

BrokerCheck Report

ROBINHOOD FINANCIAL, LLC

CRD# 165998

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About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- o information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- o information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources.

[For more information about FINRA, visit www.finra.org.](http://www.finra.org)



ROBINHOOD FINANCIAL, LLC

CRD# 165998

SEC# 8-69188

Main Office Location

85 WILLOW ROAD
MENLO PARK, CA 94025
Regulated by FINRA San Francisco Office

Mailing Address

85 WILLOW ROAD
MENLO PARK, CA 94025

Business Telephone Number

650-940-2700

Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 08/24/2012.

Its fiscal year ends in December.

Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations

This firm is registered with:

- the SEC
- 1 Self-Regulatory Organization
- 53 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 11 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm has referral or financial arrangements with other brokers or dealers.

Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	3
Arbitration	1



Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 08/24/2012.

Its fiscal year ends in December.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

ROBINHOOD FINANCIAL, LLC

Doing business as ROBINHOOD FINANCIAL, LLC

CRD# 165998

SEC# 8-69188

Main Office Location

85 WILLOW ROAD
MENLO PARK, CA 94025

Regulated by FINRA San Francisco Office

Mailing Address

85 WILLOW ROAD
MENLO PARK, CA 94025

Business Telephone Number

650-940-2700



Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

Direct Owners and Executive Officers

Legal Name & CRD# (if any):	ROBINHOOD MARKETS, INC
Is this a domestic or foreign entity or an individual?	Domestic Entity
Position	100% OWNER
Position Start Date	11/2013
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	ASHKENAS, NORMAN LEE 2467840
Is this a domestic or foreign entity or an individual?	Individual
Position	CHIEF COMPLIANCE OFFICER
Position Start Date	09/2020
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any):	DUSSEAULT, DAVID STANLEY 2819891
Is this a domestic or foreign entity or an individual?	Individual
Position	PRESIDENT AND CHIEF OPERATING OFFICER
Position Start Date	01/2020

Firm Profile



Direct Owners and Executive Officers (continued)

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): KELATI, DANIEL T
3103432

Is this a domestic or foreign entity or an individual? Individual

Position CHIEF FINANCIAL OFFICER AND PRINCIPAL OPERATIONS OFFICER

Position Start Date 01/2020

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): LYONS, JASON ROBERT
2921790

Is this a domestic or foreign entity or an individual? Individual

Position PRINCIPAL FINANCIAL OFFICER

Position Start Date 03/2015

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? No

Is this a public reporting company? No

Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.



Indirect Owners

No information reported.

Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.





Firm Operations

Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

This firm is currently registered with the SEC, 1 SRO and 53 U.S. states and territories.

Federal Regulator	Status	Date Effective
SEC	Approved	10/14/2013

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer: Yes

A broker-dealer and government securities broker or dealer: Yes

A government securities broker or dealer only: No

This firm has ceased activity as a government securities broker or dealer: No

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	10/14/2013



Firm Operations

Registrations (continued)

U.S. States & Territories	Status	Date Effective	U.S. States & Territories	Status	Date Effective
Alabama	Approved	01/21/2014	North Carolina	Approved	01/03/2014
Alaska	Approved	01/23/2014	North Dakota	Approved	01/30/2014
Arizona	Approved	01/23/2014	Ohio	Approved	01/22/2014
Arkansas	Approved	01/09/2014	Oklahoma	Approved	01/06/2014
California	Approved	10/17/2013	Oregon	Approved	01/23/2014
Colorado	Approved	01/10/2014	Pennsylvania	Approved	01/08/2014
Connecticut	Approved	01/27/2014	Puerto Rico	Approved	01/28/2014
Delaware	Approved	01/27/2014	Rhode Island	Approved	01/02/2014
District of Columbia	Approved	01/31/2014	South Carolina	Approved	01/21/2014
Florida	Approved	02/11/2014	South Dakota	Approved	01/08/2014
Georgia	Approved	01/13/2014	Tennessee	Approved	02/13/2014
Hawaii	Approved	01/22/2014	Texas	Approved	02/04/2014
Idaho	Approved	01/02/2014	Utah	Approved	01/07/2014
Illinois	Approved	01/24/2014	Vermont	Approved	01/21/2014
Indiana	Approved	02/12/2014	Virgin Islands	Approved	02/04/2019
Iowa	Approved	01/07/2014	Virginia	Approved	01/09/2014
Kansas	Approved	01/22/2014	Washington	Approved	01/02/2014
Kentucky	Approved	01/06/2014	West Virginia	Approved	01/30/2014
Louisiana	Approved	01/07/2014	Wisconsin	Approved	01/13/2014
Maine	Approved	02/06/2014	Wyoming	Approved	01/22/2014
Maryland	Approved	01/23/2014			
Massachusetts	Approved	01/07/2014			
Michigan	Approved	01/14/2014			
Minnesota	Approved	01/13/2014			
Mississippi	Approved	01/10/2014			
Missouri	Approved	01/30/2014			
Montana	Approved	01/09/2014			
Nebraska	Approved	01/22/2014			
Nevada	Approved	01/02/2014			
New Hampshire	Approved	02/11/2014			
New Jersey	Approved	02/10/2014			
New Mexico	Approved	01/22/2014			
New York	Approved	01/02/2014			



Firm Operations

Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 11 types of businesses.

