



Regulation Best Interest Disclosure: Investment Recommendations

Overview

This document contains important information about how Robinhood Financial LLC (“Robinhood”), an SEC-registered broker-dealer, makes investment recommendations (“Recommendations”) to retail customers. When Robinhood makes a Recommendation to you, it is doing so as a broker-dealer, and the Recommendation will be made in your best interest, without placing the interest of Robinhood ahead of your interests. Below you will find more detailed information regarding the types of products Robinhood may recommend, the fees and expenses associated with these Recommendations, and material facts about the conflicts of interest that are associated with the Recommendations we make. This document is supplemental to other disclosure documents you have previously received that also contain relevant and important information, such as the [RHF Form CRS](#), [RHF-RHS Customer Account Agreement](#), and the [Robinhood Fee Schedule](#).

Robinhood currently offers two types of Recommendations: (1) ETF Portfolio Recommendations; and (2) Stock Lending Recommendations. Each type is explained in detail below, in separate sections.

SECTION 1: ETF PORTFOLIO RECOMMENDATIONS

What is an ETF?

Exchange Traded Funds (“ETFs”) are a type of exchange-traded investment product, generally a registered pooled investment vehicle, offering investors the opportunity to invest in a diversified¹ portfolio of investments by purchasing one product. ETFs trade on a stock exchange, allowing you to easily buy and sell shares. When you invest in an ETF, your money is pooled with other investors’ money and that money is invested in stocks, bonds, currencies, or other assets (depending on the ETF you are investing in) and you receive an interest in that pooled investment in the form of a share or fractional share of the ETF.

ETFs vary in their investment focus and objectives, which can be defined by industry, region, sector, index, etc. You should always read an ETF’s prospectus before investing in it, which is made available to you as part of the Portfolio Recommendation experience. The prospectus contains detailed information about the ETF’s investment strategy and objectives, risks, costs, expenses, and historical performance. Past performance is not a guarantee of future results, and you can lose money investing in ETFs.

Who Can Receive Portfolio Recommendations?

Robinhood offers customers two different types of ETF portfolio recommendations. Robinhood First Trade Recommendations are limited to customers who have not yet directed a security trade within their Robinhood brokerage account. Recommendations in Individual Retirement Accounts (IRAs) are not limited by virtue of having previously traded; however, Recommendations are not available if the IRA holds more than 20 securities.

¹ Diversification does not ensure a profit or guarantee against a loss.

Additionally, Recommendations are not available to customers who reside in the State of Massachusetts. There is no account minimum requirement to open or maintain a brokerage account with Robinhood. However, recommended trades may only be placed for amounts of \$20.00 or more, which requires you to fund your account with at least \$20.00 to place a recommended trade.²

How We Make Portfolio Recommendations

→ Determining Your Risk Profile

Robinhood's proprietary technology is designed to collect information about you and analyze your investor profile to provide you with a Recommendation. The Recommendation is for a diversified portfolio of ETFs, designed to be in your best interest based on the information you provided at the time you provided it. It's very important that you provide Robinhood with accurate answers to the questions because this information is the primary basis of our Recommendation, and although we do check for potential response errors, we do not independently validate the accuracy of the information you provide. We will ask you a set of questions to learn about your investment experience, financial situation, risk tolerance, outside investments, investment objectives, and time horizon - Robinhood's proprietary technology analyzes this information and assigns an overall risk profile to you. Because all of your answers are taken into account when assigning a risk profile, it is possible that even if you indicate that you are not comfortable taking on a lot of risk we may recommend a portfolio that carries more risk than you indicated you are comfortable with in order to balance your other needs such as your investment objectives or your time horizon.

