

# SEC Rule 606 Report

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## Regal Securities – 3<sup>rd</sup> Quarter 2011

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

Regal Securities, Inc. (Regal Securities) has prepared this report pursuant to a U.S. Securities and Exchange Commission rule (§240.11Ac1-6 / §242.606) requiring all brokerage firms to make available to the public quarterly reports about their order routing practices.

The report provides information on the routing of "non-directed orders" -- any order that the customer has not specifically instructed to be routed to a particular venue for execution. For these non-directed 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 listed securities
2. NASDAQ Stock Market listed securities
3. American Stock Exchange and regional exchanges listed securities
4. Exchange listed options

For each section, this report identifies the venues most often selected by Regal Securities, sets forth the percentage of various types of orders routed to the venues, and discusses the material aspects of Regal Securities' relationship with the venues.

This report has been reviewed by a third party market surveillance and auditing firm. Questions regarding this report should be addressed to the Regal Securities compliance department.



## 1. New York Stock Exchange Securities

For quarter ending - 9/30/2011	Non-Directed Orders	Market Orders	Limit Orders	Other Orders*
<b>Orders routed to:</b>				
<b>Knight Equity Markets<sup>1</sup></b>	26.40%	35.27%	20.90%	87.57%
<b>UBS Capital Markets<sup>2</sup></b>	21.91%	32.84%	20.03%	3.88%
<b>Citadel Derivatives Group LLC<sup>3</sup></b>	13.42%	17.01%	12.90%	5.80%
<b>Nasdaq OMX<sup>4</sup></b>	11.74%	0.00%	15.39%	0.00%
<b>NYSE Arca<sup>5</sup></b>	10.82%	0.00%	14.17%	0.00%
<b>Lavaflow Inc.<sup>6</sup></b>	5.55%	0.00%	7.27%	0.00%
<b>Automated Trading Desk<sup>7</sup></b>	2.25%	6.98%	1.45%	1.13%
<b>Total PENSON Orders</b>	<b>81.20%</b>	<b>19.70%</b>	<b>76.30%</b>	<b>4.00%</b>

\* 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 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 3Q2011.

<sup>2</sup> Penson receives payment from UBS for directing order flow to UBS. 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 UBS average less than \$0.002 per share.

<sup>3</sup> Penson receives payment from Citadel Derivatives 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 3Q2011.

<sup>4</sup> Penson receives payment from Nasdaq OMX for orders that add liquidity to Nasdaq and are subsequently executed. The rate for adding liquidity to Nasdaq was up to \$0.0027. PFSI is charged for removing liquidity from Nasdaq. The rate for removing liquidity from Nasdaq was up to \$0.003 per share.

<sup>5</sup> Penson receives payment from NYSE Arca for orders that add liquidity to NYSE Arca and are subsequently executed. The rate for adding liquidity to NYSE Arca was up to \$0.0025. PFSI is charged for removing liquidity from NYSE Arca. The rate for removing liquidity from NYSE Arca was up to \$0.003 per share.

<sup>6</sup> Penson receives payment from LavaFlow ECN for orders that add liquidity to LavaFlow and are subsequently executed. The rate for adding liquidity to LavaFlow was up to \$0.0030. PFSI is charged for removing liquidity from LavaFlow. The rate for removing liquidity from LavaFlow was up to \$0.0025 per share.

<sup>7</sup> Penson receives payment from Automated Trading Desk Brokerage Services, LLC (ATD) for directing order flow to ATD. 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 ATD averaged less than \$0.002 per share for the period 3Q2011.



## 2. NASDAQ Stock Exchange Securities

For quarter ending 9/30/2011	Non-Directed Orders	Market Orders	Limit Orders	Other Orders*
<b>Orders routed to:</b>				
<b>Knight Capital Markets L.P.<sup>1</sup></b>	27.35%	38.18%	20.26%	86.61%
<b>UBS Capital Markets<sup>2</sup></b>	22.02%	34.39%	20.19%	3.96%
<b>Citadel Derivatives Group LLC<sup>3</sup></b>	14.72%	14.55%	15.30%	7.40%
<b>Nasdaq OMX<sup>4</sup></b>	12.19%	0.00%	16.18%	0.00%
<b>NYSE Arca<sup>5</sup></b>	11.33%	0.00%	15.04%	0.00%
<b>Lavaflow Inc.<sup>6</sup></b>	5.41%	0.00%	7.18%	0.00%
<b>Total PENSON Orders</b>	100.00%	19.10%	75.40%	5.50%

\* 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 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 3Q2011.

