

# SEC Rule 606 Report

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## Regal Securities – 2<sup>nd</sup> Quarter 2010

### Percentages of Total Non-Directed Orders Routed to Venues

Regal Securities has prepared this report pursuant to U.S. Securities and Exchange Commission Rule 606, formerly Rule 11A(c)1-6, requiring all brokerage firms to make publically available quarterly reports on their order routing practices. The report provides information on the routing of non-directed orders, which are any orders that the customer has not specifically instructed to be routed to a particular venue for execution.

Information relating to listed securities was provided by Penson Financial Services, Inc., which was prepared by S3, a third party market surveillance and auditing firm. Regal Securities routes one hundred percent of customer orders for listed securities to Penson.

For non-directed option orders, Regal Securities has selected the execution venue on behalf of its customers.

The report is divided into four sections:

1. New York Stock Exchange (NYSE) listed securities;
2. NASDAQ Stock Market (NASDAQ) listed securities;
3. American Stock Exchange (AMEX) or regional exchange listed securities; and,
4. Exchange listed options.

For each section, this report identifies the venues selected by Penson Financial Services for equities and by Regal Securities for options, sets forth the percentage of various types of orders routed to the venues—total orders, market orders, limit orders, and other orders that include stop orders and stop-limit orders—and discusses the material aspects of Regal Securities’ relationship with the venues.



## 1. New York Stock Exchange Securities

For quarter ending 6/30/2010	Non-Directed Orders	Market Orders	Limit Orders	Other Orders*
<b>Orders routed to:</b>				
<b>Citadel Derivatives Group LLC<sup>1</sup></b>	39.62%	33.86%	43.60%	1.05%
<b>Direct Edge ECN LLC<sup>2</sup></b>	26.02%	0.00%	36.09%	0.00%
<b>Knight Capital Markets L.P.<sup>3</sup></b>	25.07%	47.02%	13.96%	95.95%
<b>Total PENSON Orders</b>	100.0%	24.0%	72.1%	3.9%

\* Other Orders are Stop Orders and Stop Limit Orders.

### New York Stock Exchange

The chart above shows the percentages of orders placed for securities trading on the New York Stock Exchange (NYSE).

<sup>1</sup> Penson receives payment from Citadel Derivates Group LLC (Citadel) for directing order flow to Citadel. Payment varies based upon a number of factors including but not limited to: Size of the order, NBBO spread in the security at the time of order execution, time of order placement, whether an order is marketable at the time of order entry, whether or not an order is price improved, and the underlying price of the security. Payments received from Citadel averaged less than \$0.002 per share for the period 2Q2010.

<sup>2</sup> Penson receives payment from Direct Edge ECN LLC for orders that add liquidity to EDGX and are subsequently executed. The rate for adding liquidity to EDGX was up to \$0.0029. PFSI is charged for removing liquidity from EDGX. The rate for removing liquidity from EDGX was up to \$0.0033 per share.

<sup>3</sup> Penson receives payment from Knight Capital Markets L.P. for directing order flow to Knight Capital Markets L.P. Payment varies based upon a number of factors including but not limited to: Size of the order, NBBO spread in the security at the time of order execution, time of order placement, whether an order is marketable at the time of order entry, whether or not an order is price improved, and the underlying price of the security. Payments received from Knight Capital Markets L.P. averaged less than \$0.002 per share for the period 2Q2010.



## 2. NASDAQ Stock Exchange Securities

For quarter ending 6/30/2010	Non-Directed Orders	Market Orders	Limit Orders	Other Orders*
<b>Orders routed to:</b>				
<b>Citadel Derivatives Group LLC<sup>1</sup></b>	40.92%	27.95%	46.88%	0.74%
<b>Knight Capital Markets L.P.<sup>2</sup></b>	27.19%	49.65%	16.86%	96.84%
<b>Direct Edge ECN LLC<sup>3</sup></b>	21.61%	0.00%	28.82%	0.00%
<b>Automated Trading Desk<sup>4</sup></b>	3.11%	14.70%	0.13%	0.00%
<b>Total PENSON Orders</b>	100.0%	20.5%	75.0%	4.5%

\* Other Orders are Stop Orders and Stop Limit Orders.

### Nasdaq

The chart above shows the percentages of orders placed for securities trading on the Nasdaq Stock Market (Nasdaq).

<sup>1</sup> Penson receives payment from Citadel Derivates Group LLC (Citadel) for directing order flow to Citadel. Payment varies based upon a number of factors including but not limited to: Size of the order, NBBO spread in the security at the time of order execution, time of order placement, whether an order is marketable at the time of order entry, whether or not an order is price improved, and the underlying price of the security. Payments received from Citadel averaged less than \$0.002 per share for the period 2Q2010.

