

Business Continuity Disclosure Statement

Thomas J. Herzfeld & Co., Inc. and Thomas J. Herzfeld Advisors, Inc. have designed a business continuity plan to address possible scenarios in efforts to minimize any service impact to our clients. It is the firms' intention to stay in business to maximum extent possible during any business disruption.

In keeping with the regulatory requirements, the business continuity plan for the firms is designed to address key areas of concern, including but not limited to the following:

- Data back-up and recovery;
- Mission critical systems;
- Financial and operational assessments;
- Alternate means of communication between the firm and its clients;
- Alternate means of communication between the firm and its employees;
- Alternative physical locations of employees;
- Regulatory reporting;
- Communications with regulators; and
- How the firms will ensure that customers have access to their funds and securities in the event that the firm(s) determines it is unable to continue its business.

Since events creating business disruptions may vary in nature and scope, the firm has anticipated scenarios in which the following are affected:

- The firm's office location;
- A city-wide area
- A regional area

Regardless of the scope of potential disruption, the firm intends to continue to provide service to its clients, or arrange for services to be continued by its clearing firm or custodians, on a temporary basis.

All information related to the brokerage firm's operations is either held on the computers of our clearing firm, First Clearing LLC, or on PC's which are not networked and are maintained in the office of Thomas J. Herzfeld & Co.

Much of the information related to the advisory firm's operations is also held at custodian firms and are accessible from remote locations either by internet access, by fax or telephone.

First Clearing LLC makes its computer-stored information which relates to trading systems, compliance, customer records and position information, etc. available by means of a secure network to the office of Thomas J. Herzfeld & Co. In addition, First Clearing LLC has made available to us two copies of backup access systems. One of which is installed on a laptop belonging to a key employee and which provides secure access to all First Clearing's records related to the firm. This access is the same, identical access

available to the firm on a daily basis through the computer systems in our office. The second copy is stored in a secure location in the office ready for installation in almost any computer (the system requires no special system requirements except internet access and secure log in). First Clearing LLC's business continuity plan and contact information is available on the internet at <http://www.firstclearingllc.com>, and its contact number is 1-866-886-8139.

In the event of a disaster, the backup laptop can be taken to a location which has electricity and internet access (although electricity is not required if the battery back up is used). All systems can be run and accessed allowing emergency operations and in most cases "business as usual" operation.

Those systems on Thomas J. Herzfeld & Co.'s and Thomas J. Herzfeld Advisors, Inc.'s PCs which are essential are backed up and stored in a remote location (currently the home of a principal of the firm). Ongoing backups are stored on jump drives which can be taken to remote locations upon short notice. The information stored on the firm's PCs is primarily financial data used to prepare financial reports and FOCUS filings.

The firm has experienced business disruptions due to hurricanes in the past, and even in the event of loss of power and telephone service for extended periods of time (in excess of two weeks), has placed backup and emergency plans in operation within a maximum of two business days to continue its primary operations. The scope of any future business disruption is, of course, unknown; therefore no estimate of time period can be made regarding when the firm can execute its business continuity plans and be in a position to continue its operations in the future. In the event of a business disruption, critical contact and other information will be posted on the Web site of the firm's affiliated investment advisory firm, if circumstances permit, at <http://www.herzfeld.com>.