→ Constructing a Portfolio

First Trade Recommendations:

Based on your risk profile, Robinhood then recommends a portfolio of four ETFs, leveraging our proprietary technology to both select the ETFs and to determine what sort of asset allocation meets your overall risk profile. Robinhood's asset allocation and portfolio construction methodology was designed and tested by licensed investment professionals utilizing the industry-accepted theories and frameworks of Modern Portfolio Theory, the Black-Litterman Model, and Capital Asset Pricing Model. Each of the four ETFs represents a different asset class of varying degrees of risk. While all investing is risky, certain asset classes are traditionally considered riskier than others. So, if you have a lower risk profile, your recommended portfolio will have a larger percentage of the "pie" allocated to, for example, a total bond fund ETF because bonds are generally considered less risky than stocks. Whereas, if a higher amount of risk is appropriate for you, Robinhood will allocate more of the portfolio to a higher-risk asset class, like an emerging markets ETF. See the section entitled "Information and Risks Related to ETFs," below for additional information about each of the ETF asset classes we may recommend to you.

Retirement Recommendations in IRAs:

In a retirement account, based on your investor profile for your account, Robinhood recommends a portfolio of ETFs, leveraging our proprietary technology to both select the ETFs and to determine the asset allocation which meets your overall risk profile, with particular emphasis on time horizon. Robinhood's asset allocation and portfolio construction methodology was designed and tested by licensed investment professionals utilizing the industry-accepted theories and frameworks, including Modern Portfolio Theory. In addition, our investment strategy team, made up of investment professionals, periodically updates allocations and methodologies utilized in assigning each risk profile and may make appropriate adjustments based on macro insights. Each of the ETFs represents a different asset class of varying degrees of risk. While all investing is risky, certain asset classes are traditionally considered riskier than others. So, if you have a lower risk profile, your recommended portfolio will have a larger percentage of the "pie" allocated to, for example, a bond ETF because bonds are generally considered less risky than stocks. Whereas, if a higher amount of risk is appropriate for you, Robinhood will allocate more of the portfolio to a higher-risk asset class, like an emerging markets equity ETF. See the section entitled "Information and Risks Related to ETFs," below for additional information about each of the ETF asset classes we may recommend to you.

² Robinhood allows customers to invest in any single security with as little as \$1. Since the portfolios we recommend allocate no less than 5% in any single ETF, the minimum investment amount we support in a recommended portfolio is \$20.

Important Information About Recommended Portfolios:

For both types of Recommendations, you will be presented with the following: detailed information about each ETF that is recommended to you and the asset allocation of your ETFs (or portions of the “pie”) that are recommended for each one within the overall portfolio. It is important that you review all of this information, including the ETF prospectuses that are provided to you, before you make a decision as to whether you want to invest in the recommended portfolio. The Recommendation will be for a portfolio comprising specific dollar-based percentages of each ETF, and is not a recommendation to purchase any one individual ETF outside of this portfolio allocation. Whether you choose to invest in the portfolio that is recommended to you or not, the Recommendation will not be valid in the future. All Recommendations are only valid at the time they are generated because your financial information, assumptions driving your asset allocation, and the information about the ETFs are subject to change at any time.

→ What’s Not Included

Although Robinhood collects a lot of information from you, there are certain pieces of information that we do not collect or use to make your Recommendation. For instance, we do not ask for information about personal tax status. That portion of your investment profile would not impact the way your First Trade Recommendation is created since your account is an individual taxable brokerage account, and is not designed to be tax efficient or tax exempt. Similarly, your personal tax status would not impact Retirement Recommendations as they are made within tax exempt or tax deferred IRAs. We also do not take into account any: (a) free stock rewards credited to your account as part of a Robinhood promotional offer, or (b) assets that you hold with our non-brokerage affiliates, for purposes of evaluating your financial situation or determining how much risk is appropriate for your recommended portfolio. By leveraging a machine-based Recommendations engine, there are limitations to the technology’s ability to understand and recognize different portions of your investor profile which may be more nuanced than it is able to understand. If you have information that you feel is important to Robinhood’s understanding of your financial situation, and that information is not collected by our questionnaire, you should not act on a Recommendation from Robinhood.

