



Penson Rule 606 Disclosure :: 1Q2008

Penson Financial Services, Inc. (Penson) has prepared this report pursuant to a U.S. Securities and Exchange Commission rule 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, Penson 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 Penson, sets forth the percentage of various types of orders routed to the venues, and discusses the material aspects of Penson's relationship with the venues.

This report was prepared by Quantum5, a third party market surveillance and auditing firm. Questions regarding this report should be addressed to the Penson Compliance Department at (800) 696-3585.



1. New York Stock Exchange Securities

<i>For quarter ending 3/31/08</i>	Non-Directed Orders	Market Orders	Limit Orders	Other Orders*
Orders Routed to:				
Citadel Derivatives Group LLC¹	32.92%	71.83%	21.02%	17.26%
 Direct Edge ECN²	30.02%	0.00%	42.47%	0.00%
 Knight Equity Markets³	19.34%	7.12%	19.26%	73.17%
 UBS Capital Markets⁴	6.66%	14.49%	3.94%	7.69%
 Nasdaq Execution Services, LLC.⁵	6.03%	0.00%	8.53%	0.00%
Total PENSON Orders	81.7%	23.8%	70.7%	5.5%

* 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).

¹ Penson receives payment from Citadel Derivates Group LLC (Citadel) for directing NYSE 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 \$0.001 per share for the period 1Q2008.

² Penson received payment from Direct Edge ECN for orders that add liquidity to Direct Edge ECN and are subsequently executed. The rate for adding liquidity to Direct Edge ECN of 1Q2008 was \$0.00 to \$0.0035 per share. PFSI is charged for removing liquidity from Direct Edge ECN. The rate for removing liquidity from Direct Edge for 1Q2008 was \$0.00 to \$0.0026 per share.

³ Penson receives payment from Knight Capital Markets L.P. for directing NYSE 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 \$0.001 per share for the period 1Q2008.

⁴ 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 \$0.001 per share.

⁵ Penson receives payment from the NASDAQ Stock Market, Inc. for orders that add liquidity to the NASDAQ Stock Market, Inc. and are subsequently executed. The rate for adding liquidity to The NASDAQ Stock Market, Inc. for 1Q2008 was \$0.00 to \$0.0025 per share. PFSI is charged for removing liquidity from The NASDAQ Stock Market, Inc. The rate for removing liquidity from The NASDAQ Stock Market, Inc. for 1Q2008 was \$0.00 to \$0.003 per share.



2. NASDAQ Stock Exchange Securities

<i>For quarter ending 3/31/08</i>	Non-Directed Orders	Market Orders	Limit Orders	Other Orders*
Orders Routed to:				
Knight Equity Markets¹	32.49%	21.94%	31.60%	80.19%
Citadel Derivatives Group LLC²	21.73%	60.82%	10.97%	11.89%
The NASDAQ Stock Market Inc.³	19.16%	0.00%	26.46%	0.00%
Direct Edge ECN⁴	17.06%	0.14%	23.52%	0.00%
Total PENSON Orders	93.9%	21.5%	72.4%	6.1%

* 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).

¹ Penson receives payment from Knight Equity Markets L.P. for directing Nasdaq order flow to Knight Equity 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 Equity Markets L.P. averaged less than \$.001 per share for the period 1Q2008.

² Penson receives payment from Citadel Derivatives Group LLC (Citadel) for directing Nasdaq 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 \$.001 per share for the period 1Q2008.

³ Penson receives payment from The NASDAQ Stock Market, Inc. for orders that add liquidity to The NASDAQ Stock Market, Inc. and are subsequently executed. The rate for adding liquidity to The NASDAQ Stock Market, Inc. for 1Q2008 was \$0.00 to \$0.0025 per share. PFSI is charged for removing liquidity from The NASDAQ Stock Market, Inc. The rate for removing liquidity from The NASDAQ Stock Market, Inc. for 1Q2008 was \$0.00 to \$0.003 per share.

⁴ Penson receives payment from Direct Edge ECN for orders that add liquidity to Direct Edge ECN and are subsequently executed. The rate for adding liquidity to Direct Edge ECN for 1Q2008 for NASDAQ securities was \$0.00 to \$0.0035 per share. PFSI is charged for removing liquidity from Direct Edge ECN. The rate for removing liquidity from Direct Edge ECN for 1Q2008 was \$0.00 to \$0.0026 per share.



3. American / Regional Stock Exchange Securities

<i>For quarter ending 3/31/08</i>	Non-Directed Orders	Market Orders	Limit Orders	Other Orders*
Orders Routed to:				
Citadel Derivatives Group LLC¹	40.17%	79.49%	24.32%	15.37%
 Direct Edge ECN²	28.17%	0.03%	44.55%	0.00%
 Knight Equity Markets³	24.00%	10.13%	24.54%	78.78%
Total PENSON Orders	82.5%	29.9%	63.2%	6.9%

* 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.

¹ 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 \$.001 per share for the period 1Q2008.

² Penson receives payment from Direct Edge ECN for orders that add liquidity to Direct Edge ECN and are subsequently executed. The rate for adding liquidity to Direct Edge ECN for 1Q2008 was \$0.00 to \$0.0035 per share. PFSI is charged for removing liquidity from Direct Edge ECN. The rate for removing liquidity from Direct Edge ECN for 1Q2008 was \$0.00 to \$0.0026 per share.

³ Penson receives payment from Knight Capital Markets L.P. for directing AMEX 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 \$.001 per share for the period 1Q2008.



4. Exchange Listed Options

<i>For quarter ending 3/31/08</i>	Non-Directed Orders	Market Orders	Limit Orders	Other Orders*
Orders Routed to:				
Susquehanna Capital Group¹	38.88%	43.52%	38.25%	50.14%
Chicago Board Options Exchange²	33.34%	29.46%	33.87%	23.43%
International Securities Exchange³	17.25%	16.63%	17.37%	12.04%
Citadel Derivatives Group LLC⁴	5.62%	5.62%	5.60%	8.81%
Total PENSON Orders	100.0%	10.2%	89.0%	0.8%

* 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.

Penson routes options orders to the CBOE, ISE, PHLX, PCX, AMEX, BOX, ARCA, CitiGroup and Citadel. It is common for these venues to make payments to brokerage firms for orders they execute at those venues; while Penson has participated in discussions with a few of these specialists, in many cases payments are made to Penson on a basis determined solely by the specialists and does not know how the payments were computed. In other cases, recipients such as Penson are advised by the specialist of the basis for payments, but those terms are set unilaterally by the specialist.

The nature of these relationships by destination are as follows:

- ¹ Susquehanna Capital Group \$0.00 to \$0.75 per contract
- ² Chicago Board Options Exchange \$0.00 to \$0.60 per contract
- ³ International Securities Exchange \$0.00 to \$0.45 per contract
- ⁴ Citadel Derivatives Group LLC \$0.00 to \$0.85 per contract