Types of Business

- Broker or dealer retailing corporate equity securities over-the-counter
- Broker or dealer selling corporate debt securities
- Underwriter or selling group participant (corporate securities other than mutual funds)
- Mutual fund retailer
- U S. government securities dealer
- U S. government securities broker
- Put and call broker or dealer or option writer
- Non-exchange member arranging for transactions in listed securities by exchange member
- Trading securities for own account
- Private placements of securities
- Other - 1-THE FIRM CONDUCTS BUSINESS THROUGH ON-LINE BROKERAGE ACTIVITY.
2-THE FIRM CREATES AND DISTRIBUTES FIRST-PARTY RESEARCH THROUGH THE FIRM'S PLATFORM(S)

Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.

This firm does not engage in other non-securities business.

Non-Securities Business Description:



Firm Operations

Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

Name: ROBINHOOD SECURITIES, LLC
CRD #: 287900
Business Address: 500 COLONIAL CENTER PKY
SUITE 100
LAKE MARY, FL 32746
Effective Date: 04/23/2018
Description: FIRM(APPLICANT) WILL HAVE A FULLY DISCLOSED RELATIONSHIP WITH ROBINHOOD SECURITIES, LLC

Name: APEX CLEARING CORPORATION
CRD #: 13071
Business Address: 350 N. ST. PAUL STREET SUITE 1300
DALLAS, TX 75201
Effective Date: 08/06/2013
Description: FIRM(APPLICANT) WILL HAVE A FULLY DISCLOSED RELATIONSHIP WITH APEX CLEARING

Firm Operations

Industry Arrangements



This firm does have books or records maintained by a third party.

Name: IRON MOUNTAIN

Business Address: PO BOX 27131
NEW YORK, NY 10087

Effective Date: 10/12/2016

Description: IRON MOUNTAIN IS OUR DESIGNATED 3RD PARTY PROVIDER. AS REQUIRED BY RULE/REGULATION (17AF3VII) WE HAVE TO HAVE A 3RD PARTY ARRANGEMENT THAT CAN PROVIDE BOOKS AND RECORDS TO FINRA IN THE EVENT ROBINHOOD IS UNABLE TO DO SO.

Name: SMARSH

Business Address: PO BOX 505265
ST LOUIS, MO 63150

Effective Date: 10/11/2017

Description: THE FIRM WILL USE SMARSH TO MEET ITS ELECTRONIC STORAGE REQUIREMENTS. SMARSH WILL ARCHIVE OUR ELECTRONIC COMMUNICATIONS, IE EMAILS, CHAT, SOCIAL MEDIA, WEB ARCHIVING.

Name: RED OAK

Business Address: 1320 ARROW POINT DRIVE #411
CEDAR PARK, TX 78613

Effective Date: 06/10/2019

Description: ROBINHOOD FINANCIAL, LLC (THE "FIRM") WILL BE UTILIZING RED OAK COMPLIANCE SOLUTIONS FOR A PORTION OF ITS BOOKS AND RECORDS.

Name: BOX

Business Address: 900 JEFFERSON AVE
REDWOOD CITY, CA 94063

Effective Date: 10/19/2018

Description: THE BOX SOLUTION IS A CLOUD BASED SERVICE FOR STORING RECORD FILES.

Name: AMAZON WEB SERVICES

Business Address: PO BOX 84023
SEATTLE, WA 98124

Firm Operations



Industry Arrangements (continued)

Effective Date:	09/01/2016
Description:	AMAZON WEB SERVICES (AWS)--AMAZON GLACIER ("GLACIER") CLOUD-BASED ARCHIVAL STORAGE SERVICE OPTIMIZED FOR INFREQUENTLY ACCESSED DATA, OR "COLD DATA." GLACIER PROVIDES INTEGRATED CONTROL CODES AND OTHER RELEVANT CAPABILITIES THAT PREVENT STORED ARCHIVE RECORDS FROM BEING OVERWRITTEN, DELETED OR ALTERED UNTIL THE SPECIFIED RETENTION PERIOD HAS EXPIRED.
Name:	ROBINHOOD SECURITIES, LLC
CRD #:	287900
Business Address:	500 COLONIAL CENTER PKY SUITE 100 LAKE MARY, FL 32746
Effective Date:	04/23/2018
Description:	FIRM(APPLICANT) WILL HAVE A FULLY DISCLOSED RELATIONSHIP WITH ROBINHOOD SECURITIES, LLC
Name:	APEX CLEARING CORPORATION
CRD #:	13071
Business Address:	350 N. ST. PAUL STREET, SUITE 1300 DALLAS, TX 75201
Effective Date:	08/06/2013
Description:	FIRM(APPLICANT) WILL HAVE A FULLY DISCLOSED RELATIONSHIP WITH APEX CLEARING
Name:	APEX CLEARING CORPORATION
CRD #:	13071
Business Address:	350 N. ST. PAUL STREET, SUITE 1300 DALLAS, TX 75201
Effective Date:	08/06/2013
Description:	FIRM(APPLICANT) WILL HAVE A FULLY DISCLOSED RELATIONSHIP WITH APEX CLEARING
Name:	APEX CLEARING CORPORATION
CRD #:	13071
Business Address:	350 N. ST. PAUL STREET, SUITE 1300 DALLAS, TX 75201

Firm Operations



Industry Arrangements (continued)

Effective Date: 08/06/2013

Description: FIRM(APPLICANT) WILL HAVE A FULLY DISCLOSED RELATIONSHIP WITH APEX CLEARING

This firm does not have accounts, funds, or securities maintained by a third party.

