

SWS Financial Services, Inc. Business Continuity Planning Disclosure

SWS Financial Services, Inc., (“SWSFS”), provides services using computer systems and financial relationships. The events of September 11, 2001 emphasized the importance of the capital markets to our economy. As a result, we have been working to improve our responses to various situations that have the potential to impact our ability to serve you. This disclosure document is designed to provide you with information on how we have approached and/or plan to approach various situations that we may encounter.

SWSFS and our clearing firm Southwest Securities, Inc., (“SWST”) are both subsidiaries of SWS Group, Inc. and both of our operations are covered by the SWS Group business continuity plan (BCP).

Business Continuity Planning Response Scenarios

The details of our BCP are proprietary and contain information which is confidential and in many cases potentially harmful to SWSFS and our customers if publicly available. All of the various scenarios will be jointly faced with the main office of SWST. These various scenarios along with our expected responses are included in SWST’s customer disclosure document which is posted at <http://swst.com/pages/SwstCorporateGovernance.aspx> and included in the initial mailing to new accounts opened at SWSFS.

In the event of a significant business disruption, SWS Financial Services and Southwest Securities, Inc. will supply additional information at 866-SWS-5BCP (866-797-5227).

Updates to this disclosure

As we continue to test our plans and as conditions in our firm and the industry change, we will continuously revise the plans as considered necessary. Whenever we update this disclosure document we will promptly place a copy of it on our website. You may request a hard copy of this disclosure in its current revision be sent to you at any time by mail.