

BUSINESS CONTINUITY PLAN

REGAL SECURITIES, INC.

Revised: September 11, 2009

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I. EMERGENCY CONTACT PERSONS

Our firm's emergency contact persons are Robert V. Villafior, Senior Vice President, 847-375-6020, rvillafior@eregal.com; Paul H. Lee, Chief Operating Officer, 847-375-6070, plee@eregal.com; and Scott Sunko, Chief Information Officer, 847-375-6050, ssunko@eregal.com. These names will be updated in the event of a material change, and our Executive Representative will review them within 17 business days of the end of each quarter.

II. FIRM POLICY

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

A. SIGNIFICANT BUSINESS DISRUPTIONS (SBDS)

Our plan anticipates two kinds of SBDS, 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 prevent 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 firm.

B. APPROVAL AND EXECUTION AUTHORITY

James H. Mukoyama, Jr., Executive Vice President, a registered principal, is responsible for approving the plan and for conducting the required annual review. Paul H. Lee, Vice President, has the authority to execute this BCP.

C. PLAN LOCATION AND ACCESS

Our firm will maintain copies of its BCP, the annual reviews, and the changes that have been made to it for inspection, at the Glenview and Florida offices.

III. BUSINESS DESCRIPTION

Our firm conducts business in equity, fixed income, and derivative securities. Our firm is an introducing firm and does not perform clearing functions. Furthermore, we do not hold customer funds or securities. We accept and enter orders. Transactions are sent to our clearing firm or service bureaus to execute, clear and settle trades. Our 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.

Our clearing firm is Penson Financial Services, Inc., 1700 Pacific Avenue, Dallas, TX 75201, 214-765-1102, www.penson.com.

IV. OFFICE LOCATIONS

OFFICE LOCATION #1

Our Location #1 office is located at 950 Milwaukee Avenue, Glenview, IL 60025. Its main telephone number is 847-375-6024. Our employees may travel to that office by means of foot, car, and bus. We engage in order taking and entry at this location.

OFFICE LOCATION #2

Our Location #2 Office is located at 1400 Colonial Blvd #14, Ft. Myers, FL 39906. Its main telephone number is 239-790-8391. Our employees may travel to that office by means of foot, car, and bus. We engage in order taking and entry at this location.

V. ALTERNATIVE PHYSICAL LOCATION(S) OF EMPLOYEES

In the event of an SBD, we will attempt to move staff members from the affected office to the unaffected office location.

VI. CUSTOMER'S ACCESS TO FUNDS AND SECURITIES

Our firm does not maintain custody of customers' funds or securities, which are maintained at our clearing firm, Penson Financial Services, Inc. In the event of an internal or external SBD, if telephone service is available, our registered persons will take customer orders or instructions and contact our clearing firm on their behalf, and if our Web access is available, our firm will post on our Web site how our customers may access their funds and securities.

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 regulation.

VII. DATA BACK-UP AND RECOVERY

Our firm maintains its primary hard copy books and records and its electronic records at the two primary office locations in Glenview, IL. and Ft. Myers, FL.

Our firm maintains its back-up books and records at Penson financial Services, Inc., 1700 Pacific Avenue, Dallas, TX 75201. Penson is also responsible for the maintenance of these back-up books and records.

The firm backs up its electronic records daily to tape and keeps a copy at Glenview State Bank.

In the event of an internal or external SBD that causes the loss of our paper records, we can recover copies from our clearing corporation. If one of our two locations is inoperable, we will continue operations from our other site. For the loss of electronic records, we will either physically recover the storage media or electronically recover data from our back-up site, or, if one location is inoperable, continue operations from the other location.

VIII. FINANCIAL AND OPERATIONAL ASSESSMENTS

A. OPERATIONAL RISK

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 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 e-mail. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery.

B. 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. If we cannot remedy a capital deficiency, we will file appropriate notices with our regulators.

IX. 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. More specifically, these systems include: phone systems, e-mail systems, and computer order entry systems to our clearing corporation.