This firm does not have customer accounts, funds, or securities maintained by a third party.

Control Persons/Financing

This firm does not have individuals who control its management or policies through agreement.

This firm does not have individuals who wholly or partly finance the firm's business.



Firm Operations

Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

This firm is, directly or indirectly:

- in control of
 - controlled by
 - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

ROBINHOOD SECURITIES, LLC is under common control with the firm.

CRD #:	287900
Business Address:	500 COLONIAL CENTER PKWY STE 100 LAKE MARY, FL 32746
Effective Date:	04/23/2018
Foreign Entity:	No
Country:	
Securities Activities:	Yes
Investment Advisory Activities:	No
Description:	ROBINHOOD FINANCIAL LLC AND ROBINHOOD SECURITIES LLC ARE BOTH WHOLLY OWNED SUBSIDIARIES OF ROBINHOOD MARKETS, INC.

This firm is not directly or indirectly, controlled by the following:

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	1	2	0
Arbitration	N/A	1	N/A



Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - § A "pending" event involves allegations that have not been proven or formally adjudicated.
 - § An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - § A "final" event has been concluded and its resolution is not subject to change.
 - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - § An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - § A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - § A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

Disclosure 1 of 2

Reporting Source: Regulator
Current Status: Final

**Allegations:**

THE SECURITIES AND EXCHANGE COMMISSION ("COMMISSION") DEEMS IT APPROPRIATE THAT ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS BE, AND HEREBY ARE, INSTITUTED PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT") AND SECTION 15(B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AGAINST ROBINHOOD FINANCIAL, LLC. THE COMMISSION FINDS THAT WHILE THE FIRM WAS ON NOTICE THAT ITS HIGH PAYMENT FOR ORDER FLOW RATES FROM PRINCIPAL TRADING FIRMS COULD RESULT IN INFERIOR EXECUTION PRICES FOR ITS CUSTOMERS, IT VIOLATED ITS DUTY OF BEST EXECUTION BY FAILING TO CONDUCT ADEQUATE REGULAR AND RIGOROUS REVIEWS OF THE EXECUTION QUALITY IT WAS PROVIDING ON CUSTOMER ORDERS. THE FIRM DID NOT BEGIN COMPARING ITS EXECUTION QUALITY TO THAT OF ITS COMPETITORS UNTIL LATER AND IT DID NOT TAKE APPROPRIATE STEPS TO ASSESS WHETHER ITS HIGHER PAYMENT FOR ORDER FLOW RATES WERE ADVERSELY AFFECTING CUSTOMER EXECUTION PRICES. ONE OF THE FIRM'S PRIMARY SELLING POINTS WAS THAT IT DID NOT CHARGE ITS CUSTOMERS TRADING COMMISSIONS. IN REALITY, HOWEVER, "COMMISSION FREE" TRADING AT THE FIRM CAME WITH A CATCH: THE FIRM'S CUSTOMERS RECEIVED INFERIOR EXECUTION PRICES COMPARED TO WHAT THEY WOULD HAVE RECEIVED FROM THE FIRM'S COMPETITORS. FOR LARGER VALUE ORDERS, THIS PRICE DIFFERENCE AT THE FIRM EXCEEDED THE COMMISSION ITS COMPETITORS WOULD HAVE CHARGED. THESE INFERIOR PRICES WERE CAUSED IN LARGE PART BY THE UNUSUALLY HIGH AMOUNTS THE FIRM CHARGED THE PRINCIPAL TRADING FIRMS FOR THE OPPORTUNITY TO OBTAIN THE FIRM'S CUSTOMER ORDER FLOW. THESE PAYMENTS ARE GENERALLY REFERRED TO AS "PAYMENT FOR ORDER FLOW." CERTAIN OF THE FIRM'S RETAIL COMMUNICATIONS OMITTED ITS RECEIPT OF PAYMENT FOR ORDER FLOW. SINCE THE FIRM'S LAUNCH, PAYMENT FOR ORDER FLOW HAS BEEN ITS SINGLE LARGEST SOURCE OF REVENUE. THE FIRM'S CUSTOMER AGREEMENTS AND TRADE CONFIRMATIONS STATED IT "MAY" RECEIVE PAYMENT FOR ORDER FLOW, AND THE FIRM DISCLOSED CERTAIN INFORMATION ABOUT THOSE PAYMENTS AS REQUIRED IN ITS SEC-MANDATED RULE 606 REPORTS. HOWEVER, IN FAQs ON THE FIRM'S WEBSITE DESCRIBING HOW IT MADE MONEY, AND IN CERTAIN COMMUNICATIONS WITH CUSTOMERS ADDRESSING THE SAME ISSUE, IT OMITTED PAYMENT FOR ORDER FLOW WHEN IT DESCRIBED ITS REVENUE SOURCES BECAUSE IT BELIEVED THAT PAYMENT FOR ORDER FLOW MIGHT BE VIEWED AS CONTROVERSIAL BY CUSTOMERS. THE FIRM ALSO INSTRUCTED ITS CUSTOMER SERVICE REPRESENTATIVES NOT TO MENTION PAYMENT FOR ORDER FLOW IN RESPONDING TO QUESTIONS ABOUT ITS SOURCES OF REVENUE. AFTER MEDIA OUTLETS RAISED QUESTIONS ABOUT WHETHER THE FIRM'S PAYMENT FOR ORDER FLOW RATES NEGATIVELY AFFECTED THE EXECUTION PRICES THAT ITS CUSTOMERS RECEIVED ON THEIR ORDERS,



