



# Business Continuity Plan Disclosure

NEXT Financial Group, Inc. (“NEXT”) has developed a Business Continuity Plan explaining how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

## Contacting Us

If after a significant business disruption you cannot contact your NEXT Representative as you usually do, you should call our alternative number 713-789-7122, Option 2, for information related to our recovery efforts, or go to our web site at <http://www.nextfinancial.com>, and click on the “Client” link. If you cannot access us through either of those means, and you have a brokerage account carried by our clearing firm, Pershing, LLC, you should contact Pershing via its website [http://www.pershing.com/footer/legal\\_disclosure.html](http://www.pershing.com/footer/legal_disclosure.html) or via telephone at 201-413-5368 for instructions on how it may provide prompt access to your funds and securities including accepting buy and sell orders and issuing checks and wires from your account.

If your account is held at a mutual fund or insurance company, you should contact the company directly for access to your securities.

If you are unsure whether your account is carried by Pershing or by a mutual fund or insurance company, check your account statement. Brokerage accounts held with Pershing will have the “NEXT Financial Group” logo in the upper left corner; accounts held with a mutual fund or insurance company will have that company’s name and logo at the top of the statement.

## Our Business Continuity Plan (“BCP”)

We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm’s books and records, and allowing our clients to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as soon as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses the following: data back up and recovery; all mission critical systems; financial and operational assessments; alternative communications with clients, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and ensuring our

clients have prompt access to their funds and securities if we are unable to continue our business.

Our clearing firm, Pershing, LLC, backs up our important brokerage records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we have been advised by our clearing firm that its objective is to restore its own operations and be able to complete existing brokerage transactions and accept new transactions and payments within four hours. Your orders and requests for funds and securities could be delayed during this period.

If your account is held at a mutual fund or insurance company, the company will have back up records of your account information. Each company’s estimate of its recovery time is different; you should contact the company directly if you require further information.

## Varying Disruptions

Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to a local site when needed and expect to recover and resume business within 24 hours. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business within 48 hours. In either situation, we plan to continue in business, transferring operations to our clearing firm if necessary. If the business disruption is so severe that it prevents us from remaining in business, we will ensure our clients have prompt access to their funds and securities.

## For More Information

If you have questions about our business continuity planning, please contact your NEXT Representative. You may also contact the NEXT home office by visiting the Client section of our website at <http://www.nextfinancial.com> or by writing us at NEXT Financial Group, Inc., Attn: Business Continuity Team, 2500 Wilcrest Drive, Suite 620, Houston, TX 77042-2757.