Exhibit 58

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number**: 001-40691**

Robinhood Markets, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**46-4364776**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

85 Willow Rd
Menlo Park, CA 94025
(Address of principal executive offices, including zip code)
(844) 428-5411
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock - $0.0001 par value per share	**HOOD**	**The Nasdaq Stock Market**

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant was not a public company as of June 30, 2021, the last business day of its most recently completed second fiscal quarter, and therefore, cannot calculate the aggregate market value of its voting and non-voting common equity held by non-affiliates as of such date. The registrant's Class A common stock began trading on the Nasdaq Global Select Market on July 29, 2021.

As of February 18, 2022, the numbers of shares of the issuer's Class A and Class B common stock outstanding were 740,034,469 and 127,955,246.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this Report, to the extent not set forth herein, is incorporated herein by reference from the registrant's definitive proxy statement relating to the Annual Meeting of Stockholders to be held in 2022, which definitive proxy statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Annual Report") of Robinhood Markets, Inc (together with its subsidiaries, "we", "Robinhood", or the "Company") contains forward-looking statements (as such phrase is used in the federal securities laws), which involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "believe," "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "estimate," "predict," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. This Annual Report includes, among others, forward-looking statements regarding:

- our expectations for headcount growth and the projects on which the additional employees will be staffed;
- our preparations for a full launch of crypto wallet transfers later in the first quarter of 2022;
- our expectations regarding legal and regulatory proceedings and investigations;
- our plan to attract new customers to accelerate our growth by continuing to introduce new products and features and by continuing to invest in broad-scale brand marketing and the Robinhood Referral Program (defined below), and our expectation that our efforts will drive higher brand awareness and increase customer adoption of our platform;
- our intent to continue investing in our platform capabilities and regulatory and compliance functions; our expectation that as our customer base and platform functionalities expand, areas of investment priority will likely include product innovation, educational content, and technology and infrastructure improvements; and our belief that these investments will contribute to our long-term growth;
- our belief that as our customers grow their wealth, they will continue to expand their relationship with our platform, providing an increased opportunity to meet their growing financial needs;
- our belief that there is a significant opportunity for Robinhood to grow internationally; our intent to pursue a disciplined approach to international expansion; our plan to consider factors such as population size and demographics, legal and regulatory environments, and general investing attitudes in potential new markets when pursuing such expansion; our intent to expand our international hiring to gain access to a larger talent pool, as well as to support our international service offerings; and our aggressive goals to open our crypto platform up to new customers internationally in 2022;
- our expectations about continued growth through acquisitions; and
- our expectations about meeting our current liquidity needs for the next 12 months and our long-term liquidity needs.

Our forward-looking statements are subject to a number of known and unknown risks, uncertainties, assumptions, and other factors that may cause our actual future results, performance, or achievements to differ materially from any future results expressed or implied in this Annual Report. Reported results should not be considered an indication of future performance. Factors that contribute to the uncertain nature of our forward-looking statements include, among others:

- our limited operating history;

- the difficulty of managing rapid growth and the risk of declining or negative growth;
- the fluctuations in our financial results and key metrics from quarter to quarter;
- our reliance on transaction-based revenue, including payment for order flow ("PFOF"), and the risk of new regulation or bans on PFOF and similar practices;
- the difficulty of raising additional capital (to satisfy any liquidity needs and support business growth and objectives) on reasonable terms or at all;
- the need to maintain capital levels required by regulators and self-regulatory organizations;
- the risk that we might mishandle the cash, securities, and cryptocurrencies we hold on behalf of customers, and our exposure to liability for operational errors in clearing functions;
- the impact of negative publicity on our brand and reputation;
- the risk that changes in business, economic, or political conditions, or systemic market events, might harm our business;
- our dependence on key employees and a skilled workforce;
- the difficulty of complying with an extensive and complex regulatory environment and the need to adjust our business model in response to new or modified laws and regulations;
- the possibility of adverse developments in pending litigation and regulatory investigations;
- the effects of competition;
- our need to innovate and invest in new products and services in order to attract and retain customers and deepen their engagement with us in order to maintain growth;
- our reliance on third parties to perform some key functions and the risk that operational or technological failures could impair the availability or stability of our platform;
- the risk of cybersecurity incidents, theft, data breaches, and other online attacks;
- the difficulty of processing customer data in compliance with privacy laws;
- our need as a regulated financial services company to develop and maintain effective compliance and risk management infrastructures;
- the volatility of cryptocurrency prices and trading volumes; and
- the risk that substantial future sales of Class A common shares in the public market could cause the price of our stock to fall.

Because some of these risks and uncertainties cannot be predicted or quantified and some are beyond our control, you should not rely on our forward-looking statements as predictions of future events. More information about potential risks and uncertainties that could affect our business and financial results is included in the section of this Annual Report titled "Risk Factors" and our other filings with the U.S. Securities and Exchange Commission ("SEC"), which are available on the SEC's web site at www.sec.gov. Moreover, we operate in a very competitive and rapidly changing environment; new risks and uncertainties may emerge from time to time and it is not possible for us to predict all risks nor identify all uncertainties. The events and circumstances reflected in our forward-looking statements might not be achieved and actual results could differ materially from those projected in the forward-looking statements. Except as otherwise noted, all forward-looking statements are made as of the date we file this Annual

Report, and are based on information and estimates available to us at this time. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, performance, or achievements. Except as required by law, Robinhood assumes no obligation to update any of the statements in this Annual Report whether as a result of any new information, future events, changed circumstances, or otherwise. You should read this Annual Report with the understanding that our actual future results, performance, events, and circumstances might be materially different from what we expect.

PART I

ITEM 1. BUSINESS

Company Overview

Robinhood was founded in 2013 on the belief that everyone should be welcome to participate in our financial system. We are creating a modern financial services platform for everyone, regardless of their wealth, income, or background.

Our mission is to democratize finance for all. We use mobile technology to provide access to the financial system in a way that is simple and convenient for our customers. We believe investing should be familiar and welcoming, with a simple design and an intuitive interface, so that customers are empowered to achieve their goals. We started with a revolutionary, bold brand and design, and the Robinhood app now makes investing approachable for millions. We pioneered commission-free stock trading with no account minimums, which the rest of the industry emulated, and we have continued to build relationships with our customers by introducing new products that further expand access to the financial system. Through these efforts, we believe we have made investing culturally relevant and understandable, and that our platform is enabling our customers to become long-term investors and take greater control of their finances.

At Robinhood, our values are in service of our customers. The following values describe the company that we aspire to become.

- *Safety First.* Robinhood is a safety-first company. The reliability of our platform takes precedence over all else, so that we can be there for our customers when they need us the most. We relentlessly protect our customers' security and privacy, and we only share with our counterparties what they need to fulfill our customers' financial needs, nothing more. We build safeguards and provide education so that our customers are in the best position to succeed. We have high-quality timely customer support, and when things aren't right, we fix them. We work closely with regulators and lawmakers to protect our customers and the broader financial system. We speak simply, plainly, and truthfully, even if it's not what others want to hear. We hold ourselves and our colleagues to the highest ethical standards.

- *Participation Is Power*. We aim to give everyone access to the financial system, regardless of their background or bank account balance. We reflect the world around us, and we elevate and embrace all voices so everyone feels at home at Robinhood.

- *Radical Customer Focus*. We exist to make our customers happy. From the early days of Robinhood, we have prioritized getting direct customer feedback on what we were building. Talking to our customers forms the kernel of the product development process we have today. We listen with empathy, ask questions, and critically evaluate our work by how valuable our customers find it. We never stop asking how we can make our product better, and we never settle for 'good enough'. We listen to our colleagues, and we start from a place of believing they are capable and well-intentioned. We delight our customers and take pride in our work.

- *First-Principles Thinking*. We make bold bets and challenge the status quo. Our foundation is in art, science, and pure mathematics, and we have a deep appreciation for the scientific process. We develop hypotheses and design experiments to test them. We reduce complex problems to their constituent bits. We debate vigorously and change our minds when confronted with the right evidence. We bravely do what's right, even when it hasn't been done before. We treat our company like a product and aim to get better, every single day.

We understand that millions of our customers are using Robinhood to enter the financial markets for the first time, and we take our responsibility to them seriously. We pursue strong, close working relationships with our regulators, and we believe the goals of our regulators and customers are aligned. We are passionate about operating Robinhood in a way that aligns with customer interests, applicable regulations, and with our own mission to democratize finance for all. We plan to create an ecosystem of financial products and services that will enable people across the world to become investors. We believe the products on our roadmap will go a long way toward making that a reality.

Our Products

We believe our products can transform the relationship people have with the financial system. We began by offering our customers the ability to buy and sell equities on a mobile-first platform and have since continued to expand our offerings to add products and features for our customers. Each capability we have added has been the result of a continuous focus on our customers' needs and feedback, which has guided our product development decisions throughout our history.

The core tenet of the Robinhood offering—expanding access to our financial system through products that empower people to learn, participate, and grow—underpins each of our offerings. We remain focused on building the best products and ultimately aim to serve all of our customers' financial needs.

Investing Solutions

Our platform allows our customers to invest commission-free in U.S.-listed stocks and exchange traded funds ("ETFs"), as well as related options and American Depository Receipts — all from their smartphones. We believe we have designed an elegant, intuitive investing interface that provides our customers with trading functionality and market information such as historical prices, valuation multiples, recent news, analyst ratings, and more. Stock and ETF trading is immediately available following our simple account onboarding process and funding.

We review eligibility for our customers who wish to trade options, including disclosure of investment experience and knowledge, investment objectives and financial information. Subject to approval from Robinhood, customers can access basic options strategies (Level 2), which permits buying calls and puts and selling covered calls and puts, or more advanced options strategies (Level 3), which permits fixed-risk spreads (such as credit spreads and iron condors) and other advanced trading strategies, depending on their individually disclosed preparedness. We conduct regular reviews of our customers' eligibility and take action to revoke access to trading options as appropriate, to ensure our customers are accessing the level of options strategies that are appropriate for them based on information such as their trading experience, investment objectives and financial situation.

As we have built out our offerings, we have also added features to help our customers diversify their investments and give them greater access to financial products regardless of their portfolio size:

- *Fractional shares*. Fractional share trading allows customers to invest in fractions of a share of stock, rather than requiring them to buy and sell whole shares. This service enables customers to build a diversified portfolio regardless of their budget and removes a barrier to investing in higher-priced stocks, thereby providing access to a much greater selection of equities with as little as $1.