IT RESPONDED BY CLAIMING AS PART OF AN FAQ PAGE ON ITS WEBSITE THAT ITS ORDER EXECUTION QUALITY MATCHED OR BEAT THAT OF ITS COMPETITORS. HOWEVER, AT THAT TIME, THE FIRM HAD BEGUN COMPARING ITS EXECUTION QUALITY TO COMPETITORS' AND WAS AWARE IT WAS WORSE IN MANY RESPECTS. THE FIRM HAD CONDUCTED A MORE EXTENSIVE INTERNAL ANALYSIS THAT FOUND ITS EXECUTION QUALITY AND PRICE IMPROVEMENT METRICS WERE SUBSTANTIALLY WORSE THAN OTHER RETAIL BROKER-DEALERS' IN MANY RESPECTS, AND SENIOR FIRM PERSONNEL WERE AWARE OF THIS ANALYSIS. AS A BROKER-DEALER THAT ROUTED CUSTOMER ORDERS FOR EXECUTION, THE FIRM HAD A DUTY TO SEEK TO OBTAIN THE BEST REASONABLY AVAILABLE TERMS FOR CUSTOMERS' ORDERS. AS A RESULT OF ITS CONDUCT, THE FIRM WILLFULLY VIOLATED SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT AND SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-4 THEREUNDER.

Initiated By: UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 12/17/2020

Docket/Case Number: 3-20171

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED SECURITIES

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 12/17/2020

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? Yes

Sanctions Ordered: Censure
Monetary/Fine \$65,000,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: THE FIRM WAS CENSURED, FINED \$65,000,000 AND SHALL CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY



FUTURE VIOLATIONS OF SECTION 17(A) OF THE SECURITIES ACT, SECTION 17(A) OF THE EXCHANGE ACT, AND RULE 17A-4 PROMULGATED THEREUNDER.

Regulator Statement

THE FIRM HAS SUBMITTED AN OFFER OF SETTLEMENT (THE OFFER) WHICH THE COMMISSION HAS DETERMINED TO ACCEPT. AS A RESULT OF ITS CONDUCT, THE FIRM WILLFULLY VIOLATED SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT AND SECTION 17(A) OF THE EXCHANGE ACT AND RULE 17A-4 THEREUNDER. ACCORDINGLY, IT IS HEREBY ORDERED THAT: THE FIRM CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 17(A) OF THE SECURITIES ACT, SECTION 17(A) OF THE EXCHANGE ACT, AND RULE 17A-4 PROMULGATED THEREUNDER, IS CENSURED AND SHALL, WITHIN 14 DAYS OF THE ENTRY OF THIS ORDER, PAY A CIVIL MONEY PENALTY IN THE AMOUNT OF \$65,000,000 TO THE SECURITIES AND EXCHANGE COMMISSION. IF TIMELY PAYMENT IS NOT MADE, ADDITIONAL INTEREST SHALL ACCRUE.

Reporting Source:

Firm

Current Status:

Final

Allegations:

ON DECEMBER 17, 2020, ROBINHOOD FINANCIAL, LLC ("RHF"), ON A NEITHER ADMIT, NOR DENY BASIS, CONSENTED TO THE ENTRY OF A U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC" OR "COMMISSION") ORDER (I) REQUIRING RHF TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT OF 1933 AND SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-4 THEREUNDER; (II) CENSURING RHF; AND (III) REQUIRING RHF TO PAY A \$65 MILLION PENALTY. RHF ALSO AGREED TO CERTAIN VOLUNTARY UNDERTAKINGS RELATED TO ITS PUBLIC COMMUNICATIONS AND BEST EXECUTION PROCESSES.

ACCORDING TO THE SEC'S ORDER, RHF (I) MADE MATERIALLY MISLEADING STATEMENTS ON ITS "HOW ROBINHOOD MAKES MONEY" WEBPAGE ABOUT ITS SOURCES OF REVENUE FOR THE PERIOD 2015 TO SEPTEMBER 2018; IN CERTAIN COMMUNICATIONS WITH CUSTOMERS RESPONDING TO INQUIRIES RELATED TO ITS SOURCES OF REVENUE FOR THE PERIOD 2015 TO SEPTEMBER 2018; AND ON ITS WEBPAGE ABOUT ORDER ROUTING PRACTICES AND EXECUTION QUALITY FOR THE PERIOD OCTOBER 2018 TO JUNE 2019; (II) FAILED TO CONDUCT ADEQUATE REGULAR AND RIGOROUS REVIEWS THAT INVOLVED BENCHMARKING ITS EXECUTION QUALITY AGAINST COMPETITOR BROKER-DEALERS TO DETERMINE WHETHER IT WAS OBTAINING THE BEST TERMS REASONABLY



AVAILABLE FOR CUSTOMER ORDERS FOR THE PERIOD OCTOBER 2016 TO JUNE 2019; AND (III) FAILED TO MAINTAIN REQUIRED RECORDS OF ITS MODIFICATIONS TO WEBSITE PAGES RELATING TO ITS ORDER ROUTING AND EXECUTION QUALITY, AND SOURCES OF REVENUE, AND THE APPROVALS OF THOSE MODIFICATIONS.

