

TFS Derivatives Corp. Business Continuity Plan (BCP)

(REVISED February 2010)

I. Emergency Contact Persons

Our firm's two emergency contact persons are: Jeff Mehan – President TFS Derivatives Corp. (212) 943 4567 / (203) 351 9557, jmehan@tfsbrokers.com, and Eric Earnhardt Chief Compliance Officer (212) 791-3497, eric.earnhardt@tradition-na.com. These names will be updated in the event of a material change, and our Executive Representative will review them as changes occur, or at least annually.

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. TFS does not handle customer funds or securities, therefore prompt access to customer funds and securities is not an issue.

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, especially on telephone and electronic communications companies.

B. Approval and Execution Authority

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

C. Plan Location and Access

Our firm will maintain copies of its BCP plan and the annual reviews, and the changes that have been made to it for inspection. An electronic copy of our plan is located on the TFS Derivatives Corp. secure location at www.OurEVault.com

in the file labeled "Business Continuity Plan". FINRA has been granted access to this file.

III. Business Description

TFS Derivatives conducts business primarily in equity derivative securities. Our firm services only institutional customers. Our firm is an introducing firm and does not perform any type of clearing function for itself or others. Furthermore, we do not hold customer funds or securities. We accept and enter orders. Our customers direct us to transact with their existing clearing firms. All transactions are either conducted on a pure OTC basis between customers who have agreed to transact with each other and accept each other's credit and other terms and conditions, or are sent to our customer's clearing firms, which execute our customer's orders, compare them, allocate them, clear and settle them. Our customer's clearing firms maintain our customers' accounts, can grant customers access to them, and deliver their funds and securities.

TFS does not have a clearing firm or clearing relationship.

IV. Office Locations

Our Firm's primary office is located in New York City. We maintain back-up capability in Stamford, CT.

A. New York City

Our New York Office is located at 32 Old Slip 34th Floor, New York, NY. 10005. Its main telephone number is 212 943 4567. Employees may travel to that office by means of foot, car, subway, train, bus, and boat. We engage in order taking and entry at this location.

B. Stamford CT

The back-up facility is located at 680 Washington Boulevard, 5th floor, Stamford CT 06901. Its main telephone number is 203 351 9557. Employees generally travel to that office by means of car and train. The Stamford location is used as a back-up facility and for some administrative functions. There is no order taking, entry or transacting at this location.

V. Alternative Physical Location(s) of Employees

In the event of an SBD, we will move critical staff from New York City to the Stamford, CT office location.

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 orders or instructions and contact the customer's clearing firms on their behalf. If our Web access is available, our firm will post on our Web site that customers may access their funds and securities by contacting their clearing firms. The firm will make this information available to customers through its disclosure policy.

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 32 Old Slip, New York City. Miro Safran, IT Manager, (917) 414-9529 is responsible for the maintenance of electronic books and records. Robert Fiorio, Controller, 212-943-2175 is responsible for the maintenance of financial books and records. Eric Earnhardt (212) 791-3497 is responsible for the maintenance of compliance records. Our firm maintains the following document types of records: All types.

Our firm maintains its back-up electronic books and records at 680 Washington Boulevard, Stamford, CT. Our firm maintains its back-up hard copy and archived books and records with Iron Mountain Storage. These records are paper copies. Robert Fiorio is responsible for the maintenance of these back-up books and records. We back up our electronic records daily.

The firm backs up its electronic records by full back up, and keeps a copy at 32 Old Slip, New York City and 680 Washington Boulevard, Stamford CT. In addition, records required by 17(a) 3-4 are stored with Patrino Corporation located at 2 Wall Street, New York, New York 10005 (212)233-1155.

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 or Patrino Corporation. If our primary site is inoperable, we will continue operations from our back-up site or an 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 or Patrino Corporation, or, if our primary site is inoperable, continue operations from our back-up site or an alternate 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 banks, 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 Website, www.tfsbrokers.com, telephone, voice mail, cell phones, Instant Messaging, Bloomberg Messaging, e-mail and other. In addition, we will retrieve our key activity records as described in the section above, Data Back-Up and Recovery Data (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 our holding company, critical banks and related companies 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, our parent company or other credit sources to fulfill our obligations to our customers and suppliers. 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, including order taking, entry and execution. TFS does not maintain clearing relationships; rather TFS's customers maintain their own clearing relationships and instruct TFS to clear their transactions with their respective clearing firms. Comparison, allocation, clearance and settlement of securities transactions, the maintenance of customer accounts, access to customer accounts, and the delivery of funds and securities are left up to each customer's clearing firm. TFS's mission critical systems consist of a computer network, telephones, e-mail and Instant Messaging services, information systems such as Bloomberg and internal book keeping systems.