Additionally, your Recommendation is only based on a point-in-time snapshot of your financial situation based on your answers to the questionnaire. Robinhood does not provide ongoing monitoring of your investments, and will not be able to tell you if an ETF should be sold from your portfolio, if your portfolio should be rebalanced, or if your financial situation changes resulting in your investments no longer being considered suitable or appropriate for you. Additionally, Robinhood will not vote proxies on the ETFs being recommended given they are only a point in time Recommendation. You are solely responsible for monitoring your investments once you have purchased them. Any future purchases you choose to make in the assets within a recommended portfolio would not be considered a Recommendation by Robinhood, and would be entirely self-directed.

Fees and Costs Related to Portfolio Recommendations

Robinhood does not directly charge you any fees for making an ETF Recommendation or for placing the related recommended trades. However, all ETFs have fees and expenses related to owning the investment. These are called expense ratios, and they tell you how much of your investment will be deducted annually to pay the ETF’s manager for managing the fund and operating expenses. Expense ratios are expressed as a percentage of total net assets. Expense ratios negatively affect your investment returns, and should be carefully considered before making an investment decision. Refer to the ETF’s prospectus for detail regarding its expense ratio.

Additionally, ETFs held in brokerage accounts can have varying tax consequences depending on the type of ETF and underlying investments it holds, the type of account you hold the ETF in, and the amount of time you hold the ETF before selling it. You should consult with a tax professional to understand whether a particular ETF investment is appropriate for your financial and tax situation. Robinhood Financial does not provide tax advice or financial planning.

Robinhood receives indirect compensation in the form of payment for order flow (see section directly below for additional information) which conflicts with your interest. Additionally, there are other fees and expenses that may

be associated with having and using your Robinhood brokerage account, such as margin interest, subscription fees for Robinhood Gold, regulatory and exchange fees, fees for paper copies of certain documents, and more. For complete information about the various fees and costs that you may incur in your Robinhood account, please refer to the [Robinhood Fee Schedule](#) and the [Form CRS](#). Although these fees are not directly tied to the Recommendations we make to you, these fees and expenses may still negatively impact your overall Robinhood brokerage account returns.

Material Limitations on Portfolio Recommendations

Robinhood Recommendations are currently only available via mobile app. We **only** recommend ETFs as part of your recommended portfolio, and no other type of investment product is eligible for inclusion. The universe of ETFs available to recommend to you is limited to the ETFs available on the Robinhood platform. As a result, Robinhood does not have access to the full universe of ETFs available on the market when making Recommendations.

Robinhood only recommends certain ETFs representing varying asset classes. We limit the universe of ETFs based upon what our licensed investment professionals and proprietary quantitative analysis (including, but not limited to, historical performance, costs, and risk measures) believe is in your best interest.

In First Trade Recommendations, all recommended ETF portfolios will comprise the same four ETFs, but with different allocations corresponding to your specific investment objectives and financial situation. In Retirement Recommendations, the recommended portfolios will include a range of ETFs that may vary based on the risk profile and the market environment. The ETFs representing each asset class may change from time to time depending on which ETFs available on the market best meet Robinhood's criteria for inclusion. We will re-verify our investment universe criteria at least quarterly. This will be determined by comparing available ETFs using a number of factors, including the ETF's assets under management, trading volume, expense ratio, and tracking error (how well an ETF tracks to its benchmark). Robinhood considers reasonably available alternatives when selecting the universe of ETFs we recommend to you.

Compensation to Robinhood for Portfolio Recommendations and Other Conflicts of Interest

There are some material facts about conflicts of interest that exist when Robinhood makes Recommendations to you using its proprietary Recommendations technology. It is important you understand these conflicts of interest before deciding to accept our Recommendation.