<sup>2</sup> Penson receives payment from Knight Capital Markets L.P. for directing order flow to Knight Capital Markets L.P. Payment varies based upon a number of factors including but not limited to: Size of the order, NBBO spread in the security at the time of order execution, time of order placement, whether an order is marketable at the time of order entry, whether or not an order is price improved, and the underlying price of the security. Payments received from Knight Capital Markets L.P. averaged less than \$0.002 per share for the period 2Q2010.

<sup>3</sup> Penson receives payment from Direct Edge ECN LLC for orders that add liquidity to EDGX and are subsequently executed. The rate for adding liquidity to EDGX was up to \$0.0032. PFSI is charged for removing liquidity from EDGX. The rate for removing liquidity from EDGX was up to \$0.0028 per share.

<sup>4</sup> Penson receives payment from Automated Trading Desk for directing order flow to Automated Trading Desk. Payment varies based upon a number of factors including but not limited to: Size of the order, NBBO spread in the security at the time of order execution, time of order placement, whether an order is marketable at the time of order entry, whether or not an order is price improved, and the underlying price of the security. Payments received from Automated Trading Desk averaged less than \$0.002 per share for the period 2Q2010.



### 3. American/Regional Stock Exchange Securities

For quarter ending 6/30/2010	Non-Directed Orders	Market Orders	Limit Orders	Other Orders*
<b>Orders routed to:</b>				
<b>Citadel Derivatives Group LLC<sup>1</sup></b>	37.81%	31.20%	43.36%	0.57%
<b>Knight Capital Markets L.P.<sup>2</sup></b>	26.77%	49.13%	12.82%	96.41%
<b>Direct Edge ECN LLC<sup>3</sup></b>	25.06%	0.00%	36.16%	0.00%
<b>Surge Trading Inc.<sup>4</sup></b>	3.27%	8.15%	1.55%	3.00%
<b>Total PENSON Orders</b>	100.0%	24.8%	69.3%	5.9%

\* Other Orders are Stop Orders and Stop Limit Orders.

#### AMEX/Other

The chart above shows the percentages of orders placed for securities trading on the American Stock Exchange (AMEX) and regional exchanges.

<sup>1</sup> Penson receives payment from Citadel Derivates Group LLC (Citadel) for directing order flow to Citadel. Payment varies based upon a number of factors including but not limited to: Size of the order, NBBO spread in the security at the time of order execution, time of order placement, whether an order is marketable at the time of order entry, whether or not an order is price improved, and the underlying price of the security. Payments received from Citadel averaged less than \$0.002 per share for the period 2Q2010.

<sup>2</sup> Penson receives payment from Knight Capital Markets L.P. for directing order flow to Knight Capital Markets L.P. Payment varies based upon a number of factors including but not limited to: Size of the order, NBBO spread in the security at the time of order execution, time of order placement, whether an order is marketable at the time of order entry, whether or not an order is price improved, and the underlying price of the security. Payments received from Knight Capital Markets L.P. averaged less than \$0.002 per share for the period 2Q2010.

<sup>3</sup> Penson receives payment from Direct Edge ECN LLC for orders that add liquidity to EDGX and are subsequently executed. The rate for adding liquidity to EDGX was up to \$0.0032. PFSI is charged for removing liquidity from EDGX. The rate for removing liquidity from EDGX was up to \$0.0028 per share.

<sup>4</sup> Penson receives payment from Surge Trading Inc. for directing order flow to Surge Trading Inc. Payment varies based upon a number of factors including but not limited to: Size of the order, NBBO spread in the security at the time of order execution, time of order placement, whether an order is marketable at the time of order entry, whether or not an order is price improved, and the underlying price of the security. Payments received from Surge Trading Inc. averaged less than \$0.002 per share for the period 2Q2010.



#### 4. Exchange Listed Options

For quarter ending 6/30/2010	Non-Directed Orders	Market Orders	Limit Orders	Other Orders*
<b>Orders routed to:</b>				
<b>Susquehanna Capital Group<sup>1</sup></b>	53.54%	57.05%	53.20%	50.52%
<b>Citadel Derivatives Group LLC<sup>2</sup></b>	41.08%	40.74%	40.99%	45.60%
<b>Penson Financial Services<sup>3</sup></b>	5.05%	2.21%	5.43%	3.88%
<b>Total RGLD Orders</b>	95.9%	10.6%	87.0%	2.4%

\* Other Orders are Stop Orders and Stop Limit Orders.

#### Exchange Listed Options

The chart above shows the percentages of orders placed for securities trading as Exchange Listed Options.

<sup>1</sup> Regal Securities receives payment from Susquehanna Capital Group for certain types of option orders routed to them for execution on the options exchange. Payments received during this quarter range from \$0.00 to \$0.70 per contract.

<sup>2</sup> Regal Securities receives payment from Citadel Derivatives Group, LLC for certain types of option orders routed to them for execution on the options exchange. Payments received during this quarter range from \$0.00 to \$0.85 per contract.

<sup>3</sup> Regal Securities does not receive payment from Penson Financial Services for non-complex options orders routed to them for execution on the options exchange.