Initiated By: U.S. SECURITIES AND EXCHANGE COMMISSION

Date Initiated: 12/17/2020

Docket/Case Number: 3-20171

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s): EQUITY - OTC

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought: CENSURE, CIVIL PENALTY

Resolution: Order

Resolution Date: 12/17/2020

Sanctions Ordered: Censure
Monetary/Fine \$65,000,000.00
Cease and Desist/Injunction

Other Sanctions Ordered:

Sanction Details: ON DECEMBER 17, 2020, ROBINHOOD FINANCIAL, LLC ("RHF"), ON A NEITHER ADMIT, NOR DENY BASIS, CONSENTED TO THE ENTRY OF A U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC" OR "COMMISSION") ORDER (I) REQUIRING RHF TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT OF 1933 AND SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE 17A-4 THEREUNDER; (II) CENSURING RHF; AND (III) REQUIRING RHF TO PAY A \$65 MILLION PENALTY. RHF ALSO AGREED TO CERTAIN VOLUNTARY UNDERTAKINGS RELATED TO ITS PUBLIC COMMUNICATIONS AND BEST EXECUTION PROCESSES. RHF PAID \$65 MILLION ON DECEMBER 23, 2020.

Firm Statement ON DECEMBER 17, 2020, ROBINHOOD FINANCIAL, LLC ("RHF"), ON A NEITHER ADMIT, NOR DENY BASIS, CONSENTED TO THE ENTRY OF A U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC" OR "COMMISSION") ORDER (I) REQUIRING RHF TO CEASE AND DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 17(A)(2) AND 17(A)(3) OF THE SECURITIES ACT OF 1933 AND SECTION 17(A) OF THE SECURITIES EXCHANGE ACT OF 1934 AND RULE



17A-4 THEREUNDER; (II) CENSURING RHF; AND (III) REQUIRING RHF TO PAY A \$65 MILLION PENALTY. RHF ALSO AGREED TO CERTAIN VOLUNTARY UNDERTAKINGS RELATED TO ITS PUBLIC COMMUNICATIONS AND BEST EXECUTION PROCESSES.

Disclosure 2 of 2

Reporting Source:

Regulator

Current Status:

Final

Allegations:

WITHOUT ADMITTING OR DENYING THE FINDINGS, THE FIRM CONSENTED TO THE SANCTIONS AND TO THE ENTRY OF FINDINGS THAT IT DID NOT MEET THE REASONABLE DILIGENCE STANDARD REQUIRED BY FINRA'S BEST EXECUTION RULE AND IN PARTICULAR, IT DID NOT REASONABLY CONSIDER THE QUALITY OF EXECUTIONS THAT IT COULD OBTAIN FROM ALTERNATIVE MARKETS COMPARED TO THE EXECUTION VENUES IT USED. THE FINDINGS STATED THAT THE FIRM, WHICH OFFERED ITS CUSTOMERS THE ABILITY TO TRADE IN EQUITY SECURITIES WITHOUT BEING CHARGED COMMISSIONS, ROUTED ITS CUSTOMERS' NON-DIRECTED EQUITY ORDERS TO FOUR BROKER-DEALERS, INCLUDING ITS CLEARING BROKER, FOR EXECUTION, ALL OF WHICH PAID THE FIRM FOR THAT ORDER FLOW. ALTHOUGH THE FIRM'S BEST EXECUTION COMMITTEE MATERIALS INCLUDED OCCASIONAL REFERENCES TO FIVE OTHER BROKER-DEALERS AND ONE SECURITIES EXCHANGE AS POTENTIAL ALTERNATIVE ROUTING VENUES, WITH ONE LIMITED EXCEPTION, THEY CONTAINED NO SUBSTANTIVE INFORMATION CONCERNING, OR EVALUATION OF, THE EXECUTION QUALITY OF THOSE VENUES. INSTEAD, THE BEST EXECUTION COMMITTEE MATERIALS FOCUSED ONLY ON THE EXECUTION QUALITY OF ITS PRE-EXISTING ROUTING DESTINATIONS. CONSEQUENTLY, THE FIRM DID NOT PERFORM UNDERLYING EXECUTION QUALITY ANALYSIS OF COMPETING MARKETS RELATIVE TO ITS CURRENT ROUTING ARRANGEMENTS. IN ADDITION, THE FIRM DID NOT PERFORM SYSTEMATIC BEST EXECUTION REVIEWS OF NONMARKETABLE LIMIT ORDERS, STOP ORDERS, ORDERS RECEIVED OUTSIDE REGULAR TRADING HOURS AND RESIDUAL FILLS OF PARTIALLY EXECUTED GOOD-TILL-CANCELED ORDERS BEYOND THE DAY A PORTION OF THE ORDER WAS INITIALLY FILLED (THE EXCLUDED ORDER TYPES). ACCORDINGLY, HUNDREDS OF THOUSANDS OF ORDERS EACH MONTH FELL OUTSIDE THE FIRM'S REGULAR AND RIGOROUS REVIEW PROCESS. CONSEQUENTLY, A VARIETY OF FINRA RULE 5310.09(B) FACTORS, SUCH AS PRICE IMPROVEMENT OPPORTUNITIES, DIFFERENCES IN PRICE DISIMPROVEMENT, AND THE SPEED OF EXECUTION OF CERTAIN ORDERS, WERE NOT REVIEWED IN CONNECTION WITH A SUBSTANTIAL PORTION OF THE FIRM'S RETAIL ORDER FLOW. FURTHERMORE, THE FIRM'S PERIODIC REVIEWS DID NOT SYSTEMATICALLY CONSIDER THE LIKELIHOOD OF EXECUTION OF LIMIT