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, entry and execution. Our customer's clearing firms provide floor 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 customer's clearing firm's contract should provide that our customer's clearing firm will maintain a business continuity plan and the capacity to execute that plan, and will advise our customers of any material changes to its plan that might affect our ability to maintain our business. In the event a customer's

clearing firm executes its plan, it will be up to the clearing firm to notify its (our) customers of such execution and provide them with equal access to services as its other customers

A. Our Firm's Mission Critical Systems

1. Order Taking

Currently, our firm receives orders from customers via telephone, e-mail, Instant Messenger or Bloomberg. 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 phone (cell if necessary), e-mail, Instant Messaging, Bloomberg or notification on our Website www.tfsbrokers.com.

2. Order Entry

Currently, our firm enters orders by recording them electronically or on paper and telephoning, or transmitting them electronically via Instant Messaging or Bloomberg to independent brokers on an Exchange trading floor, ECN, or by privately negotiating transactions by phone OTC.

In the event of an internal SBD, we will enter and send records to the Exchanges or OTC market participants by the fastest alternative means available, which may include phone, e-mail, Instant Messaging. In the event of an external SBD, we will maintain the order in electronic or paper format, and deliver the order to the Exchange or OTC market by the fastest means available when it operations resume. In addition, during an internal SBD, we may need to refer our customers to deal directly with their clearing firms for order entry.

3. Order Execution

We currently execute orders by phoning independent brokers on Exchange trading floors or ECN's or via telephone negotiation in the OTC market. In the event of an internal SBD, we would attempt to execute transactions via electronic communications or by activating back up facilities in Stamford CT. In the event of an external SBD, we would through regional markets that might not be affected by the external SBD or via phone in the OTC market.

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

A. Customers

We now communicate with our customers using the telephone, e-mail, Instant Messaging, our Web site, fax, U.S. mail, and in person visits at our firm or at the other's location. 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 by fax or 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: Jeff Mehan or John Morgan

Caller	Call Recipients
Jeff Mehan	Josh Wietschner, Miro Safran, Eric Earnhardt Larry Rosenshein
Eric Earnhardt	Bill Lopez, Anthony Rivera, Simon Brady, David Merola, Clayton Dillon
Josh Wietschner	Jeremy Bailer, Bob Velez, John Black
Bill Lopez	Andrew Shick, Darren Jacobs, Dave Feinman, Sean Kelly
Simon Brady	Michael Luders, Daniel Hatter,
Andrew Shick	Kristine Tesoro, Kazuki Shimada
Anthony Rivera	Johannes Egl, , Jeffrey Garnett
Darren Jacobs	William Gheen, Douglas Harris, Kurt Vranich, Jeremy Bailer
Sean Kelly	Andrea Madison, Nestor Fernandez
Fritz Siebel	Clayton Dillon, Francis Wilson
Andrew Lavoie	John Lombardo, Adam Hayes,
David Merola	Fritz Siebel, Clayton Dillon, Victoria Hersh

TFS Contact #'s:

Full Name Home Phone Mobile Phone

Simon Brady	(516) 766-5070	(347) 386-9789
Michael Luders	(203) 329-1661	(203) 952-4129
Larry Rosenshein	(201)569-4994	(646)206-5985
David Feinman	(212) 545-7628	n/a
Bob Velez	(914) 374 2727	n/a
Andrew Shick	n/a	(201) 230-1454
Joshua Wietschner	(516) 374-2431	n/a
Kristine Tesoro	(718) 966-1240	(917) 750-4440
Daniel Hatter	(212) 228-5484	n/a
Darren Jacobs	(973) 379-7420	n/a
Bill Lopez	(212) 721-1050	(917) 576-0660
Jeffrey Mehan	(203) 322 0488	(203) 524-5053
Miro Safran	(201) 784-2309	(917) 414-9529
Kazuki Shimada	(203) 968-8528	(203) 912-2386
Jeremy Bailer	(347) 683 8877	n/a
Anthony Rivera	n/a	(917) 608 6326
Eric Earnhardt	973-538-8122	973-452-1071
David Merola	908-598-9324	908-403-4969
William Gheen		(917) 340-0727
Nestor Fernandez	n/a	(201) 569-4994
Jeffrey Garnett	(914) 831-9385	(914) 804-7689
Douglas Harris	n/a	(917) 648-4593
John Black	n/a	(203) 953-6186
Kurt Vranich	n/a	(914) 438-7163
Johannes Egl	973-451-9095	
Sean Kelly		917-974-5468
Andrea Madison		201-788-4867
Andrew Lavoie		617-335-1912
Fritz Siebel		917-657-1149
John Lombardo		973-432-1874
Adam Hayes		917-494-5475
Francis Wilson		240-731-3890
Victoria Hersh		646-641-0797
Clayton Dillon	201-251-8476	201-232-0351
Owen Lipp	518-505-6825	

C. Regulators

We are currently members of FINRA, International Securities Exchange (ISE), National Futures Association (NFA) and the NASDAQ Stock Market. 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, 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. Our major supplier is: Bloomberg LLC.

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. The bank maintaining our operating account is: Chase Manhattan Bank, 1 Chase Manhattan plaza, 10005, contact: Limor Brantz (212) 552 4336. If our banks and other lenders are unable to provide the financing, we will seek alternative financing immediately from our parent company or other related companies.

C. Counter-Parties

We have contacted our critical counter-parties, such as other broker-dealers or institutional customers, 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 work with their clearing firms or contact those counter-parties directly to make alternative arrangements to complete those transactions as soon as possible.

XII. Regulatory Reporting

The firm's primary regulatory is FINRA. We now file reports with FINRA 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 provide in writing a BCP disclosure statement to customers at account opening .We also post a copy on our Web site, www.tfsbrokers.com 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, (a firm-only business disruption, a disruption to a single building, a disruption to a business district, a city-wide business disruption, and a regional disruption), states whether we plan to continue business during that scenario and, if so, our planned recovery time, and provides general information on our intended response. Our summary discloses the existence of certain back-up facilities and arrangements.

Our disclosure statement is as follows:

TFS Derivatives Corp. Business Continuity Plan Summary and Disclosure Statement

TFS Derivatives Corp. intends to offer service to customers as quickly and efficiently as possible after a business disruption event. Summarized below is our intended response to disruptions of various scopes:

- 1) Disruptions to: Our office at 32 Old Slip, New York, outside the scope of usual phone / communications disruptions, the New York City Financial District or New York City:

A back-up facility will be activated at the TFS Energy LLC office in Stamford, CT. Customers will be contacted either by phone or electronic media such as e-mail or approved Instant Messaging services using back-up contact lists stored individually by the brokers or electronically by the IT Department. Alternatively, customers may contact TFS at (203) 351-9557 or via e-mail at equity@tfsbrokers.com. TFS should be able to provide service to customers using telephone and electronic medium, assuming OTC financial markets and / or exchanges and are unaffected by the disruption, between 24 and 48 hours of the disruption.

- 2) Regional Disruption:

TFS will attempt to resume business as quickly as practical either at the TFS New York office or at the back-up facility in Stamford, CT. TFS will attempt to provide customers with status reports on www.tfsbrokers.com. TFS should be able to provide service to customers using telephone and electronic medium from either of these sites, assuming OTC financial markets and / or exchanges and are operating, concurrently with the ending of the regional disruption.

Summary of TFS Emergency Contact Information:

Website: www.tfsbrokers.com

Phone #'s: 1(212) 943 8700, Stamford, CT back-up phone # 1 (203) 351 9557

E-mail contact addresses: equity@tfsbrokers.com,
jmehan@tfsbrokers.com. dmerola@tfsbrokers.com ..

Questions regarding the TFS BCP plan may be addressed to:

Jeff Mehan, President, TFS Derivatives Corp. jmehan@tfsbrokers.com.

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, during the first quarter of the year, to modify it for any changes in our operations, structure, business, or location.

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.

XVI. Pandemic

We have crossed trained personnel to ensure adequate coverage will be provided in the event of a Pandemic.

Signed: _____

Title: _____

Date: _____