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 and entry. Our clearing firm provides, through contract, the 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.

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

Our clearing firm represents that it backs up our records at a remote site. Our clearing firm has also confirmed the effectiveness of its back-up arrangements to recover from a wide scale disruption by testing and has confirmed that it tests its back-up arrangements. 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 clearing firm has the following SBD recovery time and resumption objectives: recovery time period of less than 24 hours; and resumption time of less than 24 hours.

A. ORDER TAKING

Currently, our firm receives orders from customers via telephone and our Web site at www.eregal.com, www.eoption.com, and www.investrade.com or in person visits by the customer. During an SBD, either internal or external, we will continue to take orders through any of these methods that are available and reliable, and in addition, 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 e-mail, web-site notice, or phone messages. If necessary, we will advise our customers to place orders directly with our clearing firm at a number or URL to be given at the time.

B. ORDER ENTRY

Currently, our firm enters orders electronically which are sent to our clearing firm electronically or telephonically. In the event of an internal SBD, we will enter and send orders to our clearing firm by the fastest alternative means available, which include phone, fax, and the internet. 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 our clearing firm for order entry.

C. MISSION CRITICAL SYSTEMS PROVIDED BY OUR CLEARING FIRM

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

X. ALTERNATIVE COMMUNICATIONS BETWEEN THE FIRM AND CUSTOMERS, EMPLOYEES, AND REGULATORS

A. CUSTOMERS

We now communicate with our customers using the telephone, e-mail, our Web site, fax, U.S. mail, and in person visits at our firm. 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 e-mail but the Internet is unavailable, we will call them on the telephone and follow up where a record as needed with paper copy in the U.S. mail.

B. EMPLOYEES

We now communicate with our employees using the telephone, e-mail, 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 system that will enable senior management to reach all employees quickly during an SBD.

C. REGULATORS

We are currently members of the following SROs: Financial Industry Regulatory Authority. We communicate with our regulators using the telephone, e-mail, fax, U.S. mail, 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.

XI. CRITICAL BUSINESS CONSTITUENTS, BANDS, AND COUNTER-PARTIES

A. BUSINESS CONSTITUENTS

We have contacted our critical business constituents (businesses with which we have an ongoing commercial relationship in support of our operating activities, such as vendors providing us critical services), and 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 a SBD to them or our firm. Our major suppliers are Level 3, Internap, Telcove, and AT&T.

B. BANKS

Our firm does not rely on any bank or lender to fund its operations account or to provide financing to operate its business. The bank maintaining our operating account is Chase. The clearing firm maintaining our Proprietary Account of Introducing Brokers/Dealers (PAIB account) is Penson Financial Services, Inc.

C. COUNTER-PARTIES

We have contacted our critical counter-parties to determine if we will be able to carry out our transactions with them in light of the internal or external SBD. 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.

XII. REGULATORY REPORTING

Our firm is subject to regulation by the SEC, FINRA, State of Illinois, and State of Florida. We now file reports with our regulators using paper copies in the U.S. mail, and electronically using fax, e-mail, and the Internet. In the event of an SBD, we will check with the SEC, NASD, and other regulators to determine which means of filing are still available to us, and 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.

XIII. DISCLOSURE OF BUSINESS CONTINUITY PLAN

We disclose in writing a summary of our BCP to customers after an account is opened. We also post the summary on our Web site and mail it to customers upon request. Our summary addresses the possibility of a future SBD and how we plan to respond to events of varying scope.

XIV. 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 firm. In addition, our firm will review this BCP annually, to modify it for any changes in our operations, structure, business, or location or those of our clearing firm.

XV. SENIOR MANAGEMENT APPROVAL

I have approved this Business Continuity Plan as reasonably designed to enable our firm to meet its obligations to customers in the event of an SBD.

Signed: /s/ James H. Mukoyama, Jr.

Title: Executive Vice President

Date: September 11, 2009