

# Envestnet Summary

## BCP Disclosure

2012

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## Firm Policy

Our firm's policy is to respond to a Significant Business Disruption (SBD) by safeguarding employees' health and safety 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.

Our strategy is to manage an approved corporate wide Business Continuity Program (BCP) to maintain the policy and standards while providing a comprehensive education and implementation process. The objective is to create, document, test and maintain business function continuity plans to recover critical systems and functions. At least annually, business functions and technology departments test their plans to ensure that they are workable, in compliance and that staff are aware of their roles in a business interruption. A corporate communication and management process exists to ensure business functions resume quickly, thereby reducing financial risk.

We provide in writing this BCP disclosure statement or an updated version to customers at account opening. We also mail to customers upon request this disclosure statement. Our firm creates and documents BCP plans based on the potential risks of disruption to our employees, workspace and/or technology in each of our critical locations. Our firm provides this through preventative plans, response plans and recovery plans on department level, office level and company wide level through our Business Resumption Plan which includes incident response and recovery procedures.

## Significant Business Disruptions

Our plan anticipates two kinds of significant business disruptions (SBD), 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 disrupt the operations 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 ability and firms.

## Plan Location and Access

Our firm will maintain copies of its BCP plan and the annual reviews, and the changes that have been made to it for inspection. An electronic copy of our plan is located on the Envestnet directory, hard copies are kept in each office and safely at BCP leaders' homes.

## Business Description

Envestnet is the leading open-architecture wealth management platform for investment advisors. The company delivers separately managed accounts, funds, advisor-managed accounts, alternative investments and multi-custodian performance reporting to financial advisors through an internet-based wealth advisory platform. Envestnet's service offerings are supported by proprietary technology that delivers comprehensive capabilities to advisory firms around the world. The firm's investment offerings are supported by Portfolio Management Consultants (PMC) and independent research with a proven track record of creating value for our advisors' clients.

Furthermore, we do not hold customer funds or securities. Transactions are sent to our customers' clearing firms for execution, clearing and settlement of orders and the remaining trades are cleared by our self-clearing broker/dealer. The clearing firm also maintains our customers' accounts, can grant customers access to them and delivers funds and securities. Our firm services retail and institutional customers and we do not engage in any private placements.

## Office Locations

Our firm headquarters is located in Chicago, IL and our firm has offices in Boston, MA, Denver, CO, Landis, NC, New York, NY, Sunnyvale, CA and Trivandrum, India. We engage in order taking and entry in Boston, MA, Chicago, IL and Denver, CO.

## Alternative Physical Location(s) of Employees

In the event of an SBD, we will move our staff from affected offices to the relevant predetermined workspace failover site. Employees may work from home using our web enabled systems to access customer account information and process orders. If employees' homes are unavailable in the case of an external SBD, employees will work from the relevant predefined failover site.

## Customers' Access to Funds

Our firm does not maintain custody of customers' funds or securities, they are maintained at our clearing firms. In the event of an internal or external SBD, if email or fax service is available, our registered persons will take customer orders or instructions and contact our clearing firms on their behalf, and if our Web access is available, customers may access their funds and securities by contacting their custodian directly. Investnet will provide alternative phone numbers and will make the custodian contact information available to customers as required.

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 oversight.

## Data Backup and Recovery (Hard Copy and Electronic)

Our firm maintains its primary copy of books and records and its electronic records at our Chicago, IL, Denver, CO and Boston, MA offices. Our firm maintains the documents required by Rule 204-2, SEC Rule 17a-3 and SEC Rule 17a-4.

Our firm maintains its backup hard copy records through third party vendors. Our firm backs up its paper records by copying and taking them to our backup site. We back up our records semiannually or more frequently if needed.

Our firm maintains its backup electronic books through our third party operated disaster recovery site. We back up our records daily at the minimum to meet our 24 hour recovery time objective for the UMPI and the 12 hour recovery time objective for the UMP. The firm maintains a second set of tape records in addition to electronic backup.

In the event of an internal or external SBD that causes the loss of our paper records, we will physically recover them from our backup site. If our primary site is inoperable, we will continue operations from our backup site or an alternate location. For the loss of electronic records, we will recover the electronic data from our backup records stored in the disaster recovery site, or, if our primary site is inoperable, continue operations from our backup site.