Although Robinhood does not charge you any commissions or fees for the Recommendation we make to you, Robinhood still makes money from the trades you place as a result of receiving the Recommendation, and for other general account products and services not directly related to the Recommendation or resulting trades. These are considered conflicts to your interest. Some examples of revenue that Robinhood may earn, related - directly or indirectly - to the ETF Recommendations we make to you, are:

- Robinhood earns revenue from your trade activity and therefore has a monetary incentive for you to trade more. This is called Payment for Order Flow, or PFOF. Specifically, we earn revenue from third-party market centers to which we route your orders. This creates an incentive for us to route orders to market centers who pay or rebate us for such orders, subject to our best execution requirements. If you trade on margin, Robinhood earns money from the interest you are charged on your margin balance and does so on a 360 day annual cycle.
- If you participate in our Fully Paid Securities Lending program, Robinhood earns a portion of the interest paid by the third party borrower.
- Robinhood earns interest on uninvested cash deposited in the Insured Network Deposit Sweep Program. If you fund your Robinhood brokerage account, but don't invest all of the cash held in your account and you have enrolled in the Cash Sweep Program, your uninvested cash balance will automatically sweep to the Program Banks and Robinhood will earn interest revenue from cash you deposited with the Program Bank(s).

For more information on how Robinhood makes money, including payment for order flow ("PFOF") please refer to the [Form CRS](#), the [Customer Agreement](#) that governs your Robinhood account, and our 606 Report within the [Disclosure Library](#).

Robinhood has other conflicts of interest that may impact the Recommendation you receive. The below is a summary of these conflicts:

- Robinhood Financial LLC's affiliate and clearing broker-dealer, Robinhood Securities, LLC ("RHS"), is responsible for executing your fractional share order. To the extent that RHS has sufficient inventory in its principal account to facilitate your fractional order, RHS will execute your fractional order in a principal capacity. If RHS does not have sufficient inventory for your fractional order, it may source additional shares from external venues, and provide you an execution price that RHS received from external venues in a riskless principal capacity. When it acts as principal, RHS may make money or lose money on a transaction, depending on a variety of factors.
- Certain staff, who are either associated persons of the broker-dealer or not, may have outside business activities which may be seen as conflicting with your interest.
- Robinhood Financial is a wholly-owned subsidiary of Robinhood Markets, Inc. ("Robinhood Markets"). Robinhood Markets has other subsidiaries which are not broker-dealers, and the activities of these other subsidiaries create conflicts of interest between Robinhood Financial and the other Robinhood Markets subsidiaries, including competing priorities, shared services and other more nuanced conflicts surrounding resource allocation.
- Robinhood may have relationships with certain vendors who are also providers of other services for affiliates. Additionally, directors, officers, or owners may have relationships with other service providers for Robinhood.

Information and Risks Related to ETFs

The following is important information regarding the various asset classes that may be represented in the ETFs recommended to you:

- **US Total Stock Market:** The US total stock market is designed to track the entire investable universe of stocks in the United States. This is ideal for investors who want exposure to the overall equity market at a low cost. It is broad-based; holding large, medium, and small cap companies and can have less volatility since it covers hundreds or even thousands of stocks.
- **US Large Cap:** US Large Cap represents the largest stocks in the United States based on market capitalization. This is broad-based; holding large cap companies across a variety of sectors and typically covers hundreds of stocks. This can have less volatility than small cap companies since they tend to be larger and more established, but generally more risk than US bonds.
- **US Small Cap:** US Small Cap represents the smaller size companies based on market capitalization in the United States. This is broad-based; holding small cap companies across a variety of sectors. They can have greater volatility than larger cap companies since they tend to be smaller and less liquid.
- **US Quality:** US Quality represents large cap stocks in the United States that score well on a variety of measures focused on financial quality. This is determined based on fundamental measures such as those companies with higher return on equity and lower financial leverage ratio than others. Quality stocks have historically provided returns in line with the broad stock market but with lower volatility.
- **US Growth:** US Growth represents large cap stocks in the United States that display strong growth characteristics. Growth characteristics are based on measures such as higher sales growth and earnings change to price ratios than others. These can be more volatile but provide greater returns than the broad market over time.
- **US High Dividend:** US High Dividend represents large cap stocks in the United States that pay higher than average dividends. Dividends are a source of income paid by the companies to stockholders. High dividend stocks have historically provided returns similar to the broader stock market but with lower volatility.
- **US Momentum:** US Momentum represents large cap stocks in the United States that have a high "momentum score". This score is determined by persistence in their relative performance to other US large cap stocks. Momentum stocks may be more volatile than the market and stocks that exhibit momentum, and thus score high, will change over time.
- **Emerging Markets:** Emerging markets focuses on the stocks of emerging market economies, such as Latin America, Asia, and Eastern Europe. An emerging market economy is one that is currently developing from a closed economy to one that is a market economy. Emerging market investments can

