



**ROACH HOWARD
SMITH & HUNTER**
...an Assurex Global Partner

May 18, 2005

Penson Worldwide, Inc.
1700 Pacific Avenue, Suite 1400
Dallas, TX 75201

Re: All Risks Excess of SIPC Insurance

To Whom It May Concern:

This letter serves to confirm that Penson Financial Services, Inc. is a member of the Securities Investor Protection Corporation (SIPC) and has purchased supplemental insurance by underwriters at Lloyd's of London.

SIPC protects securities in customer accounts, as defined by their rules, up to \$500,000, including up to \$100,000 of cash claims. An explanatory brochure is available upon request or at www.sipc.org.

In addition, Penson Financial has purchased from underwriters at Lloyd's further protection of securities and cash with an aggregate limit of \$200 million which might not be returned in a SIPC liquidation, and providing that the combined return from Trustee distributions, SIPC and London to any customer does not exceed \$35 million including a London cash sub-limit of \$900,000. The current expiration of this insurance is April 27, 2006.

SIPC and London coverage does not protect against loss of the market value of securities. SIPC and the supplemental policy do not cover commodity contracts and options on futures.

Please feel free to distribute copies of this letter to your customers as needed. This letter does not, however, expand underwriters at Lloyd's liability beyond the terms and conditions set forth in the insurance policy.

Sincerely,

Tom A. Hughston
Senior Vice President
Roach Howard Smith & Hunter

Local Traditions
Global Connections