## Financial and Operational Assessments

### Operational Risk

Our firm recognizes that operations risk includes the firm's ability to maintain communications with customers and to retrieve key activity records through its mission critical systems. 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 Web site, telephone, voice mail and secure email. In addition, we will retrieve our key activity records as described in the section above, Data Backup and Recovery (Hard Copy and Electronic).

### 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 firms, 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 the appropriate steps.

## 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, entry, comparison and allocation. In addition we provide execution, clearance and settlement of securities transactions. Our custodians provide through contract execution, clearance, settlement of securities transactions and the delivery of funds and securities.

Our clearing firms maintain a business continuity plan and the capacity to execute that plan. Our clearing firms represent that they will advise us of any material changes to plans that might affect our ability to maintain our business and they have presented us with an executive summary of plans. In the event any of our clearing firms execute their plan, the firms represent that they will notify us of such execution and provide equal access to services as its other customers. If we reasonably determine that the 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, the clearing firm represents that it will assist us in seeking services from an alternative source.

Our clearing firms represent that backup of our records are taken at a remote site. Each clearing firm represents that it operates a backup operating facility in a geographically separate area with the capability to conduct the same volume of business as its primary site. Each clearing firm has also confirmed the effectiveness of its backup arrangements to recover from a wide scale disruption by testing.

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.

## Our Firm's Mission Critical Systems

### Order Taking

Currently, our firm receives orders from customers via the Envestnet trading platform, FISERV APL, email, phone and fax. During either an internal or external SBD we will continue to take orders through methods that are available and reliable. 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 email, Envestnet website and/or telephone. If necessary, we will advise our customers to place orders directly with their clearing firm or an alternative.

### Order Entry

Currently, our firm receives orders through email or via our platform. In the event of an internal or external SBD, we will enter and send records to our clearing firm by the fastest alternative means available, which include our web based systems, telephone, fax and/or email. 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 the clearing firm for order entry.

## Order Execution

We currently execute orders by sending them to our self-clearing broker/dealer or by sending them to the customers' clearing firm. In the event of an internal or external SBD, we would use our failover sites, our self-clearing broker/dealer or the customers' clearing firms in order to execute orders.

## Other Services Currently Provided to Customers

In addition to those services listed above in this section we also provide our customers with account information and the ability to withdraw or deposit funds into their accounts. In the event of an internal or external SBD, we would continue to provide these services through unaffected locations or through our clearing firms.

## Mission Critical Systems Provided by Our Clearing Firm

Our firm relies, by contract, on our clearing firms to provide order execution, order comparison, order allocation, and the maintenance of customer accounts and the delivery of funds and securities.

## Alternate Communications Between the Firm and Customers, Employees, and Regulators

### Customers

We communicate with our customers using the telephone, email, our Web site, fax, U.S. mail, and in person visits at our firm or at the 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 email, 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.

### Employees

We communicate with our employees using the telephone, email, 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.

### Regulators

We communicate with our regulators using the telephone, email, fax, and U.S. mail. In the event of an SBD, we will assess which means of communication are still available to us, and use the communication closest to those we have used before the disruption.

## Critical Business Constituents, Banks, and Counter-Parties

### Business Constituents

We have contacted our critical business constituents defined as those businesses with which we have an ongoing commercial relationship in support of our operating activities, such as vendors providing us critical services and have 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 an SBD to them or our firm.

### 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.

## Counter-Parties

We have contacted our critical counter-parties, such as our workspace failover sites, disaster recovery providers, other clearing firms and custodians 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.

## Regulatory Reporting

Our firm is subject to regulation by: SEC, FINRA, MSRB and the particular states in which we are registered. We file reports with our regulators using paper copies through the U.S. mail and electronically using fax, email, 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 will 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.

## 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 firms. In addition, our firm will review the BCP annually before November 30 to modify it for any changes in our operations, structure, business, or location or those of our clearing firms.

## Senior Manager Approval

I have approved this Summary BCP Disclosure as reasonably designed to enable our firm to meet its obligations to customers in the event of a significant business disruption.

By: Pete D'Arrigo  
Title: Chief Financial Officer  
Date: November 30, 2011  
*\*original signature on file in main office*