<sup>2</sup> Penson receives payment from UBS Capital Markets for directing order flow to UBS Capital Markets. 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 UBS Capital Markets averaged less than \$0.002 per share for the period 3Q2011.

<sup>3</sup> Penson receives payment from Citadel Derivatives 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 3Q2011.

<sup>4</sup> Penson receives payment from Nasdaq OMX for orders that add liquidity to Nasdaq and are subsequently executed. The rate for adding liquidity to Nasdaq was up to \$0.0025. PFSI is charged for removing liquidity from Nasdaq. The rate for removing liquidity from Nasdaq was up to \$0.003 per share.

<sup>5</sup> Penson receives payment from NYSE Arca for orders that add liquidity to NYSE Arca and are subsequently executed. The rate for adding liquidity to NYSE Arca was up to \$0.0025. PFSI is charged for removing liquidity from NYSE Arca. The rate for removing liquidity from NYSE Arca was up to \$0.003 per share.

<sup>6</sup> Penson receives payment from LavaFlow ECN for orders that add liquidity to LavaFlow and are subsequently executed. The rate for adding liquidity to LavaFlow was up to \$0.0030. PFSI is charged for removing liquidity from LavaFlow. The rate for removing liquidity from LavaFlow was up to \$0.0025 per share.



### 3. NYSE Amex/Regional Stock Exchange Securities

For quarter ending 9/30/2011	Non-Directed Orders	Market Orders	Limit Orders	Other Orders*
<b>Orders routed to:</b>				
<b>Knight Equity Markets<sup>1</sup></b>	24.66%	30.44%	16.43%	88.04%
<b>UBS Capital Markets<sup>2</sup></b>	21.73%	39.02%	17.99%	4.23%
<b>Citadel Derivatives Group LLC<sup>3</sup></b>	12.84%	16.25%	12.45%	5.89%
<b>Nasdaq OMX<sup>4</sup></b>	11.91%	0.00%	16.91%	0.00%
<b>NYSE Arca<sup>5</sup></b>	9.78%	0.00%	13.88%	0.00%
<b>Direct Edge<sup>6</sup></b>	6.84%	0.00%	9.71%	0.00%
<b>Lavaflow Inc.<sup>7</sup></b>	4.81%	0.00%	6.83%	0.00%
<b>Total PENSON Orders</b>	<b>94.70%</b>	<b>22.40%</b>	<b>70.50%</b>	<b>7.10%</b>

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

#### NYSE Amex/Other

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

<sup>1</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 3Q2011..

<sup>2</sup> Penson receives payment from UBS for directing order flow to UBS. 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 UBS average less than \$0.002 per share.

<sup>3</sup> Penson receives payment from Citadel Derivatives 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 3Q2011.

<sup>4</sup> Penson receives payment from Nasdaq OMX for orders that add liquidity to Nasdaq and are subsequently executed. The rate for adding liquidity to Nasdaq was up to \$0.0027. PFSI is charged for removing liquidity from Nasdaq. The rate for removing liquidity from Nasdaq was up to \$0.003 per share.

<sup>5</sup> Penson receives payment from NYSE Arca for orders that add liquidity to NYSE Arca and are subsequently executed. The rate for adding liquidity to NYSE Arca was up to \$0.0025. PFSI is charged for removing liquidity from NYSE Arca. The rate for removing liquidity from NYSE Arca was up to \$0.003 per share.

<sup>6</sup> Penson receives payment from Direct Edge for orders that add liquidity to EDGX and are subsequently executed. The rate for adding liquidity to EDGX was up to \$0.0024. PFSI is charged for removing liquidity from EDGX. The rate for removing liquidity from EDGX was up to \$0.003 per share.

<sup>7</sup> Penson receives payment from LavaFlow ECN for orders that add liquidity to LavaFlow and are subsequently executed. The rate for adding liquidity to LavaFlow was up to \$0.0030. PFSI is charged for removing liquidity from LavaFlow. The rate for removing liquidity from LavaFlow was up to \$0.0025 per share.



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#### 4. Exchange Listed Options

For quarter ending 9/30/2011	Non-Directed Orders	Market Orders	Limit Orders	Other Orders*
<b>Orders routed to:</b>				
<b>Susquehanna Capital Group<sup>1</sup></b>	66.18%	65.77%	66.08%	72.09%
<b>Citadel Derivatives Group LLC<sup>2</sup></b>	30.08%	31.95%	30.07%	21.63%
<b>Total RGLD Orders</b>	97.50%	10.90%	86.80%	2.30%

\* 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 \$0.65 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 \$0.75 per contract.