- *Recurring investments.* Our recurring investment feature enables our customers to automatically buy shares of equities and certain ETFs on a set schedule, allowing them to build positions over time and establish regular investing habits, even with small contributions. Our customers can also elect to automatically reinvest dividend income back into the underlying respective shares.

- *IPO Access*. Our IPO Access feature enables our customers to buy shares in participating initial public offerings ("IPOs") at the IPO price, before trading begins on public exchanges. With IPO Access, our customers can participate with no account minimums. In November 2021, we also

launched our Directed Share Program ("DSP") through IPO Access service that gives an issuing company the chance to set aside a certain amount of shares, at the IPO price, for a specific group of people. This group usually includes employees, valued customers, vendors, or others who have a relationship with the issuer.

- *ACATS-in.* Robinhood supports the Automated Customer Account Transfer Service ("ACATS"), an automated industry system for account asset transfers, including inbound and outbound transfers. The ACATS-in feature allows our customers to transfer assets from other brokerages into Robinhood instead of selling the assets in the external account and then re-purchasing them in the Robinhood account. This feature was offered to a small set of customers in late December 2021 and was made available to all customers in the first quarter 2022.

Robinhood Crypto

We offer commission-free cryptocurrency trading using the same intuitive, mobile interface as our broader Investing Solutions platform. We have expanded our coverage to include every U.S. state and the District of Columbia, except for Hawaii and Nevada, and support trading in seven different cryptocurrencies: Bitcoin, Bitcoin Cash, Bitcoin SV, Dogecoin, Ethereum, Ethereum Classic and Litecoin. In addition, we support real-time market data for nine cryptocurrencies, which is available to all customers.

We offer crypto recurring investments, allowing customers to automatically buy crypto, commission-free, on a schedule of their choice. This feature allows customers to build positions in their favorite cryptocurrencies over time. We also offer Crypto Gifts, which enables customers to gift crypto to family, friends, and others.

We continue to invest in our cryptocurrency trading offering, evaluating new features and product capabilities as the cryptocurrency landscape develops. During the third quarter of 2021, we opened a waitlist to enroll for crypto wallet transfers ("Crypto Wallets"). Crypto Wallets have been one of the most heavily requested features by Robinhood customers. This feature will enable customers to transfer supported cryptocurrencies into and out of their Robinhood accounts. This means customers can consolidate their coins into one account so it's easier to track their portfolio and trade those coins commission-free. Robinhood's Crypto Wallets feature is designed to help make crypto more accessible for the average investor, with an intuitive user experience, low-cost, and competitive pricing. We have successfully completed alpha program launch and public user onboarding of Crypto Wallets and have launched a public beta, which will continue to provide insights as we prepare for a full launch of wallets later in the first quarter of 2022.

Robinhood Gold

Robinhood Gold is a monthly subscription service that grants subscribers access to a number of premium features. After the initial 30-day free trial, subscribers pay a flat monthly rate. Our premium features offered to Gold subscribers include:

- *Enhanced instant access to deposits.* Subscribers can instantly access $5,000 to $50,000 upon making a deposit, depending on their portfolio value.
- *Professional research.* Subscribers have unlimited access to in-depth stock research reports on approximately 1,000 stocks through Morningstar.
- *Nasdaq Level II market data.* Subscribers have the ability to see greater depth of orders for any given stock or option. The ability to see multiple buy and sell requests helps subscribers understand the availability or desire for a stock at a certain price.
- *Access to investing on margin.* Subject to approval upon meeting eligibility criteria set by Robinhood, subscribers can invest on margin at highly competitive interest rates. This allows

eligible subscribers to borrow a limited amount of funds, depending on account size, to use as additional investing capital. No interest is charged on the first $1,000 in margin borrowed by each user. If the subscriber chooses to borrow more funds, the subscriber will be charged interest, which interest is calculated daily and charged to the subscriber's account at the end of each billing cycle. Robinhood decides whether to extend margin to each customer who applies for access based on information regarding customer activity, portfolio equity or net worth criteria, investment objectives, and investing experience reported by the customer.

Cash Management

Our Cash Management product is available on our platform for customers with a Robinhood brokerage account. It provides additional value to our brokerage customers by allowing them to earn interest on idle cash swept to our partner banks and to spend cash through an optional Robinhood-branded Mastercard debit card. There are no maintenance fees or minimum balances, no overdraft fees, no transfer fees, no foreign transaction fees, and no monthly fees. Our customers are able to fund their accounts through either a bank transfer or direct deposit and have free access to their funds from over 75,000 ATMs. Our customers who opt in to Cash Management elect to participate in a deposit sweep program and will have their uninvested cash automatically swept, or moved, into deposits at a network of program banks. Through Cash Management, cash deposited at these banks is eligible for Federal Deposit Insurance Corporation ("FDIC") insurance.

Learning & Education Solutions

Investing, while an opportunity to partake in the broader financial ecosystem, can be complex and confusing for those who are new to it. While we do not provide investment advice to our customers, we are committed to helping our customers build sustainable, long-term financial habits and to offering a variety of contextual in-app educational tools and resources to help them achieve their goals and maximize their financial well-being, including:

- *Robinhood Snacks*. "Snacks" is a curated digest of business news stories delivered both daily and weekly. Snacks can be accessed in written, audio or video formats, including via a podcast and newsletter, and allows subscribers to start their days with the top business news of the day in an accessible, digestible format. During the third quarter of 2021, we also launched Snacks on Snapchat, making Snacks one of the first financially-oriented educational channels to ever be made available on Snapchat's Discover tab.

- *Robinhood Learn*. We aim to make finance not only more accessible, but more understandable as well. Robinhood Learn is a collection of articles, including guides, tutorials and an extensive financial dictionary available to anyone. It is designed to provide everyone with access to a breadth of financial education, and is frequently updated to provide relevant information for our customers to learn and grow.

- *Newsfeeds*. Within our newsfeeds, we provide access to free premium news from sites such as *Barron's*, *Reuters* and *The Wall Street Journal* to keep our customers informed of the latest news and events.

- *Robinhood lists and alerts*. Our customers are able to create custom watchlists and alerts to monitor equities, options, ETFs, or cryptocurrencies they are interested in following.

- *First trade recommendations*. We offer first trade recommendations to all new customers who have yet to place a trade, helping users get started with a diversified ETF portfolio based on their risk profile and investment objectives.

Our Technology

The Robinhood mobile app is the core front-end pathway through which our customers engage with us. Our self-clearing platform, order routing system, data platform, and other back-end infrastructure deliver the capabilities that allow our customers to focus on investing, saving and spending, while also enabling us to rapidly develop products that our customers love to use.

Some of our most critical technologies include:

- *Core infrastructure and data platform.* Our core infrastructure and data platform are all built on Amazon Web Services, and our platform enables application developers to define their microservices in a simple, standardized manner while also providing built-in scalability and resiliency.
- *Self-clearing system.* Our self-clearing services allow us to clear and settle trades across stocks, ETFs, and options without relying on a third-party clearing firm, an approach that provides increased internal visibility over clearing and settlement.
- *Order routing system.* We built a proprietary order routing system that uses statistical models to evaluate past orders and execution quality data, and automatically routes customer orders to the market makers that have historically given customers the best prices. This competition-based system creates an incentive for market makers to provide better prices for our customers, in order to receive more orders in the future. We are committed to seeking a quality execution on every order, and our routing protocols are designed with this in mind.
- *Machine learning platform.* Our machine learning models are highly advanced and contribute to multiple capabilities across our business. For example, we use machine learning as part of our fraud detection systems and customer support workflows, and even to improve the customer experience in our newsfeed by expanding the number of sources we can pull from, parsing and categorizing these articles, and delivering highly relevant and varied news to our customers for companies, stocks, or cryptocurrencies.
- *Experiments infrastructure.* To enable our rapid product cycle, we've built a proprietary experiments infrastructure that enables us to test product changes through the build process and validate research hypotheses. The iterative, customer-centric product development approach that is so core to our success is enabled by this robust internal technology.

Our Customers

We are empowering a new generation of financial consumers. Robinhood was built to make the financial system more friendly, approachable, and understandable to newcomers and experts alike. We have reached customers across the United States from a wide variety of social and economic backgrounds and many of our customers funding accounts on our platform told us that Robinhood was their first brokerage account. We take pride in the fact that we are expanding the market by welcoming new investors into the financial system and helping the next generation of investors build sound long-term investing, saving, and spending habits.

Customer feedback is at the heart of product development at Robinhood. As such, we regularly communicate with our customers—not just to provide support, but also to learn more about their experiences and insights, and to respond to their feedback about our products. This keeps us connected with customers and enables us to understand their expectations and the problems and opportunities they face financially. During the fourth quarter of 2021, we launched 24/7 live phone support for all logged-in users, giving customers the ability to get phone support at any time and on any topic. We are also the first major crypto platform to provide 24/7 phone support.

Our Growth Strategies

We aim to serve our customers with existing product offerings, grow with our customers over time as they build their wealth, and create new and innovative products that are relevant to new and existing customers.

Continue Adding New Customers to Our Platform

We are simplifying how people interact with financial products, allowing new customers from all walks of life and generations to participate in the financial system.

We have achieved our growth with relatively little investment in traditional sales and marketing efforts, although we have done substantial in-market testing to determine how to most efficiently utilize paid channels. We plan to increase our brand marketing in the future and anticipate that our marketing efforts will drive higher brand awareness that can further accelerate our growth.

Our brand has faced challenges in recent years, including as a result of, among other things, the March 2020 Outages, the April-May 2021 Disruptions, and the Early 2021 Trading Restrictions (each defined below), as well as criticism regarding the complexity of our options trading offerings and related concerns about limited customer support and controversial customer communications and displays. We have taken these concerns seriously and have prioritized developing responsive solutions, such as by reinforcing our platform infrastructure, raising additional capital to cushion ourselves against the potential for future increased collateral requirements and related market stress, expanding our investor education resources, adding additional eligibility criteria for our options authorization, more than doubling the number of customer support professionals we employ, introducing phone-based voice customer support, and redesigning some of our customer display features. We are determined to keep evolving to better serve our customer base.

Growing with Our Customers

Many of our customers are just beginning their financial journeys. As our customers grow their wealth, we believe they will continue to expand their relationship with our platform, providing an increased opportunity to meet their growing financial needs. We believe that these needs may come in a number of forms, from helping new investors grow into long-term investors to providing other financial services such as saving, spending, or facilitating payments. The younger generation is poised to see its wealth expand in the coming years and participation in the markets will provide a critical opportunity as younger customers grow their assets and build financial security for themselves and their families. We are committed to deepening strong relationships with our loyal customer base and earning our customers' trust when they choose our platform on their financial journeys.

