



We have developed a comprehensive business continuity plan (“the Plan”) that covers the broker-dealer operations of Securities America, Inc. (SAI) and Securities America Advisors, Inc. (SAA) collectively referred to as the Securities America Companies. SAI and SAA are owned by Securities America Financial Corporation. While each of the Securities America Companies operates as a separate company, SAI and SAA share personnel and facilities to provide coordinated administrative and support services for clients. The Business Continuity Plan is designed to ensure that the Securities America Companies are prepared to continue providing service to our clients in the event that we experience a significant disruption of any kind to our business operations. The Plan addresses business disruptions of varying severity and scope at our headquarters. It provides for testing at least annually and in response to any material changes affecting our business, and takes into consideration our critical third-party relationships. Although it is impossible to anticipate every scenario, we believe that our plan should enable us to resume doing business upon the occurrence of those events that are most likely to affect our headquarters and our data centers.

As part of our Plan, we have developed a proprietary, geographically diverse back-up facility complete with space for key employees as well as telephones, computers, and other necessary hardware. This proprietary facility is located on a separate power grid from our headquarters and is serviced by a different power provider. It has local and long distance telephone service providers that are distinct from those that service the Securities America Companies’ headquarters.

What follows is a description of how the Securities America Companies should respond to the following four types of disruptions: (1) A firm-only disruption, (2) a disruption that affects a single building, (3) a disruption that affects the entire city or business district, and (4) a disruption that affects the entire Midwest region. We have also included information about how long we expect it should take us to recover from these disruptions.

#### ***Firm-Only Disruptions***

To respond to a disruption that affects only The Securities America Companies, such as a computer virus, we have developed an emergency response/crisis management team. This team has, in the past, successfully guided us through disruptions that have affected our operations and has done so through the use of a crisis communications system and through procedures that address life, health, and safety issues; damage assessment; damage mitigation; personnel mobilization; and mission-critical systems. If this type of disruption takes place, we intend to restore all critical services within one day after the disruption occurs. However, in light of the various types of disruptions of this nature that could take place, it may take longer for us to resume operations in one or more services during any particular disruption.

#### ***Disruptions that Affect a Single Building***

In the event of a disruption that affects the Securities America Companies’ headquarters and data centers, such as a fire in the building, our Plan calls for a response involving multiple locations. We should resume critical services by moving key personnel to our Emergency Operations Center, and, to the extent necessary, to our back-up facility. Certain key personnel may also work remotely by connecting to the the Securities America Companies’ network from a remote location. In addition to relocating key personnel to back-up facilities, we should, if necessary, transfer responsibility for certain operations and support services to our offsite offices. We intend to resume operations in all of our critical service areas within one day after a disruption of this nature occurs. It may, however, take as long as two or three days to continue doing business in one or more critical service areas depending on the availability of data and applications from our data centers.

#### ***Disruptions Affecting the Entire City or Business District***

If a disruption significant enough to affect the entire city or business district, such as a terrorist attack, cuts off access to the Securities America Companies’ headquarters, under our Plan we should resume critical services at our back-up facilities and certain of the Securities America Companies’ offsite offices. As above, certain key employees should work remotely and certain operations and support services would be handled by other of the Securities America Companies’

offices. We intend to resume operations in all of our critical service areas within one day after a disruption of this nature occurs. It may, however, take us up to three or four days to recover depending on the availability of data and applications from our data center and on the availability of key employees.

### ***Disruptions Affecting the Entire Midwest Region***

In the event of a disruption that affects the entire Midwest region such as a regional power outage, we should resume critical service areas from back-up facilities and certain of the Securities America Companies' offsite locations. Although the Securities America Companies intend to resume operations within one day after the disruption occurs, one or more of our critical service areas may not be able to resume operations until the disruption is over.

In all of the situations described above, the Securities America Companies expect to continue doing business and expect to resume operations within the specified time frames. However, in the event that a business disruption results in a significant loss of life at our headquarters or otherwise results in our key employees being unavailable or unable to report to their designated back-up facility, the recovery times described above may be significantly increased. Furthermore, although we expect to continue operating regardless of the type of disruption, it is impossible to anticipate every scenario. It is, therefore, possible that a significant business disruption could result in the Securities America Companies deciding that we are unable to continue doing business. In those situations, our plan provides procedures to help ensure that our customers have prompt access to their funds and securities.

### ***Access to Your Funds***

A site outage should not impact your ability to access your available funds, as the Securities America Companies' Plan is designed to ensure sustained service. As a general practice, the Securities America Companies do not hold customer funds or securities. Generally, funds and securities are held either at our clearing firms, National Financial and Pershing, or directly at the product sponsor. Since available funds are not held at Securities America, they remain accessible directly through the clearing firm or product sponsor, despite any site outage. Please note that your ability to trade securities may be impacted by market events outside our control, such as when the markets were closed following the September 11th tragedy. Our Plan results in necessary personnel being available to approve transactions that result in the disbursement of available funds.

### ***Communication w/Regulators***

In the event of a business interruption that disables the home office communication systems, the Securities America Companies' Compliance Department management staff all maintain back up access to electronic data storage and reporting systems through multiple independently networked work sites, including wireless access. Moreover, the Securities America Companies' primary transaction reporting is done through third party market participants. With respect to business interruptions that may have a material impact on the liquidity of customer accounts, the Compliance Department should notify regulators as is appropriate under the then current circumstances.

We are continuing to devote substantial resources to the enhancement of our business continuity plan. We are continuing to assess how our plan takes into consideration our critical third party relationships. We are also working to enhance our plan to improve its coverage of all of the Securities America Companies' offices. In addition, we may enter into agreements with other firms to perform certain clearing and services functions on our behalf in the event of a disruption, until we have the capability to resume performing those tasks. Finally, we are working towards a target point of readiness in which we should be able to resume operations within a time period that is consistent with evolving industry standards even if our key employees are unavailable.

The Securities America Companies' business continuity plan is subject to modification. We will promptly post information about updates or modifications to the plan on our website. You can also obtain updated information about the plan by requesting a written copy by mail. All requests for updated information should be sent to the following address:

Securities America, Inc. – ATTN: Chief Compliance Officer  
12325 Port Grace Blvd  
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