

BUSINESS CONTINUITY PLANNING DISCLOSURE

This disclosure document is designed to provide you with information on how we have approached and/or plan to approach various situations that have the potential to impact our ability to serve you.

OVERVIEW OF CAPITAL MANAGEMENT SECURITIES, INC.

Capital Management Securities, Inc. (CMS), a Member Firm of the Financial Industry Regulatory Authority (FINRA), is an introducing broker dealer. CMS clears through Hilltop Securities, Inc. in Dallas, TX. Hilltop Securities, Inc. is a Member Firm of the New York Stock Exchange and is a full-service brokerage firm.

CMS uses various mission critical systems to provide service to our customers. These systems are housed at one of our offices, backup facility, or through Hilltop Securities, Inc.

Our business continuity planning (BCP) first insures the safety of our employees. In addition to our personnel, our BCP is focused on preserving our critical firm and customer data through regular backups which are moved off site to a remote location.

BUSINESS CONTINUITY PLANNING RESPONSE SCENARIOS

The details of our BCP are proprietary and contain confidential information. The following series of event scenarios are presented to disclose to you our planned approach for dealing with a variety of hypothetical Significant Business Disruptions (SBD's), but based on the number of variables in each situation, CMS can't guarantee we will follow these plans.

***Scenario:** A nationwide event occurs, like that of 9/11, that causes the complete shut down of securities trading, clearance/settlement or other banking services nationwide.*

CMS plans to continue business during this type of event and will await the reopening of the affected institutions. We plan to be open each business day until full functionality is restored. The recovery time in this scenario will be dependent on the timing specified by the affected organizations. We plan to be ready to open when they reopen. During a nationwide event, our clearing firm, Hilltop Securities, will await the reopening of the exchanges and upon resumption of business activity will again process trades for us.

***Scenario:** A regional event occurs that shuts down CMS*

CMS plans to continue business during this type of event and will conduct business at a temporary backup location if unable to access its main office or branch office locations. The recovery time objective will be less than four hours. During a regional event, our clearing firm, Hilltop Securities, will continue to process trades for our customers.

***Scenario:** Our main office building is closed (single building, city wide)*

CMS will operate at one of our branch offices. The recovery time objective would be less than one hour. During this type of business disruption, our clearing firm would continue to process trades for our customers.

If after a significant business disruption you cannot contact us as you usually do at
952-893-1200

you should call our alternative numbers
612-759-4757 and **952-240-3451**

or go to our website
www.cap-mgt.com

If you cannot reach/access us through either of those means, you should contact our clearing firm
(Hilltop Securities, Inc.) at
866-797-5227

Hilltop Securities, Inc. will be able to provide you access to your funds and securities as well as
process trades.

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. We will promptly place any updates to this disclosure document on our website. You may request at any time a hard copy of this disclosure in its current version be mailed to you.