Expanding Internationally

We believe there is a significant opportunity for Robinhood to grow internationally. Currently, we offer services to only U.S. citizens and permanent residents with a legal address within the continental United States or Puerto Rico. Although our operations are concentrated in the United States, we do have U.K. and Dutch subsidiaries (which have U.K.- and Netherlands-based employees and contractors but no external service offerings and no customers). Over time, we intend to pursue a disciplined approach to international expansion and we will consider factors such as population size and demographics, legal and regulatory environments, and general investing attitudes in potential new markets prior to pursuing such expansion. We intend to expand our international hiring to gain access to a larger talent pool, as well as to support our international service offerings. While our near-term focus remains on our current U.S. customers, we have already made technical investments in our clearing platform that we believe will allow us to expand to serve customers in other geographies more easily in the future. We have also set aggressive goals to open our crypto platform up to new customers internationally in 2022. Our plans to pursue international expansion are uncertain and dependent on a variety of external factors, including, among other things, our obtaining required regulatory approvals, authorizations, licenses and consents,

our obtaining and protecting intellectual property rights abroad, and the identification of and successful entry into new business partnerships with third-party service providers that would be necessary to provide our products and services in the relevant local market.

Growth Through Acquisition

We have made a number of acquisitions to add specialized employees and complementary companies, products, or technologies that add synergies to our business. For instance, in August 2021, we acquired A Say Inc. and its subsidiaries ("Say Technologies"). Say Technologies built an innovative communication platform that makes it easier for investors to exercise their ownership rights. See Note 3 to our consolidated financial statements in this Annual Report for further information. We expect to continue to consider and evaluate acquisitions as part of our overall growth strategy.

Competition

We believe that we are changing the consumption patterns for financial products and services and growing the market, but will continue to face competition from other firms including large legacy financial institutions, large technology companies, and smaller, new financial technology entrants.

We believe that the key competitive factors in our market include:

- product features, quality and functionality;
- operating efficiency;
- engineering talent;
- brand recognition;
- security and trust;
- cloud-based architecture;
- regulatory licenses; and
- vertical integration.

We seek to differentiate ourselves from competitors primarily through our vertically integrated, mobile-first platform and focus on accessibility, customer experience, and trust. We believe that our ability to innovate quickly further differentiates our platform from our competition. We believe we compete favorably across all key competitive factors and that we have developed a business model that is difficult to replicate.

Our Competitive Advantages

We believe we have a number of competitive advantages that position us well to serve an increasing portion of the population and the broader financial services ecosystem.

Creative Product Design

We believe archaic, cumbersome digital platforms reinforce legacy barriers to participation in the financial system. We put design at the center of our product with the goal of building long-term relationships with customers. We involve our talented product designers early and often throughout our product development process to create intuitive and elegant experiences that efficiently address our customers' needs. Our customer-centric approach has made our platform easy to use, informative, and familiar in look and feel for a generation of mobile-first customers. For example, we seamlessly integrate information into our platform through Robinhood Learn and our newsfeed, which offers free news from

trusted sources including *Barron's*, *Reuters,* and *The Wall Street Journal*. In addition, we continue to work to deliver an intuitive product experience including developing and implementing designs to celebrate investing milestones of our customers in a responsible way. Our products are designed mobile-first, allowing us to offer attractive investing, spending, and saving experiences as more people shift their daily financial services activities to the palm of their hands.

Category-Defining Brand

We believe Robinhood today is a symbol of retail investing and finance in America. By taking a fresh, people-centric approach and creating a delightful, engaging customer experience, we believe we have built a trusted, category-defining brand that has made investing socially relevant for the next generation.

The relationship we have built with our customers has led many to want to talk about Robinhood and share their experience with their friends and family. From Robinhood's inception, a vast majority of our growth has come directly from customers joining our platform organically or through the Robinhood Referral Program. The excitement around Robinhood demonstrates how our innovative approach to financial products has built deep, loyal customer relationships and positioned us well to continue attracting new people to our platform, and sharing new product experiences with our customers.

Financial Services at Internet Scale

Our people-centric approach has driven customer enthusiasm and engagement, resulting in rapid adoption of our products. We designed our platform to provide our customers with relevant, accessible information when they need it most. Being an investor involves following a regular cycle of events—news releases, earnings announcements, transaction executions—that creates a regular cadence of content and information. We use our platform, from push notifications to widgets, to provide seamless customized updates to our customers. This engenders trust, creates enduring long-term relationships, and has resonated with our customers.

Vertically Integrated Platform

We design our own products and services and deliver them through a single, app-based platform supported by proprietary technology that has been cloud-based from the start. We are a licensed introducing broker-dealer, a licensed clearing broker-dealer, and a licensed money-transmitter. Our digitally-native technology stack also gives us control over our product development from end-to-end, enabling faster development times, better customer experiences, stronger unit economics, greater flexibility, and a robust and dynamic risk management framework. Our vertically integrated platform has enabled us to rapidly introduce new products and services such as cryptocurrency trading, dividend reinvestment, fractional shares, recurring investments and IPO Access, while also supporting our ability to quickly scale.

Seasonality

Our business can be subject to seasonal fluctuations due to such factors as retail interest in investing, overall number of market participants and trading volumes, varying numbers of trading days from quarter-to-quarter, and declines in trading activity around holidays. Seasonal trends may be superseded by market or macroeconomic events, which can have a significant impact on equity and cryptocurrency valuations and trading activity.

Human Capital

Our Employees and Culture

Robinhood employees are key to achieving our company mission. As of December 31, 2021, we had approximately 3,800 full-time employees. We seek to champion a culture that is open and honest. We hold weekly "all-hands" meetings with all employees, during which any employee has the opportunity to

ask a question of our senior leadership. We use a company-wide surveying tool to facilitate regular check-ins with employees and to provide critical input for company decisions on how to best improve productivity, happiness and retention. Inclusivity is core to our culture and we seek to create an environment where all viewpoints, including opposing ones, are welcomed. We provide tools, opportunities and support for career and personal growth, as well as ongoing company initiatives to maintain high employee engagement.

Our mission to democratize finance for all starts with our people. In the last two years, we have seen how flexibility and trust allows teams to do their best work, attracts top talent, and creates a workplace that's more inclusive and equitable. With our "Remote First" approach, we provide employees with the flexibility they need to work where they are most comfortable and productive whenever we can, depending on their roles and regulatory requirements. All of our employees have access to our offices whenever they would like to use them. As we move forward, we are committed to continue learning, listening and creating a flexible, accessible and great workplace for everyone.

Talent Acquisition and Development

A critical foundation to our mission starts with building an inclusive environment that attracts and retains diverse, exceptional talent. We prioritize hiring great leaders with deep functional expertise, then we commit to their professional and technical development so we can grow together. We continue to invest in recruiting and fostering diverse talent, supporting our employees and speaking out for our community.

We work to attract the best talent from a range of sources in order to meet the current and future demands of our business. We have relationships with universities, professional associations, and industry groups to proactively reach underrepresented talent. We use trusted third-party partners to help us mitigate potential bias in our hiring process—from the language used in our job descriptions to how technical screening interviews are conducted.

The professional growth of our people is essential to the growth of our business and we aim to empower all Robinhood employees to reach their full potential. We support job-specific capabilities and training to help develop behavioral and leadership capabilities for all employees. All full-time employees are offered an ongoing education stipend to support skill-building both in current and for future roles, as well as access to the LinkedIn Learning platform, which provides thousands of online courses taught by industry experts covering a wide range of technical, business, software, and creative topics. We also offer a variety of formal and informal development and skills-building opportunities to our managers. For example, this year we launched a podcast series of interviews with our senior leaders on how to have career conversations with employees and effectively conduct performance reviews.

Inclusion, Equity, and Belonging ("IEB")

Prioritizing an inclusive and equitable culture that attracts, motivates, and retains diverse talent within our workplace is critical to delivering on our mission. As our customer base is incredibly diverse, we are building a company that will meet their needs. At Robinhood, inclusivity is core to our culture, and we seek to create an environment where all viewpoints are welcome. We strive to do this in four distinct ways: ensuring our workplace culture is accessible and respectful, broadening the diversity of our workforce at all levels, effectively serving non-traditional investors, and increasing financial literacy among underserved communities. We value each of our employees and their unique contributions as we build our company together.

We have built a comprehensive IEB strategy with a dedicated team to support it. In addition to offering more ways for our employees to self-identify different aspects of their identity, we also rolled out inclusive hiring training to all hiring managers and interviewers, implemented a diverse slate approach to hiring, and increased our community outreach efforts around financial inclusion for underrepresented communities.

As of December 31, 2021, 61% of our employees are members of at least one of our Robinhood Employee Resource Groups (“ERG”) which are voluntary, identity or experience-based groups led by members and allies who join together to support the creation of an inclusive workplace. We utilize ERGs to create a welcoming environment for new employees by designating Robinhood Ambassadors, leaders within our ERGs who are available to candidates and new employees who want to learn more about working at Robinhood. Robinhood ERGs include: Asianhood, Black Excellence (BEX), Brain Body Heart, Divergent, Latinhood, Parenthood, Rainbowhood, Sisterhood, Veterans at Robinhood, and Women in Tech.

In addition to providing a supportive, safe space for many employees, a number of Robinhood ERGs support specific business objectives that include recruiting, employee engagement, marketing, and more. For example, our ERGs participate in various hiring events, including hosting panels on what it’s like to work at Robinhood and how to think about career development.

Employee Incentives and Benefits

We offer a wide range of benefits designed to attract the best talent and to ensure Robinhood employees are taken care of both at and outside of work. We offer competitive compensation for employees and benefits for themselves and their families. Where applicable, eligibility also extends to domestic partners and their children; our approach is based on the aim of supporting the diverse needs of our employees. Some notable benefits that our employees value include lifetime fertility benefits, backup child care credit, generous paid family leave, retirement savings with employer match, financial planning services, and employer-paid health and wellness benefits.

The health and wellness of our employees is paramount to our success. We offer wellness benefits that include reimbursement for qualified expenses, on-demand emotional health support, and time off to refresh, recharge, and relax. We offer competitive base pay, and all employees are eligible for variable incentive pay (bonus and/or equity) linked to company and individual performance.

COVID-19 continues to be a challenge. In addition to leveraging our third-party survey tool, we conducted company-wide focus groups in 2021 to reach out, listen, and ensure employees got the support they needed through the pandemic. We asked questions that related directly to employees' perception of the company’s handling of the situation, and responded accordingly. To support our employees’ work from home needs during the COVID-19 pandemic, we offer all employees a one-time $1,000 workspace stipend, generous leave arrangements, and a monthly internet stipend.