provide higher returns but correspondingly also higher risks, given the instability in many emerging market countries. Investing in emerging markets can bring diversity to an investment portfolio as they are less correlated to U.S. equities.

- **Foreign Developed Markets:** Foreign Developed markets can help investors gain relatively broad diversification through access to hundreds of large, medium, and small cap individual holdings across the world's most advanced economies outside of the US. A developed market belongs to a productive, industrialized country with an established rule of law. Developed markets can include, for example, Japan, the United Kingdom, France, Canada, and Australia.
- **Total US Bonds:** Total US bonds seeks to replicate a broad bond index. This includes many fixed income securities across a range of maturities, from both public and private sectors. The most common index used as a benchmark is the Bloomberg Aggregate Bond Index, which captures Treasury bonds, corporate bonds, municipal bonds and high-grade mortgage-backed securities. A total bond fund tracks the performance of its underlying index, which in turn monitors the entire bond market. Investing in a total bond fund gives investors the same exposure to the bond market as more traditional bond investments allow. Robinhood only offers fixed income securities in the form of ETFs.
- **US TIPS:** US TIPS provides exposure to US Treasury Inflation-Protected Securities (TIPS). TIPS aims to provide protection against inflation, because its value rises with inflation and falls with deflation. Like other bonds, TIPS are subject to interest rate risk (when interest rate rises, bond value declines) and also deflation risk (it will lose value in deflation). **US High Yield Bonds:** US High Yield Bonds are composed of USD-denominated, US corporate bonds rated below investment grade BBB. It provides higher income and price appreciation potential than other fixed income instruments, in compensation for higher return volatility, greater credit risk and more liquidity risk. Historically, it has also exhibited a higher correlation to the equity market than other bond investments.
- **Emerging Market Debt:** Emerging Market Debt represents USD-denominated sovereign debt issued by emerging market countries. It can cover over 65 sovereign entities, which can bring a benefit of diversification relative to developed market bonds. With often higher income, it is also subject to higher risks such as credit/default risks, geopolitical risks, and vulnerability to economic stress.

Together, these asset classes represent a large portion of the overall investable universe. Stocks, despite their high volatility, offer investors the opportunity for long-term capital growth. Bonds have lower return expectations but may provide a cushion for stock-heavy portfolios during economic turbulence due to their low volatility and low correlation with stocks. Including global stock market assets allows investors to diversify their stock exposure and invest in a more risk-efficient portfolio, essentially gaining diversification benefits without sacrificing potential returns.

Equity securities are subject to price fluctuation and possible loss of principal. Fixed-income securities involve interest rate, credit, inflation and reinvestment risks; and possible loss of principal. As interest rates rise, the value of fixed income securities falls. International investments are subject to special risks including currency fluctuations, social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets.

Although ETFs are designed to provide investment results that generally correspond to the performance of their respective underlying indices, they may not be able to exactly replicate the performance of the indices because of expenses and other factors. ETF shares are bought and sold at market price, which may be higher or lower than their net asset value. ETFs are required to distribute portfolio gains to shareholders at year end. These gains may be generated by portfolio rebalancing or the need to meet diversification requirements.

You should consider the investment objectives and unique risk profile of ETFs carefully before investing. Detailed information is available for each recommended ETF in the ETF's prospectus, which Robinhood makes available to you at the time of the Recommendation, and is also available directly from the ETF issuer. Additional regulatory guidance on Exchange Traded Products can be found at the [SEC website](#) and at the FINRA website ([here](#) and [here](#)).

