

Foothill Securities, Inc.

Business Continuity Plan (BCP)

I. Emergency Contact Persons

Our firm's two emergency contact persons are: Christine Flynn (650) 248-8560, and Stephen Chipman, (650) 248-0844. 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 operation 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.

B. Approval and Execution Authority

Christine Flynn, a registered principal, is responsible for approving the plan and for conducting the required annual review. Christine Flynn has the authority to execute this BCP.

C. Plan Location and Access

Foothill maintains copies of the BCP, annual reviews related to the BCP, and applicable changes. OSJs are responsible for ensuring that their new clients receive a copy of the Foothill BCP disclosure when they open their accounts. On an annual basis, thereafter, OSJs are responsible for ensuring that existing clients are also sent the BCP disclosure. The Foothill BCP is also available to the public at <http://www.FoothillSecurities.com>.

III. Business Description

Our firm conducts a general securities business on a fully disclosed basis. Our firm does not perform any type of clearing function for itself or others. Furthermore, we do not hold customer funds or securities. Our primary clearing firm, Pershing, maintains a BCP that

describes how it will maintain contact with its correspondents, including Foothill, to allow clients uninterrupted access their securities, funds and investment information in the event of a disaster. A copy of the Pershing BCP is maintained by the Foothill Home Office both in hard and soft copy versions. The Foothill Home Office maintains current lists of Pershing contacts for BCP compliance and other purposes.

IV. Office Locations

Our main office is located at 150 East Dana Street Mountain View, CA 94041. A complete list of branch offices is maintained by each of the individuals listed on the phone tree below. The main telephone number at the main office is (650)625-9701.

V. Alternative Physical Location(s) of Employees

In the event of an SBD, we will move our staff from affected offices to the closest of our unaffected office locations. If none of our other office locations is available to receive those staff, we will move them to the residence office of the Foothill Chief Financial Officer.

VI. Customers' Access to Funds and Securities

Our firm does not maintain custody of customers' funds or securities. In the event of an internal or external SBD, if telephone service is available, our registered persons will take customer instructions via cell phone and email. Item III above describes additional procedures for clients whose accounts are maintained at Pershing, as the custodial broker-dealer.

VII. Data Back-Up and Recovery (Hard Copy and Electronic)

Our firm maintains its primary hard copy books and records and its electronic records at the Mountain View and branch addresses. Incoming and outgoing emails are also retained and can be retrieved through Foothill's information system. The Chief Financial Officer is responsible for the maintenance of Foothill's financial books and records.

Attached is a description of Foothill's data archival procedures. This data will be updated and posted when changes occur.

In the event of an internal or external SBD that causes the loss of our paper records, we will physically recover them from our back-up site. If our primary site is inoperable, we will continue operations from our alternate location. For the loss of electronic records, we will either physically recover the storage media or electronically recover data from our back-up site.

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 banks, critical counter-parties, clearing firms and regulators. Although the effects of an SBD will determine the means of alternative communication, the communications options we will employ will include our telephone and email. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery (Hard Copy and Electronic).

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. We will contact 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 appropriate steps.

IX. Mission Critical Systems

Our firm's "mission critical systems" are those that ensure prompt and accurate processing 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 processing orders.

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.

X. Alternate Communications Between the Firm and Customers, Employees, and Regulators

A. Representatives

We now communicate with our Representatives using the telephone, e-mail, fax, U.S. mail, and on site visits at Foothill or our branch offices. 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 is 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 call tree so that senior management can reach all employees quickly during an SBD. The call tree includes all staff home and office phone numbers. We have identified persons, noted below, who live near each other and may reach each other in person:

The person to invoke use of the call tree is: Christine Flynn

| Caller | Call Recipients |
|-------------------|---|
| Christine Flynn | Steve Chipman and Staff |
| Pat Lenox | 1 st 10 branch offices on Organization Chart |
| Debbie Cramer | 2 nd 10 branch offices on Organization Chart |
| Summer Bunch | 3 rd 10 branch offices on Organization Chart |
| Sandra Trasmonte | 4 th 10 branch offices on Organization Chart |
| John Hetherton | 5 th 10 branch offices on Organization Chart |
| Jennifer Decastro | Remaining branch offices on Organization Chart |

C. Regulators

We are currently members of the following SROs: FINRA, State of CA and various other states where the firm is registered. We communicate with our regulators using 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.

| Name | Address | Phone |
|---------------------------------------|---|----------------|
| FINRA | One Montgomery Street, Suite 2100 San Francisco, CA | (415) 217-1100 |
| SEC | 44 Montgomery Street, Suite 1100, San Francisco, CA | (415) 715-2500 |
| California Department of Corporations | 71 Stevenson Street, Suite 2100, San Francisco, CA | (415) 972-8559 |

XI. Critical Business Constituents, Banks, 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.

| Business | Contact | Phone | Service |
|-----------------|----------------|----------------|-------------------------------|
| Syboo | Paul Wang | (650) 468-8890 | Computer and data restoration |

B. 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.

| Business | Contact | Phone | Service |
|---------------------------|----------------|----------------|----------------|
| Heritage Bank of Commerce | Kelly Davis | (650) 917-5304 | Banking Rep. |
| Heritage Bank of Commerce | Debbie Conaway | (408) 494-4554 | Banking Rep. |

C. Counter-Parties

We have contacted our critical counter-parties, such as the clearing firms, mutual fund companies and variable annuity companies 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 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: SEC, FINRA, the state of CA and various other states where we are registered. 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, FINRA, 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 will 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. In addition, our firm will review this BCP annually, by December 31 to modify it for any changes in our operations, structure, business, or location by the Chief Compliance Officer.

XV. Senior Manager 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:

Title: Chief Operating Officer, CFO and CCO

Date: January 28, 2008

Any questions regarding the Foothill BCP should be directed to your Foothill Account Executive or to Foothill's Home Office.