Intellectual Property

Our success and ability to compete are significantly dependent on our core technology and intellectual property. We rely on trademarks, patents, copyrights, trade secrets, know-how and expertise, registered domain names, license agreements, intellectual property assignment agreements, confidentiality procedures and non-disclosure agreements to establish and protect our intellectual property and proprietary rights. We seek to protect our intellectual property and proprietary rights, including our proprietary technology, software, know-how and brand, by relying on a combination of federal, state, and common law rights in the United States and other countries, as well as on contractual measures. However, these laws, agreements, and procedures provide only limited protection. It is our practice to enter into confidentiality, non-disclosure, and invention assignment agreements with our employees, consultants, contractors and other third parties, and into confidentiality and non-disclosure agreements with other third parties, in order to limit access to, and disclosure and use of, our confidential information, trade secrets, know-how, and proprietary technology. Though we rely in part upon these legal and contractual protections, we believe that factors such as the skills and ingenuity of our employees and the functionality and frequent enhancements to our solutions are larger contributors to our success in the marketplace. Any of our intellectual property rights might be successfully challenged, opposed, diluted, misappropriated, or circumvented by others or invalidated, narrowed in scope or held unenforceable through administrative process or litigation in the United States or in non-U.S. jurisdictions. Furthermore,

legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain and any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce our trade secrets and intellectual property rights. Our efforts to enforce our intellectual property rights might also be met with defenses, counterclaims, and counter-suits attacking the validity and enforceability of our intellectual property rights.

We have an ongoing trademark and service mark registration program pursuant to which we register our brand names and solution names, taglines and logos in the United States and certain other jurisdictions to the extent we determine appropriate and cost-effective. We are the registered holder of a variety of U.S. and international trademarks and domain names that include the primary brand "Robinhood," including variations thereof, as well as brands for other Robinhood products and services, such as our Snacks podcast and newsletter. We also have common law rights in certain unregistered trademarks that were established over years of use. We are the authorized user of a variety of social media handles, pages, and profiles that reflect our primary brand. In addition, we have a suite of defensively registered domains. We believe that the protection of our trademark rights is an important factor in product recognition, protecting our brand, and maintaining goodwill. Litigation or proceedings before the U.S. Patent and Trademark Office or other governmental authorities and administrative bodies in the United States and abroad may be necessary in the future to enforce our trademark rights and to determine the validity and scope of the trademark rights of others.

Despite our efforts to obtain, maintain, protect, defend, and enforce our intellectual property rights, we cannot be certain that the steps we have taken will be sufficient or effective to prevent the unauthorized access, use, copying, or the reverse engineering of our technology and other proprietary information, including by third parties who might use our technology or other proprietary information to develop services that compete with ours, and our intellectual property rights might not be respected in the future or might be invalidated, circumvented, or challenged. See "Risk Factors—Risks Related to Our Intellectual Property" for a more comprehensive description of risks related to our intellectual property and proprietary rights.

Regulation

U.S. and non-U.S. laws and regulations apply to many key aspects of our current business operations and future business plans. These laws and regulations include, but are not limited to, "best execution" requirements under SEC guidelines and FINRA rules, which require our subsidiaries, Robinhood Securities, LLC ("RHS") and Robinhood Financial LLC ("RHF"), to obtain the best reasonably available terms for customer orders. In part, this requires broker-dealers to use reasonable diligence so that the price to the customer is as favorable as possible under prevailing market conditions, taking into account, among other things, the character of the market for the security, the size and type of the transaction, the number of markets checked, accessibility of quotations, and the terms and conditions of the order as communicated by the broker-dealer's customer. Although a broker-dealer is not required to examine every customer order individually for compliance with its duty of best execution, it must undertake regular and rigorous reviews of the quality of its customer order executions.

We are also subject to laws and regulations regarding data privacy and security; in the U.S., federal law, such as the Gramm-Leach-Bliley Act of 1999 and its implementing regulations, restricts certain collection, processing, storage, use and disclosure of personal data, requires notice to individuals of privacy practices and provides individuals with some rights to prevent the use and disclosure of nonpublic or otherwise legally protected information. These rules also impose requirements for the safeguarding and proper destruction of personal data through the issuance of data security standards or guidelines. The U.S. government, including Congress, the Federal Trade Commission and the Department of Commerce, has also announced that it is reviewing the need for greater regulation for the collection, use, and other processing of information concerning consumer behavior on the internet, including regulation aimed at restricting some targeted advertising practices, and numerous states, including but not limited to California through the California Consumer Privacy Act and California Privacy Rights Act of 2020, have

enacted or are in the process of enacting state-level data privacy laws and regulations governing the collection, use, and other processing of state residents' personal data. The New York State Department of Financial Services ("NYDFS") also issued Cybersecurity Requirements for Financial Services Companies, which took effect in 2017, and which require banks, insurance companies, and other financial services institutions regulated by the NYDFS, including Robinhood Crypto, LLC ("RHC"), to establish and maintain a cybersecurity program designed to protect consumers and ensure the safety and soundness of New York State's financial services industry.

Failure to comply with these requirements may result in, among other things, revocation of required licenses or registrations, loss of approved status, private litigation, administrative enforcement actions, sanctions, civil and criminal liability, and constraints on our ability to continue to operate. For additional information relating to regulation and regulatory actions, see "Risk Factors—Risks Related to Regulation and Litigation" and "Risk Factors—Risks Related to Cybersecurity and Data Privacy."

Available Information

On our investor relations website, investors.robinhood.com, we post the following filings after they are electronically filed with or furnished to the SEC: Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Beneficial Ownership Reports on Forms 3, 4, and 5, and amendments to those reports filed or furnished pursuant to Sections 13(a), 15(d), or 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All such filings are available, free of charge, on our website as soon as reasonably practicable after we file such material electronically with, or furnish it to, the SEC. The SEC also maintains a website that contains our SEC filings. The address of the site is www.sec.gov.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases, and blogs as part of our investor relations website. We intend to use our blog, *Under the Hood,* as a means of disclosing material information to the public in a broad, non-exclusionary manner for purposes of the SEC's Regulation Fair Disclosure (Reg. FD). *Under the Hood* can be accessed at blog.robinhood.com and investors should routinely monitor that website, in addition to Robinhood's press releases, SEC filings, and public conference calls and webcasts, as information posted on Robinhood's blog could be deemed to be material information. The contents of our websites are not intended to be incorporated by reference into this Annual Report or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

ITEM 1A. RISK FACTORS

A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks and uncertainties described below, as well as the other information included in this Annual Report, including our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our business, financial condition, results of operations, and prospects could be materially and adversely affected by any of these risks or uncertainties. In that case, the trading price of our Class A common stock could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we currently see as immaterial might also adversely affect our business. Some statements in this Annual Report, including statements in the following risk factors, constitute forward-looking statements. Please refer to "Cautionary Note Regarding Forward-Looking Statements."

Summary of Risk Factors

Our business is subject to a number of risks and uncertainties including those described at length in the Risk Factors section below. We consider the following to be our most material risks:

- We have a limited operating history, which makes it difficult to evaluate our business and prospects and increases the risks associated with an investment in our Class A common stock.
- We have grown rapidly in recent years and we have limited operating experience at our current scale. If we are unable to manage our growth effectively, our financial performance might suffer and our brand and company culture could be harmed.
- We might not continue to grow in line with historical rates.
- Our results of operations and other operating metrics fluctuate from quarter to quarter, which makes these metrics difficult to predict.
- We have incurred operating losses in the past and might not be profitable in the future.
- Because a majority of our revenue is transaction-based (including PFOF), factors that affect transaction-based revenue — such as reduced spreads in securities pricing, reduced levels of trading activity generally, changes in our business relationships with market makers, and any new regulation of, or any bans on, PFOF and similar practices — might result in reduced profitability, increased compliance costs, and negative publicity.
- As registered broker-dealers, we are subject to “best execution” requirements under SEC guidelines and FINRA rules. We could be penalized if we fail to comply with these requirements and these requirements might be modified in the future in a way that could harm our business.
- We might need additional capital to provide liquidity and support business growth and objectives, and this capital might not be available to us on reasonable terms, if at all, might result in stockholder dilution, or might be delayed or prohibited by applicable regulations.
- Unfavorable media coverage and other events that harm our brand and reputation could adversely affect our revenue and the size, engagement, and loyalty of our customer base.
- Our business may be harmed by changes in business, economic, or political conditions that impact global financial markets, or by a systemic market event.
- Our future success depends on the continuing efforts of our key employees and our ability to attract and retain senior management and other highly skilled personnel.
- Our business is subject to extensive, complex and changing laws and regulations, and related regulatory proceedings and investigations. Changes in these laws and regulations, or our failure to comply with these laws and regulations, could harm our business.
- We have been subject to regulatory investigations, actions, and settlements and we expect to continue to be subject to such proceedings in the future, which could cause us to incur substantial costs or require us to change our business practices in a materially adverse manner.
- We are involved in numerous litigation matters that are expensive and time consuming, and, if resolved adversely, could expose us to significant liability and reputational harm.

- We operate in highly competitive markets, and many of our competitors have greater resources than we do and may have products and services that are more appealing than ours to our current or potential customers.
- If we fail to retain existing customers or attract new customers, or if our customers decrease their use of our products and services, our revenue will decline.
- If we fail to provide and monetize new and innovative products and services that are adopted by customers, our business may become less competitive and our revenue might decline.
- Our products and services rely on software and systems that are highly technical and have been, and may in the future be, subject to interruption and instability due to software errors, design defects, and other operational and technological failures, whether internal or external.
- We rely on third parties to perform some key functions, and their failure to perform those functions could adversely affect our business, financial condition and results of operations.
- Our business could be materially and adversely affected by a cybersecurity breach or other attack involving our computer systems or data or those of our customers or third-party service providers.
- If we do not maintain the net capital levels required by regulators, our broker-dealer business may be restricted and we may be fined or subject to other disciplinary or corrective actions.
- Our compliance and risk management policies and procedures as a regulated financial services company might not be fully effective in identifying or mitigating compliance and risk exposure in all market environments or against all types of risk.
- The prices of cryptocurrencies are extremely volatile. Fluctuations in the price of various cryptocurrencies may cause uncertainty in the market and could negatively impact trading volumes of cryptocurrencies, which would adversely affect the success of our business, financial condition and results of operations.
- Substantial future issuances and sales of shares of our Class A common stock in the public market could result in significant dilution to our stockholders and cause the trading price of our Class A common stock to fall.
- The multi-class structure of our common stock has the effect of concentrating voting power with our founders, which limits your ability to influence the outcome of matters submitted to our stockholders for approval. In addition, the Founder Voting Agreement and any future issuances of our Class C common stock could prolong the duration of our founders' voting control.