ORDERS GENERALLY (WHETHER MARKETABLE OR NONMARKETABLE), OR FILL RATES OVERALL, EVEN THOUGH NOTABLE PROPORTIONS OF CERTAIN ORDERS WENT UNFILLED. THE FIRM ALSO DID NOT HAVE WRITTEN PROCEDURES RELATED TO OR ADDRESSING HOW IT PERFORMED ITS "REGULAR AND RIGOROUS" REVIEWS OR REVIEWED NON-MARKETABLE ORDERS FOR BEST EXECUTION PURPOSES. THE FINDINGS ALSO STATED THAT THE FIRM'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH FINRA RULE 5310 AND SUPPLEMENTARY MATERIAL .09, BECAUSE ITS SUPERVISORY REVIEWS FOR BEST EXECUTION, INCLUDING ITS PERIODIC REVIEWS OVERSEEN BY ITS BEST EXECUTION COMMITTEE, DISREGARDED SEVERAL ORDER TYPES AND FACTORS SET FORTH IN FINRA RULE 5310.09(B). THE FIRM'S WSPS CONCERNING BEST EXECUTION AND ITS "REGULAR AND RIGOROUS" REVIEWS MERELY RECITED THE REGULATORY REQUIREMENTS. THEY PROVIDED NO DESCRIPTION OF THE FIRM'S SUPERVISORY SYSTEM OR GUIDANCE AS TO HOW IT SHOULD SUPERVISE TO ACHIEVE COMPLIANCE WITH THOSE REQUIREMENTS. THE WSPS ALSO WERE INACCURATE IN THAT THEY INDICATED THAT THE FIRM RELIED ON THE "REGULAR AND RIGOROUS" REVIEWS THAT WERE BEING CONDUCTED BY THE BROKER-DEALERS TO WHICH THE FIRM ROUTED ORDERS, WHEN, IN FACT, THE FIRM HAD DISCONTINUED THIS PRACTICE PRIOR TO THE REVIEW PERIOD.

Initiated By: FINRA

Date Initiated: 12/19/2019

Docket/Case Number: [2017056224001](#)

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s): EQUITY - OTC

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 12/19/2019

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No



Sanctions Ordered:	Censure Monetary/Fine \$1,250,000.00
Other Sanctions Ordered:	UNDERTAKING
Sanction Details:	THE FIRM WAS CENSURED, FINED \$1,250,000 AND ORDERED TO RETAIN, AT ITS OWN EXPENSE, ONE OF MORE QUALIFIED INDEPENDENT CONSULTANTS NOT UNACCEPTABLE TO FINRA, WITHIN 60 DAYS, TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS AND PROCEDURES (WRITTEN AND OTHERWISE) AND TRAINING RELATING TO ACHIEVING COMPLIANCE WITH FINRA RULE 5310.
Regulator Statement	FINES PAID IN FULL ON DECEMBER 23, 2019.

Reporting Source:	Firm
Current Status:	Final
Allegations:	FROM OCTOBER 2016 TO NOVEMBER 2017, ROBINHOOD FINANCIAL, LLC ("ROBINHOOD") DID NOT PERFORM UNDERLYING EXECUTION QUALITY ANALYSIS OF COMPETING MARKETS RELATIVE TO THE FIRM'S THEN-EXISTING ROUTING ARRANGEMENTS UNDER THE FINRA RULE 5310.09(B) FACTORS; ROBINHOOD DID NOT PERFORM SYSTEMATIC BEST EXECUTION REVIEWS OF CERTAIN ORDER TYPES; ROBINHOOD'S SUPERVISORY SYSTEM WAS NOT REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH ITS BEST EXECUTION OBLIGATIONS; AND ROBINHOOD'S WRITTEN SUPERVISORY PROCEDURES CONCERNING BEST EXECUTION AND ITS REGULAR AND RIGOROUS REVIEWS MERELY RECITED THE REGULATORY REQUIREMENTS.
Initiated By:	FINRA
Date Initiated:	12/19/2019
Docket/Case Number:	2017056224001
Principal Product Type:	Equity Listed (Common & Preferred Stock)
Other Product Type(s):	EQUITY - OTC
Principal Sanction(s)/Relief Sought:	Civil and Administrative Penalt(ies) /Fine(s)
Other Sanction(s)/Relief Sought:	CENSURE, INDEPENDENT CONSULTANT
Resolution:	Acceptance, Waiver & Consent(AWC)
Resolution Date:	12/19/2019



Sanctions Ordered: Censure
Monetary/Fine \$1,250,000.00

Other Sanctions Ordered: ROBINHOOD FINANCIAL, LLC AGREED TO RETAIN AN INDEPENDENT CONSULTANT TO CONDUCT A COMPREHENSIVE REVIEW OF THE ADEQUACY OF THE FIRM'S POLICIES, SYSTEMS, PROCEDURES, AND TRAINING RELATED TO BEST EXECUTION.

Sanction Details: THE ENTIRETY OF THE \$1.25 MILLION FINE WAS LEVIED AGAINST ROBINHOOD FINANCIAL, LLC.

Firm Statement ON DECEMBER 19, 2019, ROBINHOOD FINANCIAL, LLC, WITHOUT ADMITTING OR DENYING THE FINDINGS, REACHED A SETTLEMENT WITH FINRA RELATING TO THIS MATTER.



Regulatory - Pending

This type of disclosure event may include a pending formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulatory agency such as the Securities and Exchange Commission, foreign financial regulatory body) for alleged violations of investment-related rules or regulations.

