

Robinhood's Full Statement in Response to "Gaming Wall Street" Filmmaker Questions

You can learn more about the documentary at www.gamingwallstreet.org . In the credits, we mentioned that Robinhood gave us extensive, detailed answers to the questions we asked them - here they are.

- 1. Do you envision more transparency in the future for PFOF from Robinhood to its consumers, i.e. on a per-transaction basis? What is the company's plan, and would Robinhood see it as desirable for Citadel to disclose their profits made through PFOF**
 - a. *On-the-record statement:* "Brokerage firms, including Robinhood, are required by the SEC to disclose payment for order flow revenue and the percentage of order flow sent to each market maker. Robinhood also discloses our execution quality on trades and the amount of price improvement returned to customers on [our website](#). A [recent analysis](#) by MIT professors of anonymized Robinhood trade data, which we commissioned, found that Robinhood and the commission-free model we pioneered have helped put billions of dollars back into retail investors pockets."

- 2. Why was Vlad Tenev so evasive for most press interviews concerning the PCO, as compared to other brokerage CEOs?**
 - a. We strongly disagree with this characterization. Please refer to Vlad's response to a question on media interviews in his discussion with [Andrei Jikh](#) where, at 7:35, he begins, "We were dealing with all the conspiracy theories. My one goal with those interviews was to tell people that no hedge fund told us to do this and explain that these were capital requirements." . .

- 3. What was the content of the conversations Gretchen Howard & co had with Citadel? Why was she concerned they would ask to restrict PFOF?**
 - a. *On-the-record statement:* "While we won't comment on individual employee conversations, generally speaking, it's normal for clearing brokers like Robinhood Securities to communicate with market-makers, especially in times of market stress to make sure customers can continue accessing the markets."

4. What is Robinhood's position towards Jim Swartwout selling his AMC shares based on material nonpublic information while also being the decision-maker to PCO?

- a. Please refer to pg. 4 of a [recent Robinhood legal filing](#) on this matter. The relevant screenshot is included here:

Plaintiffs' charges of impropriety are similarly based on complete mischaracterizations of the documents in the record. For example, Plaintiffs allege that Mr. Swartwout, President and COO of Robinhood Securities, engaged in self-serving trades at the expense of customers by selling "his AMC shares on January 26, 2021—a day before the restrictions took effect." (Opp. at 24.) This is false for three obvious reasons. *First*, the full text of the message (copied in the Amended Complaint) shows that Plaintiffs confuse Mr. Swartwout's sale of AMC shares on January 26 with Robinhood Securities' plan to increase margin requirements for GME the following day—a completely different stock, and not the restriction at issue. (Am. Compl. ¶ 12.) *Second*, none of the purchase restrictions at issue were decided upon, or implemented until the morning of January 28 (after Robinhood Securities received the NSCC email raising its collateral deposit requirement), and therefore Mr. Swartwout did not know and could not have known that Robinhood later was going to impose purchase restrictions on AMC at the time he sold his AMC shares. (Am. Compl. ¶ 219; Mot. at 9-10.) *Third*, the "PCO" restriction that Robinhood implemented on January 28 permitted Robinhood customers at all times to sell out of existing positions; thus, any Robinhood customer could sell his or her AMC shares, just as Mr. Swartwout did. (Am. Compl. ¶ 240.) Plaintiffs also claim

5. What were the exact collateral deposit requirements requested from NSCC to Robinhood, between January 25-29, and how did the figure develop on Jan. 28th through the multiple de-risking efforts of Robinhood?

Clearinghouse Deposit Requirements - Week of January 25, 2021 (approximate)

Date	Daily Total Requirement Start of Day	Daily Total Requirement End of Day
January 25, 2021	\$125 million	\$202 million
January 26, 2021	\$291 million	N/A
January 27, 2021	\$282 million	\$693 million

January 28, 2021	\$1.4 billion	N/A
January 29, 2021	\$354 million	\$460 million

6. What safety features have been introduced at Robinhood's clearing arm? Are you projecting future NSCC deposit requirements on a real-time basis or are you still using the batch system?

a. *On-the-record statement:* "We never want our customers to be surprised with trading restrictions again, so we've taken a number of steps to improve our platform, process, and capital position. As of the end of 2021, Robinhood Securities' net capital position was \$2.8 billion: 21x what was required by the SEC, putting us in the ranks of the largest brokerage firms in the US. RHS remains in a strong position to keep serving our customers through unlikely market events. We strengthened the foundation of the compliance and risk infrastructure we'd developed in prior years by hiring dozens of experienced professionals in the past year alone. We made significant improvements to our technology scaling capabilities to further insulate the business when handling market volatility, and we added enhanced customer disclosures with respect to the use of margin on our platform. We also doubled the size of our customer support team last year and introduced 24/7 phone support for all issues, so we can be there for our customers when they need us."

7. The reduction of \$3Bn to \$1.4Bn of the deposit requirement of the morning of the 28th - was this done in stages, or was a "we will PCO" the sole step to reduce the figure? Did Robinhood have a VAR formula of its own to calculate the requirements in order to anticipate the NSCC requirements, or was this a kind of "flying blind and getting surprised" situation? *On-the-record comment:* "Robinhood routinely forecasts its daily NSCC deposit requirements, including the VaR."