Risks Related to Our Business

We have a limited operating history, which makes it difficult to evaluate our business and prospects and increases the risks associated with an investment in our Class A common stock.

We began operations in 2013, publicly launched our first product in 2015, and have since continued to introduce new products and services to our platform. As a result, our business model has not been fully proven and we have limited financial data that can be used to evaluate our current business and future prospects, which subjects us to a number of uncertainties, including our ability to plan for, model and manage future growth and risks. Our historical revenue growth should not be considered indicative of our future performance. For example, our operating history has coincided with an extended period of general macroeconomic growth in the United States, particularly in U.S. equity markets, as well as growth in the financial services and technology industries in which we operate. We therefore have not experienced any prolonged downturn or slowdown in macroeconomic or industry growth or any significant downturn in U.S.

equity markets and we might not be able to respond effectively to any such downturn or slowdown in the future. We have also encountered, and will continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly changing and heavily regulated industries, including challenges associated with achieving market acceptance of our products and services, attracting and retaining customers, and complying with laws and regulations (particularly those that are subject to evolving interpretations and application), as well as increased competition and the complexities of managing expenses as we expand our business. We might fail to adequately address these and other challenges we may face, and our business will be adversely affected if we do not manage these risks successfully. In addition, we might not achieve sufficient revenue to maintain positive cash flows from operations or profitability in any given period, or at all.

We have grown rapidly in recent years and we have limited operating experience at our current scale. If we are unable to manage our growth effectively, our financial performance might suffer and our brand and company culture could be harmed.

We have expanded our operations rapidly and have limited operating experience at our current size and scale. Between December 31, 2018 and December 31, 2021, our employee headcount increased from 289 to approximately 3,800, and we expect our headcount to continue to grow for the foreseeable future, though at a lesser rate given the foundation we now have in place. We face a risk that continued growth could strain our existing resources, and we could experience ongoing operating difficulties in managing our business across numerous jurisdictions, including difficulties in hiring, training, and managing a dispersed and growing employee base.

Our growth strategy contemplates significant expenditures for marketing, investing in customer support, acquisitions, expansion into new countries and markets, enhancements to our current offerings and development of new products and services, and these efforts might not be successful. In addition, our business is highly dependent on our technology platform, and we also rely on certain third-party service providers and computer systems. Any failure to maintain or upgrade our technology or network infrastructure effectively to support our growth, particularly as our customer base grows and we experience any corresponding surges in trading volume, or any interruption in the third-party services or deterioration in the quality of their service or performance, could result in unanticipated system disruptions, partial or full platform outages or other performance problems which have in the past and may in the future result in degraded service, costly litigation, regulatory and U.S. Congressional inquiries, examinations and investigations, customer dissatisfaction, arbitration and complaints and reputational harm and may have an adverse effect on our business. For example, we experienced (i) service outages on our stock trading platform on March 2-3, 2020 and March 9, 2020 (the “March 2020 Outages”) and (ii) partial service outages and degraded service on our cryptocurrency platform from time to time in mid-April and early May 2021 caused by a surging demand for cryptocurrency trading (the “April-May 2021 Disruptions”). In addition, our customer service team has historically experienced, from time to time, and continues to experience backlogs responding to customer support requests, including in connection with the April-May 2021 Disruptions, and reviewing new account applications, due to significant spikes in volumes. Further, any growth must be accomplished in a manner that is consistent with regulatory requirements that apply to our business. If we do not adapt to meet these evolving challenges and requirements, or if our management team does not effectively scale with our growth, we may experience erosion to our brand, the quality of our products and services might suffer, we might face regulatory obstacles, including adverse enforcement actions, other regulatory restrictions or limitations, or failure to obtain regulatory approvals required for certain types of growth, and our company culture might be harmed. We might also experience difficulties in providing adequate customer support to our customer base. Failure to improve, maintain or increase customer support now or in the future could inhibit our growth.

Because we have limited experience operating our business at its current scale, it is difficult to evaluate our current business and future prospects, including our ability to plan for and model future growth. Our limited operating experience at this scale, combined with the rapidly evolving nature of the market for our products and services, substantial uncertainty concerning how these markets may develop, the complex regulatory regimes applicable to different aspects of our business, and other factors beyond

our control, reduces our ability to accurately forecast quarterly or annual results and to predict the risks and challenges we may encounter.

We might not continue to grow in line with historical rates.

We have grown rapidly over the last few years. In particular, since March 2020, we have experienced a significant increase in revenue, Monthly Active Users ("MAU"), Assets Under Custody ("AUC"), and Net Cumulative Funded Accounts. For example, for full years 2019, 2020, and 2021, our revenue was $277.5 million, $958.8 million, and $1,815.1 million, respectively, representing annual growth of 245% in 2020 and 89% in 2021. Similarly, at year-end 2019, 2020, and 2021 we had Net Cumulative Funded Accounts of 5.1 million, 12.5 million, and 22.7 million, respectively, representing annual growth of 143% in 2020 and 81% in 2021.

The circumstances that accelerated the growth of our business might not continue in the future, and we expect our growth rates in revenue, MAU, AUC, and Net Cumulative Funded Accounts to decline in future periods, and such declines could be significant. It is also possible that revenue, MAU, AUC, and Net Cumulative Funded Accounts might fail to grow at all, and might decline. For example, during the first half of 2021 we experienced high trading volume and account sign-ups as well as high market volatility, particularly in certain market sectors, but those growth factors were largely absent during the second half of 2021. Sequentially from the first half of the year compared to the second half of 2021, revenue declined by 33% and Net Cumulative Funded Accounts remained roughly flat. You should not rely on our revenue or key business metrics for any previous quarterly or annual period as any indication of our revenue, revenue growth, key business metrics or key business metrics growth in future periods. Our historical annual revenue growth rates are likely to decline in future periods as the size of our business grows and as we achieve higher market adoption rates. We might be negatively impacted as the pandemic wanes, stimulus is phased out, and customers spend less time at home. We might also experience declines in our revenue growth rate (or negative growth) as a result of a number of other factors, including slowing demand for our platform, insufficient growth in the number of customers that utilize our platform, macroeconomic factors, increasing competition, a decrease in the growth of our overall market, or our failure to continue to capitalize on growth opportunities, including as a result of our inability to scale to meet such growth and economic conditions that could reduce financial activity and the maturation of our business, among others. Any failure to successfully address these risks and challenges as we encounter them, will negatively affect our growth. If our revenue growth rate declines, investors' perceptions of our business and the trading price of our Class A common stock could be adversely affected.

Our results of operations and other operating metrics fluctuate from quarter to quarter, which makes these metrics difficult to predict.

Our results of operations are heavily reliant on the level of trading activity on our platform and net deposits. In the past, our results of operations and other operating metrics have fluctuated from quarter to quarter, including due to movements and trends in the underlying markets, changes in general economic conditions, interest in investing, and fluctuations in trading levels generally, each of which is outside our control and will continue to be outside of our control. As a result, period-to-period comparisons of our results of operations might not be meaningful, and our past results of operations should not be relied on as indicators of future performance. Further, we are subject to additional risks and uncertainties that are frequently encountered by companies in rapidly evolving markets. Our financial condition and results of operations in any given quarter can be influenced by numerous factors, including the occurrence of any of the risks described elsewhere in this Risk Factors section, many of which we are unable to predict or are outside of our control. Factors contributing to quarterly fluctuations could include, among others:

- our ability to retain and engage existing customers and attract new customers;
- the timing and success of new product and service introductions by us or our competitors, or other changes in the competitive landscape of our market;
- volatility in the market generally or the occurrence of so-called "meme" trading in equities, options, or cryptocurrencies, which can cause our trading volumes to fluctuate;

- the occurrence of so-called “meme” trading in equities, options, or cryptocurrencies;
- increases in marketing, sales, compensation (for example, due to increased headcount), cloud infrastructure, and other operating expenses that we may incur to grow and expand our operations and to remain competitive;
- the timing and amount of non-cash expenses, such as share-based compensation and asset impairment;
- the success of our expansion into new markets;
- trading volume and the prevailing trading prices for cryptocurrencies, which can be highly volatile;
- changes in the public’s perception, adoption, and use of cryptocurrencies and other asset classes;
- any inability of customers to place trades, due to system disruptions, outages, or trading restrictions;
- any events that damage customer confidence in Robinhood, such as breaches of security or privacy;
- the impacts of the ongoing COVID-19 pandemic, unemployment, and inflation; and
- changes in tax laws or judicial or regulatory interpretations of tax laws, which are recorded in the period such laws are enacted or interpretations are issued, and may significantly affect the effective tax rate of that period.

Any of the factors above or listed elsewhere in this Risk Factors section, or the cumulative effect of some of those factors, could result in significant fluctuations in our results of operations.

We have incurred operating losses in the past and might not be profitable in the future.

We incurred operating losses each year from our inception in 2013 through 2019, including net losses of $6.1 million, $57.5 million, and $106.6 million for years 2017, 2018, and 2019, respectively. Although we generated positive net income for 2020, we returned to a net loss position for 2021. Our operating expenses increased substantially in 2021 and we expect them to continue to increase in the future as we increase our sales and marketing efforts, continue to invest in research and development, further develop our products, services, and customer support, increase our headcount, and expand into new geographies. These efforts and additional expenses may be more costly than we expect, and we might not be able to increase our revenue by an amount sufficient to offset our increased operating expenses or to become profitable again. If we are unable to generate adequate revenue to offset our operating expenses, we will continue to incur operating losses, which could be significant, and we might not be able to achieve profitability in the future.

Because a majority of our revenue is transaction-based (including PFOF), factors that affect transaction-based revenue — such as reduced spreads in securities pricing, reduced levels of trading activity generally, changes in our business relationships with market makers, and any new regulation of, or any bans on, PFOF and similar practices — might result in reduced profitability, increased compliance costs, and negative publicity.

A majority of our revenue is transaction-based, in that we receive consideration in exchange for routing our users’ equity, option, and cryptocurrency trade orders to market makers for execution. With respect to equities and options trading, such fees are known as payment for order flow, or “PFOF.” With respect to cryptocurrency trading, we receive “Transaction Rebates.” Our transaction-based revenue is sensitive to and dependent on trading volumes and therefore tends to decline during periods in which we experience decreased levels of trading generally. Computer-generated buy/sell programs and other technological advances and regulatory changes in the marketplace might continue to tighten spreads on transactions, which could also lead to a decrease in our PFOF earned from market makers. In addition, the regulatory landscape involving cryptocurrencies is subject to change and is experiencing rapid

evolution, and future regulatory actions or policies could reduce demand for cryptocurrency trading and might materially decrease our revenue derived from Transaction Rebates in absolute terms and as a proportion of our total revenues.

