

Douglas Scott Securities, Inc.
Business Continuity Plan Disclosure Statement
June 8, 2009

Due to recent securities industry regulations, Douglas Scott Securities, Inc. is required to inform our clients of our plans to address the possibility of a business disruption that possibility results from power outages, natural disasters, or other events.

Douglas Scott Securities, Inc. policy is to respond to 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 Douglas Scott Securities, Inc. books and records, and allowing our customers to transact business. Douglas Scott Securities, Inc. has a business continuity plan in place, which we review, update and test on a regular basis. The plan provides for continuation of business operations within hours in most cases. In the event that we determine we are unable to continue our business, we will notify our customers immediately.

I. Office Locations

Douglas Scott Securities, Inc. only office is located at the following:

101 West Renner Road, Suite 480

Richardson, Texas 75082

Douglas Scott Securities, Inc. main telephone number is 972-235-8468.

The emergency contact persons for Douglas Scott Securities, Inc. are the following:

Jeffrey Mann

President

Registered Principal

214-546-9339 (cell)

Eric Keltner

Chief Compliance Officer

Registered Principal

214-244-7975 (cell)

II. Alternative Physical Location(s) of Employees

In the event of an SBD, Douglas Scott Securities, Inc will move our staff from the affected office to an alternate location. Our alternate telephone number is 214-546-9339 (Jeffrey Mann's cell phone).

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

Douglas Scott Securities, Inc. maintains its primary hard copy books and records and its electronic records at 101 West Renner Road, Suite 480, Richardson, Texas 75082. Eric Keltner, Chief Compliance Officer, 972-235-8468 x10 (office), 214-244-7975 (cell) is responsible for the maintenance of these books and records.

Douglas Scott Securities, Inc. maintains its back-up hard copy books and records at an off site storage facility and at 101 West Renner Road, Suite 470 Richardson, Texas 75082. Eric Keltner, Chief Compliance Officer, 972-235-8468 x10 (office), 214-244-7975 (cell) is responsible for the maintenance of these back-up books and records. Douglas Scott Securities, Inc. backs up its electronic records and keeps a copy at an off site location.

The following are examples of what might occur if Douglas Scott Securities, Inc. were to experience a Significant Business Disruption (SBD) of varying degree:

- If our telephone service is unavailable for any reason, or a power outage, we will utilize Jeffrey Mann's cell number 214-546-9339 to contact clients and our personnel will use their cellular telephones to communicate with clients.
- If our office space is damaged and unavailable 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 an alternate location. For the loss of electronic records, we will use the back up electronic copy from our back-up site. If our primary site is inoperable, we will continue operations from an alternate location.

- In the event of a city or regional disruption we will determine an alternate location that will provide basic services such as electricity and telephone services. We will resume our business as soon as possible by following the above procedures.

Douglas Scott Securities, Inc. does plan to continue business during the above scenarios and our planned recovery time is 24 hours or less. Our intention is to resume business as quickly as possible.

IV. Mission Critical Systems

Douglas Scott Securities, Inc. has identified mission critical systems and our critical bank, Prosperity Bank. Prosperity Bank has a Disaster Recovery and Business Continuity Plan, which is regularly reviewed by the bank's external auditors, TIB (The Independent Banker's Bank) and by the Office of the Controller of the Currency. The Disaster Recovery and Business Continuity Plan is also reviewed and approved annually by the bank's Board of Directors.

V. Alternate Communications Between the Firm, Customers and Regulators

Douglas Scott Securities, Inc. now communicates with our customers and regulators using the telephone, fax, U.S. mail, Federal Express delivery, 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 telephone but the telephone service is unavailable, we will use Federal Express delivery or the U.S. mail.

VI. Critical Business Constituents

Douglas Scott Securities, Inc. has 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. Douglas Scott Securities, Inc. has identified alternative suppliers for banking, accounting and auditing services.

VII. Disclosure, Updates and Annual Review

Douglas Scott Securities, Inc. will disclose in writing a summary of our Business Continuity Plan to customers during the selling-subscription process. We will also send a summary annually to all customers. Also we will mail it to customers upon request. In addition, we will update this plan whenever we have a material change to our operations, structure, business or location. Douglas Scott Securities, Inc. will review this plan annually.

No contingency plan can eliminate all risk of service interruption or temporarily impeded customer access; we continually assess and update our plans to mitigate all reasonable risk. This disclosure is subject to modification. If you have any questions regarding this plan please contact Eric Keltner at 972-235-8468 x-10.

Updated 06/08/2009



Douglas Scott Securities, Inc.