SECTION 2: STOCK LENDING RECOMMENDATIONS

What is Stock Lending?

Stock Lending, also known as fully paid securities lending, is a program where your stocks are borrowed by Robinhood Securities, LLC (“Robinhood Securities”) to be loaned out for a variety of purposes, including to facilitate trade settlements, cover deficits, or use as collateral for other loans.

Stock Lending gives you the opportunity to earn extra income on stocks you already own. Once you enroll in Stock Lending, Robinhood Securities will match your portfolio against current needs. If there’s a match, Robinhood Securities, Robinhood Financial, and you will earn interest revenue on the loaned stocks. If your stocks are on loan, you’ll still be able to sell them at any time and realize gains or losses as you would otherwise. You generally will receive any dividends your stocks are scheduled to pay; in some cases, instead of dividends, you may receive an equivalent amount of cash (often referred to as “cash in lieu of dividends”), which is taxed at a higher rate than dividends (because the cash is taxed as ordinary income and dividends are taxed as capital gains). Stocks with low market availability and high demand are more likely to be loaned out.

Only whole shares of fully paid securities—stocks, ETFs, and ADRs—are eligible to be loaned out through Stock Lending. Securities purchased on margin, or in accounts with a debit balance, and fractional shares are not eligible. This means that if you have 1.5 fully paid shares of a security, we can only loan out 1 share as part of Stock Lending.

More information about Stock Lending is available on Robinhood’s Help Center at <https://robinhood.com/us/en/support/articles/stock-lending/>.

Who Can Receive Stock Lending Recommendations?

Customers who have a Robinhood brokerage account in good standing, and who meet our Stock Lending eligibility requirements are eligible to receive a Stock Lending Recommendation. In order to be eligible for Stock Lending, customers must meet at least one of the following criteria: (i) at least \$5,000 in total account value; OR (ii) at least \$25,000 reported annual income; OR (iii) any amount of trading experience other than “none.” Not all customers who are eligible for Stock Lending will receive a Stock Lending Recommendation.

Customers must also meet certain other requirements that ensure that Stock Lending is in their best interest; these requirements are described in the “How We Make Stock Lending Recommendations” section, below. Additionally, Stock Lending Recommendations are not available to customers who reside in the state of Massachusetts.

How We Make Stock Lending Recommendations

- **Assessing Your Risk/Reward Profile**

Robinhood’s investment professionals have developed a proprietary methodology which is applied to Stock Lending-eligible customers to determine whether a Stock Lending Recommendation is in their best interest. Robinhood utilizes data collected in your investor profile regarding your investment experience, risk tolerance, investment objective, income, and liquid net worth to analyze your financial well-being and risk profile. We also consider your trading activity, including how long you hold positions, and the potential for earnings given the securities you hold, to determine whether Stock Lending would be potentially beneficial to you.

- **What's NOT included?**

Although Robinhood collects a lot of information from you, there are certain pieces of information that we do not collect or use to make your Stock Lending Recommendation because we have determined that they are not relevant to ensuring that Stock Lending is in your best interest. By leveraging a machine-based Recommendations engine, there are limitations to the technology's ability to understand and recognize different portions of your investor profile which may be more nuanced than it is able to understand. If you have information that you feel is important to Robinhood's understanding of your financial situation, and that information is not collected by our investor profile questionnaire, you should not act on a Recommendation from Robinhood.

Additionally, your Stock Lending Recommendation is only based on a point-in-time snapshot of your financial situation based on your investor profile and other account information. Robinhood does not provide ongoing monitoring of your account, investments, or financial situation, and Robinhood will not be able to tell you if participation in the Stock Lending program continues to be in your best interest.