Disclosure 1 of 1

Reporting Source:	Regulator
Current Status:	Pending
Allegations:	ROBINHOOD FINANCIAL, LLC FAILED TO SUPERVISE THE REVIEW AND APPROVAL OF OPTIONS TRADING, TARGETED YOUNGER, INEXPERIENCED INVESTORS AND SUCCESSFULLY ENCOURAGED THEM TO EXECUTE TRADES FREQUENTLY, FAILED TO IMPLEMENT POLICES AND PROCEDURES REASONABLY DESIGNED TO PREVENT AND RESPOND TO OUTAGES AND DISRUPTIONS, PROVIDED LISTS OF SECURITIES TO ENCOURAGE CUSTOMERS TO PURCHASE SECURITIES WITHOUT ANY CONSIDERATION OF SUITABILITY, AND BREACHED ITS FIDUCIARY DUTY.
Initiated By:	MASSACHUSETTS SECURITIES DIVISION
Date Initiated:	12/16/2020
Docket/Case Number:	E-2020-0047
URL for Regulatory Action:	HTTPS://WWW.SEC.STATE.MA.US/SCT/CURRENT/SCTROBINHOOD/MSD-ROBINHOOD-FINANCIAL-LLC-COMPLAINT-E-2020-0047.PDF
Principal Product Type:	Options
Other Product Type(s):	
Principal Sanction(s)/Relief Sought:	Other
Other Sanction(s)/Relief Sought:	CEASE AND DESIST; CENSURE; RESTITUTION; DISGORGEMENT; ENGAGE AN INDEPENDENT COMPLIANCE CONSULTANT TO REVIEW TRADING PLATFORM, THE UNDERLYING INFRASTRUCTURE, AND CUSTOMER SERVICE SYSTEM RELATED TO TRADING PLATFORM OUTAGES AND DISRUPTIONS; ENGAGE AN INDEPENDENT COMPLIANCE CONSULTANT TO REVIEW AND ENHANCE POLICIES AND PROCEDURES RELATED TO APPROVAL OF OPTIONS TRAINING; REVIEW SUPERVISORY PROCEDURES TO ENSURE COMPLIANCE WITH APPLICABLE STATE AND FEDERAL LAWS; AND AN ADMINISTRATIVE FINE.

Reporting Source:	Firm
Current Status:	Pending



Allegations: THE ENFORCEMENT SECTION OF THE MASSACHUSETTS SECURITIES DIVISION OF THE OFFICE OF THE SECRETARY OF THE COMMONWEALTH (THE "ENFORCEMENT SECTION" AND THE "DIVISION," RESPECTIVELY) FILES THIS ADMINISTRATIVE COMPLAINT (THE "COMPLAINT") TO COMMENCE AN ADJUDICATORY PROCEEDING AGAINST ROBINHOOD FINANCIAL, LLC ("ROBINHOOD") FOR VIOLATIONS OF MASS. GEN LAWS CH. 110A, THE MASSACHUSETTS UNIFORM SECURITIES ACT ("THE ACT"), AND 950 MASS. CODE REGS 10.00 - 14.413 (THE "REGULATIONS"). THE ENFORCEMENT SECTION ALLEGES THAT RESPONDENT ENGAGED IN ACTS AND PRACTICES IN VIOLATION OF THE ACT AND REGULATIONS BY AGGRESSIVELY MARKETING ITSELF TO MASSACHUSETTS INVESTORS WITHOUT REGARD FOR THE BEST INTERESTS OF ITS CUSTOMERS AND FAILING TO MAINTAIN THE INFRASTRUCTURE AND PROCEDURES NECESSARY TO MEET THE DEMANDS OF ITS RAPIDLY GROWING CUSTOMER BASE.

THE ENFORCEMENT SECTION SEEKS AN ORDER: 1) FINDING AS FACT THE ALLEGATIONS SET FORTH BELOW; 2) FINDING THAT ALL THE SANCTIONS AND REMEDIES DETAILED HEREIN ARE IN THE PUBLIC INTEREST AND NECESSARY FOR THE PROTECTION OF MASSACHUSETTS INVESTORS; 3) REQUIRING RESPONDENT TO PERMANENTLY CEASE AND DESIST FROM FURTHER CONDUCT IN VIOLATION OF THE ACT AND REGULATIONS IN THE COMMONWEALTH; 4) CENSURING RESPONDENT; 5) REQUIRING RESPONDENT TO PROVIDE RESTITUTION TO FAIRLY COMPENSATE INVESTORS FOR THOSE LOSSES ATTRIBUTABLE TO THE ALLEGED WRONGDOING; 6) REQUIRING RESPONDENT TO DISGORGE ALL PROFITS AND OTHER DIRECT OR INDIRECT REMUNERATION RECEIVED FROM THE ALLEGED WRONGDOING; 7) REQUIRING RESPONDENT TO ENGAGE AN INDEPENDENT COMPLIANCE CONSULTANT TO REVIEW RESPONDENT'S PLATFORM, THE UNDERLYING INFRASTRUCTURE, AND ITS CUSTOMER SERVICE SYSTEM RELATED TO TRADING PLATFORM OUTAGES AND DISRUPTIONS; 8) REQUIRING RESPONDENT TO ENGAGE AN INDEPENDENT COMPLIANCE CONSULTANT TO REVIEW AND ENHANCE ITS POLICIES AND PROCEDURES RELATED TO THE APPROVAL OF OPTIONS TRADING; 9) REQUIRING RESPONDENT TO REVIEW ITS SUPERVISORY PROCEDURES TO ENSURE COMPLIANCE WITH APPLICABLE STATE AND FEDERAL LAWS; 10) IMPOSING AN ADMINISTRATIVE FINE ON RESPONDENT IN SUCH AMOUNT AND UPON SUCH TERMS AND CONDITIONS AS THE DIRECTOR OR PRESIDING OFFICER MAY DETERMINE; AND 11) TAKING ANY SUCH FURTHER ACTION WHICH MAY BE IN THE PUBLIC INTEREST AND NECESSARY AND APPROPRIATE FOR THE PROTECTION OF MASSACHUSETTS INVESTORS.