Risks Related to our Business Relationships with Market Makers

Our PFOF and Transaction Rebate arrangements with market makers are a matter of practice and business understanding and not documented under binding contracts. If any of these market makers were unwilling to continue to receive orders from us or to pay us for those orders (including, for example, as a result of unusually high volatility), we might have little to no recourse and, if there are no other market makers that are willing to receive such orders from us or to pay us for such orders, or if we are unable to find replacement market makers in a timely manner, our transaction-based revenue would be negatively impacted. This risk is particularly heightened for cryptocurrencies because fewer market makers are currently able to execute cryptocurrency trades. Furthermore, if market makers decide to alter our fee structure, our transaction-based revenue could significantly decrease.

Risks Related to Regulation of PFOF

PFOF practices have drawn heightened scrutiny from the U.S. Congress, the SEC, state regulators, and other regulatory and legislative authorities. For example, in November 2018, the SEC amended its rules relating to broker-dealer disclosure of order handling and routing to require that, among other things, such public disclosures must now describe additional detail regarding terms of PFOF arrangements and profit-sharing relationships that may influence a broker-dealer's routing decision, including information about average rebates the broker received from, and fees the broker paid to, market makers. As previously disclosed, in December 2020, we settled an SEC investigation into our best execution and PFOF practices and are defending putative class actions in federal district courts relating to the same factual allegations. Additionally, our PFOF practices were the subject of a line of critical questioning during a February 18, 2021 U.S. Congressional hearing related to the Early 2021 Trading Restrictions (defined below). We also face a risk that the SEC, other regulatory authorities, or legislative bodies might adopt additional regulation or legislation relating to PFOF practices as a result of such heightened scrutiny or otherwise, including regulation that could substantially limit or ban such practices, or pursue additional inquiries or investigations relating to PFOF practices. For example, a bill to direct the SEC to study and consider banning or limiting PFOF in the form of exchange rebates or payments from market centers to broker dealers, conflicts of interest based on PFOF arrangements, and the impact of PFOF on the quality of order execution passed out of the House Financial Services Committee in July 2021. In an August 2021 interview, Gary Gensler, Chair of the SEC, commented that a full ban of PFOF was "on the table." Any new or heightened PFOF regulation could result in increased compliance costs and otherwise materially decrease our transaction-based revenue, might also make it more difficult for us to expand our platform in certain jurisdictions, and could require us to make significant changes to our revenue model, which changes might not be successful. Because some of our competitors either do not engage in PFOF or derive a lower percentage of their revenues from PFOF than we do, any such heightened regulation or ban of PFOF could have an outsized impact on our results of operations. Furthermore, depending on the nature of any new requirements, heightened regulation could also increase our risk of potential regulatory violations and civil litigation, which could result in fines or other penalties, as well as negative publicity.

Risks Related to Negative Publicity Associated with PFOF or our Market Makers

Additionally, any negative publicity surrounding PFOF or Transaction Rebate practices generally, or our implementation of these practices, could harm our brand and reputation. For example, as a result of the Early 2021 Trading Restrictions, we faced allegations that our decision to temporarily prevent our customers from purchasing specified securities was influenced by our relationship with certain market makers. Furthermore, as registered broker-dealers, market makers must comply with rules and regulations that are generally intended to prohibit them from taking advantage of information they obtain while executing orders (e.g., through the prohibition on "front running"). Market makers also have a duty

to seek "best execution" of customers' equity and option orders we send to them. If the market makers we use to execute our customer's equity and option trades were to violate such rules and regulations and use this data for their own benefit in violation of applicable rules and regulations, it could result in negative publicity for us by association. Developments in any proposals related to the regulation of PFOF might themselves generate negative publicity associated with PFOF.

Additionally, if our customers or potential customers believe that they might get better execution quality (including better price improvement) directly from stock exchanges or from our competitors that have different execution arrangements, or if our customers perceive our PFOF practices to create a conflict of interest between us and them, or if they begin to disfavor the specific market markers with which we do business due to any negative media attention, they might come to have an adverse view of our business model and might decide to limit or cease the use of our platform. Some customers might prefer to invest through our competitors that do not engage in PFOF or Transaction Rebate practices or engage in them differently than do we. Any such loss of customer engagement as a result of any negative publicity associated with PFOF or Transaction Rebate practices could adversely affect our business, financial condition, and results of operations.

As registered broker-dealers, we are subject to "best execution" requirements under SEC guidelines and FINRA rules. We could be penalized if we fail to comply with these requirements and these requirements might be modified in the future in a way that could harm our business.

As registered broker-dealers, we are subject to "best execution" requirements under SEC guidelines and FINRA rules, which requires us to obtain the best reasonably available terms for customer orders, as described in Part I, Item 1 "Business". As previously disclosed, in December 2019 and 2020, we settled an SEC investigation and FINRA disciplinary action, respectively, that related to our best execution practices. We face a risk of additional investigations or penalties in the future related to our best execution practices.

We also may be adversely affected in the future by regulatory changes related to our obligations with regard to best execution. In particular, PFOF practices and best execution requirements have drawn heightened scrutiny from the U.S. Congress, the SEC, and other regulatory and legislative authorities, who have at times alleged that PFOF arrangements, like those we have with our market makers, can result in harm to customer execution quality. In his September 2021 testimony before the U.S. Senate Committee on Banking, Housing and Urban Affairs, Gary Gensler, Chair of the SEC, described a number of on-going projects he had instructed SEC staff to pursue related to market structure, including review of PFOF, best execution in the context of the National Best Bid and Offer system, and cryptocurrency asset markets and trading platforms. Chair Gensler made similar comments in his October 2021 testimony before the U.S. House Committee on Financial Services, including noting that the National Best Bid and Offer system might benefit from modernization and might no longer necessarily be an appropriate baseline from which to measure price improvement in the context of assessing best execution (together with his September 2021 testimony, the "Gensler Market Structure Testimony"). There is a risk that these bodies might adopt additional regulation relating to PFOF practices and best execution requirements as a result of such heightened scrutiny or otherwise. Any such regulation could have a material adverse impact on our business and our primary source of revenue.

We might need additional capital to provide liquidity and support business growth and objectives, and this capital might not be available to us on reasonable terms, if at all, might result in stockholder dilution, or might be delayed or prohibited by applicable regulations.

Maintaining adequate liquidity is crucial to our securities brokerage and our money services business operations, including key functions such as transaction settlement, custody requirements, and margin lending. The SEC, FINRA, and various state regulators also have stringent rules with respect to the maintenance of specific levels of net capital by securities broker-dealers. We meet our liquidity needs primarily from working capital and cash generated by customer activity, as well as from external debt and

equity financing. Increases in the number of customers, and fluctuations in customer cash or deposit balances, as well as market conditions or changes in regulatory treatment of customer deposits, could affect our ability to meet our liquidity needs.

In addition, our clearing and carrying broker-dealer is subject to cash deposit and collateral requirements under the rules of the clearinghouses in which it participates (including the Depository Trust Company ("DTC"), the National Securities Clearing Corporation ("NSCC"), and the Options Clearing Corporation ("OCC")), which requirements fluctuate significantly from time to time based upon the nature and volume of customers' trading activity and volatility in the market or individual securities. If we fail to meet any such deposit requirements, our ability to settle trades through the clearinghouse may be suspended or we may be forced to restrict trading in certain stocks in order to limit clearinghouse deposit requirements. For example, from January 28 to February 5, 2021, due to increased deposit requirements imposed on our clearing and carrying broker-dealer by NSCC in response to unprecedented market volatility, particularly in certain securities, we temporarily restricted or limited our customers from purchasing certain specified securities, including GameStop Corp. and AMC Entertainment Holdings, Inc., on our trading platform (the "Early 2021 Trading Restrictions"). This resulted in negative media attention, customer dissatisfaction, reputational harm, litigation, and regulatory and U.S. Congressional inquiries and investigations, as well as capital raising by us in order to lift the trading restrictions while remaining in compliance with our net capital and deposit requirements. We face a risk that similar events could occur in the future and, if we are unable to satisfy our deposit requirements, the clearinghouse may cease to act for us and may liquidate our unsettled clearing portfolio.

A reduction in our liquidity position could reduce our customers' confidence in us, which could result in the withdrawal of customer assets and loss of customers, or could cause us to fail to satisfy broker-dealer or other regulatory capital guidelines, which may result in immediate suspension of securities activities, regulatory prohibitions against certain business practices, increased regulatory inquiries and reporting requirements, increased costs, fines, penalties or other sanctions, including suspension or expulsion by the SEC, FINRA or other Self-Regulatory Organizations ("SROs") or state regulators, and could ultimately lead to the liquidation of our broker-dealers or other regulated entities. Factors which may adversely affect our liquidity positions include temporary liquidity demands due to timing differences between brokerage transaction settlements and the availability of segregated cash balances, timing differences between cryptocurrency transaction settlements between us and our cryptocurrency market makers and between us and our cryptocurrency customers, fluctuations in cash held in customer accounts, a significant increase in our margin lending activities, increased regulatory capital requirements, changes in regulatory guidance or interpretations, other regulatory changes, or a loss of market or customer confidence resulting in unanticipated withdrawals of customer assets.

We might also need additional capital to continue to support the growth of our business and respond to competitive challenges, including the need to promote our products and services, develop new products and services, enhance our existing products, services and operating infrastructure, acquire and invest in complementary businesses and technologies, and to fund payments on our obligations at the parent company level, such as any debt obligations we may incur. To meet liquidity needs at the parent level, we might need to rely on dividends, distributions and other payments from our subsidiaries. Regulatory and other legal restrictions might limit our ability to transfer funds to or from some subsidiaries. For example, under FINRA rules applicable to RHS, a dividend of over 10% of a member firm's excess net capital must not be paid without FINRA's prior written approval.

When available cash is not sufficient, we may seek to engage in equity or debt financings to secure additional funds. However, such additional funding might not be available on terms attractive to us, or at all, and our inability to obtain additional funding when needed could have an adverse effect on our business, financial condition, and results of operations. If we issue equity or convertible debt securities, our stockholders could suffer significant dilution, and the new shares could have rights, preferences and privileges superior to those of our current stockholders. Any debt financing could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which might make it more difficult for us to obtain additional capital and to pursue future business opportunities.