Fees and Costs Related to Stock Lending Recommendations

Robinhood does not directly charge you any fees for making a Stock Lending Recommendation or for enrolling in the Stock Lending product. However, there are other fees and expenses that may be associated with having and using your Robinhood brokerage account, such as margin interest, subscription fees for Robinhood Gold, regulatory and exchange fees, fees for paper copies of certain documents, and more. For complete information about the various fees and costs that you may incur in your Robinhood account, please refer to the [Robinhood Fee Schedule](#) and the [Form CRS](#). Although these fees are not directly tied to the Stock Lending Recommendations we make to you, these fees and expenses may still negatively impact your overall Robinhood brokerage account returns.

Material Limitations on Stock Lending Recommendations

Stock Lending Recommendations may be made to you via delivery of an email to your personal email address on file, or via various surfaces in-App. However, in order to act on a Stock Lending Recommendation, you should only use the in-App enrollment flow, which includes a step to verify the accuracy of your personal and financial information prior to enrollment. This step helps to ensure that the recommendation is in your best interest prior to you taking action on it.

Compensation to Robinhood for Stock Lending Recommendations and Other Conflicts of Interest

Robinhood Securities will receive compensation in connection with the use of your loaned securities, including in connection with lending your loaned securities to third-party borrowers for their use in connection with settling short sales or making deliveries, or for facilitating settlement of short sales or making deliveries by Robinhood Securities, its affiliates and/or its customers.

You will be paid a fee by Robinhood Securities for borrowing your securities. Robinhood Securities has a revenue sharing arrangement with Robinhood Financial, and will pay Robinhood Financial a contractually-agreed upon portion of the interest revenue it earns. Robinhood Financial splits that revenue with you. Unless otherwise noted, the portion payable to you is established in the Master Securities Lending Agreement you agreed to when you enrolled in Stock Lending, which may be amended by Robinhood Securities at any time without prior notice to you. The amount of compensation paid to you is available electronically in your account.

You will not receive any portion of any other compensation Robinhood Securities may earn in connection with the re-lending of your securities, including without limitation any interest Robinhood Securities may earn on collateral provided to you, any interest or distributions on collateral Robinhood Securities may receive from counterparties to which it re-lends the loaned securities, or any commissions Robinhood Securities may receive in connection with any executions of transactions for the account of parties that borrow securities from Robinhood Securities. The key factors that influence the amount of compensation received by Robinhood Securities for re-lending the

loaned securities – and therefore the amount paid to you – is (i) the availability of the securities for lending in the marketplace relative to the demand to borrow such securities and (ii) then-current interest rates. You generally have an opportunity to earn more compensation when the loaned securities become limited in supply relative to demand (i.e., become “hard to borrow” securities) and you generally have an opportunity to earn more compensation when interest rates, particularly short-term rates, are high.

Information and Risks Related to Stock Lending

Stock Lending is not appropriate for all customers. Stock Lending is offered through Robinhood Financial LLC. Securities are lent to Robinhood Securities, LLC. There is a risk that Robinhood Securities could default on its obligations to you under the Stock Lending program and fail to return the securities it has borrowed. If Robinhood Securities defaults and is unable to return loaned securities, you will not be able to trade such securities as usual. Provisions of the Securities Investor Protection Act may not protect you with respect to loaned securities. Robinhood Securities, however, provides cash collateral for such securities loans, and that collateral may constitute the only source of satisfaction of Robinhood Securities’ obligations in the event that it fails to return the loaned securities. In some circumstances, the collateral held on your behalf may not equal or exceed the value of loaned securities.

Review the [Fully Paid Securities Lending Risk Disclosure Statement and Master Securities Lending Agreement](#) to learn more about Stock Lending and its risks.

We will take reasonable care in developing and making Recommendations to you. However, securities involve risk, and you may lose money. There is no guarantee that you will meet your investment goals or that our recommended investment strategy will perform as anticipated.

Securities trading offered through Robinhood Financial LLC, [Member SIPC](#), a registered broker-dealer. Custodial and clearing services are provided through Robinhood Securities LLC, [Member SIPC](#), a registered broker-dealer. Both are wholly owned subsidiaries of Robinhood Markets.