical, electronic and procedural safeguards to ensure your personal information is treated responsibly and in accordance with our privacy policy. Employees who have access to customer information may use it only for legitimate business purposes. In addition, we safeguard customer information in accordance with applicable data security regulations.

### **What personal information do we collect about you?**

Family Management collects personal information about you from the following sources:

- Information we receive from you on applications and other forms;
- Information about your transactions with us through affiliates; and,
- Depending upon the product you are utilizing, information we receive from consumer reporting agencies, attorneys, accountants, or others.

Family Management may disclose this information to entities that perform marketing (e.g. newsletter fulfillment center) and administrative services **on our behalf** or as required or permitted by law for legal, regulatory or other purposes.

Family Management has always considered the protection of sensitive information to be a sound business practice and a foundation of customer trust. Within Family Management and among our services providers (e.g. clearing firm), we restrict access to information to those that require that access in order to provide products and services to you.

### **We may share personal information with the following entities:**

- Affiliates – Information collected from one affiliate may be shared with other affiliates for investment or advisory purposes. Please also see the **Sharing of Information with Affiliates** section below;
- Unaffiliated service providers (such as printing\mailing fulfillment services);

- Government agencies and law enforcement officials (for example, for tax reporting or under court order);
- Other organizations, with your consent (such as credit agencies or banks);
- Other organizations, as permitted by the laws that protect your privacy (such as for fraud prevention); and,
- We do not sell your personal information to anyone.

The law allows you to “opt out” of only certain kinds of information sharing with third parties. We do not share personal information about you with any third parties that triggers this opt-out clause.

### **Former Customers**

If you are a former customer, your information is treated in the same manner as the information of current customers.

### **Sharing of Information with Affiliates (Regulation S-AM)**

Federal law gives you the right to limit some but not all marketing from Family Management.

You may limit Family Management from marketing their products or services to you based on your personal information that they collect and share with each other. This information includes your income, your account history, and your credit score.

Federal law also requires us to give you this notice to tell you about your choice to limit marketing from Family Management.

You have chosen to limit marketing offers from Family Management until you tell us to change your choice.

It is important to understand that there is no requirement for Family Management to give you notice or the ability to opt-out when an affiliate has a pre-existing business relationship with you, or provides marketing material in response to an affirmative request by you, or in response to a communication initiated by you.

### **ORDER ROUTING**

In accordance with SEC Rule 606, all broker-dealers must make available to their clients' information pertaining to routing non-directed orders in equity and options securities. Pershing, LLC has developed a website to display our order routing disclosure information. You may

preview our latest quarterly information by logging on at <https://www.orderroutingdisclosure.com/> and typing in "Family Mgmt Securities LLC".

#### **MSRB RULE G-10 DISCLOSURE**

Family Management Securities, LLC is registered with the Municipal Securities Rule Making Board (MSRB) and the U.S Securities and Exchange Commission. An investor brochure that describes the protections available under the MSRB rules and how to file a complaint with an appropriate regulatory authority may be obtained on the MSRB website at [www.msrb.org](http://www.msrb.org).

#### **SECURITIES INVESTOR PROTECTION CORPORATION**

You may obtain information about the Securities Investor Protection Corporation ("SIPC"), including a SIPC brochure, by contacting SIPC by telephone ((203) 371-8300) or by visiting its web-site at ([www.sipc.org](http://www.sipc.org)).