As a result of a cease-and-desist order issued by the SEC on December 17, 2020 and our related settlement in connection with the SEC's investigation of our best execution and PFOF practices, we are currently an "ineligible issuer," as the term is defined under Rule 405 of the Securities Act of 1933, as amended (the "Securities Act"), and we will remain an ineligible issuer until December 17, 2023. As long as we are an ineligible issuer, we will generally be prevented from using free writing prospectuses and recorded roadshows in securities offerings, and we will not qualify as a "well-known seasoned issuer" ("WKSI") (which status we would otherwise likely achieve by August 2022). We will therefore be unable to take advantage of benefits associated with WKSI status, such as the ability to file universal shelf registration statements on Form S-3 that are automatically effective. These restrictions could impair our ability to raise additional capital quickly in response to changing requirements and market conditions.

Unfavorable media coverage and other events that harm our brand and reputation could adversely affect our revenue and the size, engagement, and loyalty of our customer base.

Our brand and our reputation are two of our most important assets. Our ability to attract, build trust with, engage, and retain existing and new customers may be adversely affected by events that harm our brand and reputation, such as public complaints and unfavorable media coverage about us, our platform, and our customers, even if factually incorrect or based on isolated incidents.

We receive a high volume of media coverage, which has increased as our company has grown and has included, and may continue to include, negative coverage regarding our products and services and the risk of our customers' misuse or misunderstanding of our products and services, inappropriate or otherwise unauthorized behavior by our customers and litigation or regulatory activity. In addition, given our public profile, any unanticipated system disruptions, outages, technical or security-related incidents, or other performance problems relating to our platform, such as the March 2020 Outages and the April-May 2021 Disruptions, are likely to receive extensive media attention. Furthermore, any negative experiences our customers have in connection with their use of our products and services, including as a result of any such performance problems, could diminish customer confidence in us and our products and services, which could result in unfavorable media coverage or publicity. For example, we received customer complaints and significant media attention as a result of the Early 2021 Trading Restrictions.

Damage to our brand and reputation could also be caused by:

- cybersecurity attacks, privacy or data security breaches, or other security incidents, payment disruptions or other incidents that impact the reliability of our platform;
- actual or alleged illegal, negligent, reckless, fraudulent or otherwise inappropriate behavior by our management team, our other employees or contractors, our customers or third-party service providers as well as complaints or negative publicity about such individuals;
- any repeat imposition of temporary trading restrictions (similar to our Early 2021 Trading Restrictions), or any outright failure to meet our deposit requirements;
- litigation involving, or regulatory actions or investigations into, our platform or our business;
- any failures to comply with legal, tax and regulatory requirements;
- any perceived or actual weakness in our financial strength or liquidity;
- any regulatory action that results in changes to, or prohibits us from offering, certain features or services;
- changes to our policies, features or services that customers or others perceive as overly restrictive, unclear, inconsistent with our values or mission, or not clearly articulated;
- a failure to operate our business in a way that is consistent with our values and mission;

- inadequate or unsatisfactory customer support experiences. For example, prior to October 2021, we did not offer general customer support by telephone for all use cases;
- negative responses by customers or regulators to our business model or to particular features or services;
- a failure to adapt to new or changing customer preferences;
- a prolonged weakness in popular equities or cryptocurrencies specifically or in U.S. equity and cryptocurrency markets generally, or a sustained downturn in the U.S. economy; and
- any of the foregoing with respect to our competitors, to the extent the resulting negative perception affects the public's perception of us or our industry as a whole.

These and other events could negatively impact the willingness of our existing customers, and potential new customers, to do business with us, which could adversely affect our trading volumes and number of funded accounts, as well as our ability to recruit and retain personnel, any of which could have an adverse effect on our business, financial condition, and results of operations, as well as the trading price of our Class A common stock.

Our business may be harmed by changes in business, economic, or political conditions that impact global financial markets, or by a systemic market event.

As we are a financial services company, our business, results of operations, and reputation are directly affected by elements beyond our control, such as economic and political conditions including unemployment rates, inflation and tax rates, financial market volatility (such as we experienced during the COVID-19 pandemic), significant increases in the volatility or trading volume of particular securities or cryptocurrencies (such as we experienced during the meme stock events of early 2021 and the Dogecoin surge of mid-2021), broad trends in business and finance, changes in volume of securities or cryptocurrencies trading generally, changes in the markets in which such transactions occur, and changes in how such transactions are processed. These elements can arise suddenly and the full impact of such conditions could remain uncertain indefinitely. A prolonged market weakness, such as a slowdown causing reduced trading volume in securities, derivatives, or cryptocurrency markets, could result in reduced revenues and adversely affect our business, financial condition, and results of operations. Significant downturns in such markets or in general economic and political conditions could also cause individuals to be reluctant to make their own investment decisions and thus decrease the demand for our products and services and could also result in our customers reducing their engagement with our platform. Conversely, significant upturns in such markets or conditions may cause individuals to be less proactive in seeking ways to improve the returns on their trading or investment decisions and, thus, decrease the demand for our products and services. Any of these changes could cause our future performance to be uncertain or unpredictable, and could have an adverse effect on our business results.

The long-term impact of the COVID-19 pandemic on our business, financial condition, and results of operations is uncertain.

At the onset of the COVID-19 pandemic, we saw substantial growth in our user base, retention, engagement, and trading activity metrics, and over the course of the pandemic we saw periodic all-time highs achieved by the equity markets generally. During this period, market volatility, stay-at-home orders, and increased interest in investing and personal finance, coupled with low interest rates and a positive market environment, especially in the U.S. equity and cryptocurrency markets, helped foster an environment that encouraged an unprecedented number of first-time retail investors to become our users and begin trading on our platform.

However, we have seen the growth of our user base in recent periods slow compared to the accelerated growth we experienced in 2020 and the first half of 2021. For example, the pace of growth in new funded accounts slowed considerably in the second half of 2021 compared to the first half of 2021.

Additionally, to the extent that government stimulus measures enacted in response to the pandemic contributed to an increase in customer engagement, that benefit may not have continued as those stimulus measures have expired. For example, we saw MAU decline from 21.3 million in June 2021 to 17.3 million in December 2021. Further, if the financial markets experience a downturn, we might have difficulty retaining customers, particularly any first-time retail investors, who might elect not to continue to invest in the financial markets by trading on our platform or at all due to any number of factors: as a result of any such downturn, a lack of access to additional stimulus funds, the ability to resume pre-COVID-19 activities, or otherwise. To the extent that customer preferences revert to pre-COVID-19 behaviors or the financial markets experience reduced volatility or decline, our trading volumes and transaction-based revenues could decline.

Notwithstanding the foregoing, the COVID-19 pandemic and the various measures instituted by governments and businesses to mitigate its spread, including travel restrictions, stay-at-home orders and quarantine restrictions, could adversely impact our customers, employees and business partners, and continue to disrupt our operations, including as the pandemic contributes to a general slowdown in the global economy. The COVID-19 pandemic also resulted, in part, in inefficiencies or delays in our business, operational challenges, additional costs related to business continuity initiatives as our workforce had to transition suddenly to working remotely, and increased vulnerability to cybersecurity attacks or other privacy or data security incidents. The extent of the continuing impact of COVID-19 on our business, financial condition and results of operations will depend largely on future developments, including the duration of the pandemic, actions taken to contain COVID-19 or address its impact, our ability to adapt to the long-term distributed “Remote First” workforce model we have adopted, the impact on capital and financial markets, and the related impact on the financial circumstances of our customers, all of which are highly uncertain and difficult to predict. The future of remote work and our physical office build-out strategy have been challenged by the COVID-19 pandemic, which may adversely affect successful cross-functional collaboration, product development velocity, and our company culture. In particular, our new Remote First workforce model increases risk of culture drift and could lead to lower operational effectiveness. As vaccination rates among the population have increased, we have started to allow some employees to voluntarily return to work in our corporate offices. The timing of any full return for those employees who will eventually be required to come into the office has not been determined and will be impacted by developments related to the pandemic, such as the severity and transmission rate of the virus and its variants. Even after the COVID-19 outbreak has subsided, we may continue to experience adverse impacts to our business as a result of the global economic impact, including the availability of credit, adverse impacts on our liquidity, and any recession that has occurred or may occur in the future. A sustained or prolonged COVID-19 pandemic or a resurgence could exacerbate the factors described above and intensify the impact on our business.

Our future success depends on the continuing efforts of our key employees and our ability to attract and retain senior management and other highly skilled personnel.

Our future success depends, in part, on our ability to continue to identify, attract, develop, integrate and retain qualified and highly skilled personnel. In particular, our Co-Founder and CEO, Vladimir Tenev, and our Co-Founder and Chief Creative Officer, Baiju Bhatt, have been critical to the development and execution of our business, vision, and strategic direction. In addition, we have heavily relied, and expect we will continue to heavily rely, on the services and performance of our senior management team, which provides leadership, contributes to the core areas of our business and helps us to efficiently execute our business. Although we have entered into employment offer letters with some of our key personnel, these agreements have no specific duration and are terminable by either party at-will. We do not maintain key person life insurance policies on any of our employees.

We also might not be successful in attracting, integrating or retaining qualified personnel to fulfill our current or future needs. In particular, there is particularly high competition in the San Francisco Bay Area for software engineers, computer scientists and other technical personnel. In the fourth quarter of 2021, we experienced higher rates of employee attrition as well as recruiting challenges in the post-IPO context.

We might continue to experience difficulty in hiring and retaining highly skilled employees with appropriate qualifications.

We believe that a critical component of our efforts to attract and retain employees has been our corporate culture. We have invested substantial time and resources in building our team. As we continue to grow, we will face new challenges to maintain our corporate culture among a larger number of more geographically dispersed employees. Failure to preserve our company culture could harm our ability to retain and recruit personnel. Our transition to having a more dispersed, remote-working employee base may exacerbate these challenges.

If we are unable to attract, integrate, or retain our key employees and qualified and highly skilled personnel, our ability to effectively focus on and pursue our corporate objectives will decline, and our business and future growth prospects could be harmed.

Future acquisitions of, or investments in, other companies, products, technologies or specialized employees could require significant management attention, disrupt our business, dilute stockholder value, and adversely affect our results of operations.