Initiated By: STATE OF MASSACHUSETTS

Date Initiated: 12/16/2020



Docket/Case Number: E-2020-0047

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s): EQUITY - OTC
OPTIONS

Principal Sanction(s)/Relief Sought: Cease and Desist

Other Sanction(s)/Relief Sought: CENSURE, ADMINISTRATIVE FINE, DISGORGEMENT, RESTITUTION

Firm Statement

THE ENFORCEMENT SECTION OF THE MASSACHUSETTS SECURITIES DIVISION OF THE OFFICE OF THE SECRETARY OF THE COMMONWEALTH (THE "ENFORCEMENT SECTION" AND THE "DIVISION," RESPECTIVELY) FILES THIS ADMINISTRATIVE COMPLAINT (THE "COMPLAINT") TO COMMENCE AN ADJUDICATORY PROCEEDING AGAINST ROBINHOOD FINANCIAL, LLC ("ROBINHOOD") FOR VIOLATIONS OF MASS. GEN LAWS CH. 110A, THE MASSACHUSETTS UNIFORM SECURITIES ACT ("THE ACT"), AND 950 MASS. CODE REGS 10.00 - 14.413 (THE "REGULATIONS"). THE ENFORCEMENT SECTION ALLEGES THAT RESPONDENT ENGAGED IN ACTS AND PRACTICES IN VIOLATION OF THE ACT AND REGULATIONS BY AGGRESSIVELY MARKETING ITSELF TO MASSACHUSETTS INVESTORS WITHOUT REGARD FOR THE BEST INTERESTS OF ITS CUSTOMERS AND FAILING TO MAINTAIN THE INFRASTRUCTURE AND PROCEDURES NECESSARY TO MEET THE DEMANDS OF ITS RAPIDLY GROWING CUSTOMER BASE.

THE ENFORCEMENT SECTION SEEKS AN ORDER: 1) FINDING AS FACT THE ALLEGATIONS SET FORTH BELOW; 2) FINDING THAT ALL THE SANCTIONS AND REMEDIES DETAILED HEREIN ARE IN THE PUBLIC INTEREST AND NECESSARY FOR THE PROTECTION OF MASSACHUSETTS INVESTORS; 3) REQUIRING RESPONDENT TO PERMANENTLY CEASE AND DESIST FROM FURTHER CONDUCT IN VIOLATION OF THE ACT AND REGULATIONS IN THE COMMONWEALTH; 4) CENSURING RESPONDENT; 5) REQUIRING RESPONDENT TO PROVIDE RESTITUTION TO FAIRLY COMPENSATE INVESTORS FOR THOSE LOSSES ATTRIBUTABLE TO THE ALLEGED WRONGDOING; 6) REQUIRING RESPONDENT TO DISGORGE ALL PROFITS AND OTHER DIRECT OR INDIRECT REMUNERATION RECEIVED FROM THE ALLEGED WRONGDOING; 7) REQUIRING RESPONDENT TO ENGAGE AN INDEPENDENT COMPLIANCE CONSULTANT TO REVIEW RESPONDENT'S PLATFORM, THE UNDERLYING INFRASTRUCTURE, AND ITS CUSTOMER SERVICE SYSTEM RELATED TO TRADING PLATFORM OUTAGES AND DISRUPTIONS; 8) REQUIRING RESPONDENT TO ENGAGE AN INDEPENDENT COMPLIANCE CONSULTANT TO REVIEW AND ENHANCE ITS POLICIES AND PROCEDURES RELATED TO THE APPROVAL OF OPTIONS TRADING; 9)



REQUIRING RESPONDENT TO REVIEW ITS SUPERVISORY PROCEDURES TO ENSURE COMPLIANCE WITH APPLICABLE STATE AND FEDERAL LAWS; 10) IMPOSING AN ADMINISTRATIVE FINE ON RESPONDENT IN SUCH AMOUNT AND UPON SUCH TERMS AND CONDITIONS AS THE DIRECTOR OR PRESIDING OFFICER MAY DETERMINE; AND 11) TAKING ANY SUCH FURTHER ACTION WHICH MAY BE IN THE PUBLIC INTEREST AND NECESSARY AND APPROPRIATE FOR THE PROTECTION OF MASSACHUSETTS INVESTORS.

Arbitration Award - Award / Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 1

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-OTHER; EXECUTIONS-EXECUTION ERROR; TRADING DISPUTES-OTHER
Arbitration Forum:	FINRA
Case Initiated:	01/10/2019
Case Number:	19-00145
Disputed Product Type:	OPTIONS
Sum of All Relief Requested:	\$50,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	05/09/2019
Sum of All Relief Awarded:	\$21,970.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

End of Report



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