As part of our business strategy, we might make acquisitions of, or investments in, specialized employees or other compatible companies, products, or technologies. We also might enter into relationships with other businesses in order to expand our products and services. Negotiating these transactions can be time-consuming, difficult, and expensive and our ability to close these transactions might be subject to third-party approvals, such as governmental and other regulatory approvals, which are beyond our control. Further, we might not be able to find suitable acquisition or investment candidates and we might not be able to complete acquisitions on favorable terms, if at all. Moreover, these kinds of acquisitions or investments can result in unforeseen operating difficulties and expenditures, including disrupting our ongoing operations, diverting management from their primary responsibilities, subjecting us to additional liabilities, increasing our expenses, and adversely impacting our business, financial condition and results of operations. If we acquire businesses or technologies, we might not be able to integrate the acquired personnel, operations, and technologies successfully, or effectively manage the combined business following the acquisition. Moreover, the anticipated benefits of any acquisition or investment might not be realized and we might be exposed to unknown liabilities.

In connection with these types of transactions, we might issue additional equity securities that would dilute our stockholders, use cash that we might need in the future to operate our business, incur debt on terms unfavorable to us or that we are unable to repay, incur large charges or substantial liabilities, encounter difficulties integrating diverse business cultures, and become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges.

We intend to expand into international markets, which will expose us to significant new risks, and our international expansion efforts might not succeed.

We currently do not offer services to the public outside the United States. However, we currently have corporate subsidiaries, offices, and some employees or contractors, in each of the U.K. and the Netherlands (and, in the case of the U.K., our U.K. subsidiary Robinhood U.K. Ltd is authorized and regulated by the U.K. Financial Conduct Authority).

We intend to expand our operations to other countries outside of the United States, which will require significant resources and management attention and will subject us to regulatory, economic, operational, and political risks in addition to those we already face in the United States. There are significant risks and costs inherent in establishing and doing business in international markets, including:

- difficulty establishing and managing international entities, offices, and/or operations and the increased operations, travel, infrastructure, and legal and compliance costs associated with operations, entities, and/or people in different countries or regions;
- the need to understand, interpret and comply with local laws, regulations and customs in multiple jurisdictions, including laws and regulations governing cryptocurrency-related, broker-dealer or regulated entity practices, some of which may require permissions, registrations, authorizations, licenses or consents, or may be different from, or conflict with, those of other jurisdictions or foreign cybersecurity, data privacy or labor and employment laws;
- the additional complexities of any merger or acquisition activity internationally, which would be new for us and could subject us to additional regulatory scrutiny or approvals;
- the need to adapt, localize, and position our products for specific countries (also known as “product-market fit”);
- increased competition from local providers of similar products and services;
- challenges of obtaining, maintaining, protecting, defending and enforcing intellectual property rights abroad, including the challenge of extending or obtaining third-party intellectual property rights to use various technologies in new countries;
- the need to offer customer support and other aspects of our offering (including websites, articles, blog posts, and customer support documentation) in various languages or locations;
- compliance with anti-bribery laws, such as the Foreign Corrupt Practices Act (the “FCPA”) and equivalent anti-money laundering rules and requirements, and with anti-bribery and anti-corruption requirements in local markets, by us, our employees, and our business partners;
- the need to recruit and manage staff in new countries and regions to support international operations, and comply with employment law, payroll, and benefits requirements in multiple countries;
- the need to enter into new business partnerships with third-party service providers in order to provide products and services in the local market, or to meet regulatory obligations;
- varying levels of internet technology adoption and infrastructure, and increased or varying network and hosting service provider costs and differences in technology service delivery in different countries;
- fluctuations in currency exchange rates and the requirements of currency control regulations, which might restrict or prohibit conversion of other currencies into U.S. dollars;
- taxation of our international earnings and potentially adverse tax consequences due to requirements of or changes in the income and other tax laws of the United States or the international jurisdictions in which we operate; and
- political or social change or unrest or economic instability in a specific country or region in which we operate.

We have limited experience with international legal and regulatory environments and market practices, and we might not be able to penetrate or successfully operate in the markets we choose to enter. In addition, we might incur significant expenses as a result of our international expansion, and we might not be successful, which could lead to substantial losses.

Risks Related to Regulation and Litigation

Our business is subject to extensive, complex and changing laws and regulations, and related regulatory proceedings and investigations. Changes in these laws and regulations, or our failure to comply with these laws and regulations, could harm our business.

The securities industry is subject to extensive regulation by federal, state and non-U.S. regulators and SROs, and broker-dealers and financial services companies are subject to laws and regulations covering all aspects of the securities industry. The substantial costs and uncertainties related to complying with these regulations continue to increase, and our introduction of new products or services, expansion of our business into new jurisdictions or subindustries, acquisitions of other businesses that operate in similar regulated spaces, or other actions that we may take might subject us to additional laws, regulations, or other government or regulatory scrutiny. Regulations are intended to ensure the integrity of financial markets, to maintain appropriate capitalization of broker-dealers and other financial services companies, and to protect customers and their assets. These regulations could limit our business activities through capital, customer protection, and market conduct requirements, as well as restrictions on the activities that we are authorized to conduct.

Federal, state and non-U.S. regulators and SROs, including the SEC and FINRA, can among other things investigate, censure or fine us, issue cease-and-desist orders or otherwise restrict our operations, require changes to our business practices, products or services, limit our acquisition activities or suspend or expel a broker-dealer or any of its officers or employees. Similarly, state attorneys general and other state regulators, including state securities and financial services regulators, can bring legal actions on behalf of the citizens of their states to assure compliance with state laws. In addition, criminal authorities such as state attorneys general or the U.S. Department of Justice may institute civil or criminal proceedings against us for violating applicable laws, rules, or regulations. We operate in a highly regulated industry and, despite our efforts to comply with applicable legal requirements, like all companies in our industry, we must adapt to frequent changes in laws and regulations, and face complexity in interpreting and applying evolving laws and regulations to our business, heightened scrutiny of the conduct of financial services firms and increasing penalties for violations of applicable laws and regulations. We might fail to establish and enforce procedures that comply with applicable legal requirements and regulations. We might be adversely affected by new laws or regulations, changes in the interpretation of existing laws or regulations, or more rigorous enforcement. We also may be adversely affected by other regulatory changes related to our obligations with regard to suitability of financial products, supervision, sales practices, application of fiduciary or best interest standards (including the interpretation of what constitutes an “investment recommendation” for the purposes of the SEC’s “Regulation Best Interest” and state securities laws) and best execution in the context of our business and market structure, any of which could limit our business, increase our costs and damage our reputation.

We have been subject to regulatory investigations, actions, and settlements and we expect to continue to be subject to such proceedings in the future, which could cause us to incur substantial costs or require us to change our business practices in a materially adverse manner.

From time to time, we have been subject, and, given the highly regulated nature of the industries in which we operate, expect that we will be subject in the future, to a number of legal and regulatory proceedings arising out of our business practices and operations, brought by the SEC or FINRA, other federal agencies such as the U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”), and state regulatory agencies, such as the Massachusetts Securities Division (“MSD”), the California Attorney General’s Office, and the NYDFS, among other authorities. These proceedings have in the past and might in the future include lawsuits, arbitration claims, and regulatory, governmental and SRO inquiries, examinations, investigations, and enforcement proceedings, as well as other actions and claims, that result in injunctions, fines, penalties, and monetary settlements. For example:

- In December 2020, we settled an SEC investigation under which we paid a $65 million civil penalty and agreed to engage an independent compliance consultant.
- In June 2021, we resolved multiple matters with FINRA (including investigations into systems outages, our options product offering, and margin-related communications with customers), resulting in censure, fines and restitution of $70 million, and engagement of an independent consultant.
- In connection with the Early 2021 Trading Restrictions, we and our employees, including our co-founder and CEO, Vladimir Tenev, have received requests for information, and in some cases, subpoenas and requests for testimony from the USAO (as defined below), the U.S. Department of Justice, Antitrust Division, the SEC staff, FINRA, the New York Attorney General's Office, other state attorneys general offices, and a number of state securities regulators. Also, a related search warrant was executed by the USAO to obtain Mr. Tenev's cell phone. We have also received inquiries from the SEC's Division of Examinations and Division of Enforcement and FINRA related to employee trading during the week of January 25, 2021 in some of the securities that were subject to the Early 2021 Trading Restrictions, including GameStop Corp. and AMC Entertainment Holdings, Inc., and specifically as to whether any employee trading in these securities occurred after the decision to impose the Early 2021 Trading Restrictions and before the public announcement of the Early 2021 Trading Restrictions on January 28, 2021. We are cooperating with these investigations and examinations.

These and other proceedings, some of which are described in Note 16 to our consolidated financial statements in this Annual Report, have in the past and may in the future relate to broker-dealer and financial services rules and regulations, including our trading and supervisory policies and procedures, our clearing practices, our trade reporting, our public communications, our compliance with FINRA registration requirements, anti-money laundering and other financial crimes regulations, cybersecurity matters, and our business continuity plans, among other topics. These sorts of proceedings, inquiries, examinations, investigations, and other regulatory matters might subject us to fines, penalties, and monetary settlements, harm our reputation and brand, require substantial management attention, result in additional compliance requirements, result in certain of our subsidiaries losing their regulatory licenses or ability to conduct business in some jurisdictions (which could, among other things, result in statutory disqualification by FINRA and the SEC), increase regulatory scrutiny of our business, restrict our operations or require us to change our business practices, require changes to our products and services, require changes in personnel or management, delay planned product or service launches or development, limit our ability to acquire other complementary businesses and technologies, or lead to the suspension or expulsion of our broker-dealer or other regulated subsidiaries or their officers or employees.

In connection with litigation settlements, we have in the past and may in the future be required to make expenditures to enhance our compliance activities. For example, the independent consultant we engaged in connection with the June 2021 FINRA multi-matter settlement (mentioned above) delivered its initial report in December 2021. While we believe we have made significant improvements to address FINRA's original allegations, the independent consultant recommended additional enhancements in certain areas identified in the settlement. Implementing these recommendations will require significant effort and expense.

Additionally, our broker-dealer subsidiaries are registered in the United States but are not licensed, authorized, or registered in any other jurisdiction. Under the terms of our customer agreements, we currently offer services only to U.S. citizens and permanent residents with a legal address within the United States or Puerto Rico, and our application includes features designed to block access to our services from certain countries. However, to the extent a customer accesses our application or services from outside the United States, we face a risk of becoming subject to regulations in that local jurisdiction. A regulator's conclusion that we are servicing customers in its jurisdiction without being appropriately licensed, registered, or authorized could result in fines or other enforcement actions.

Recent statements by lawmakers, regulators and other public officials have signaled an increased focus on new or additional regulations that could impact our business and require us to make significant changes to our business model and practices.

Various lawmakers, regulators and other public officials have recently made statements about our business and that of other broker-dealers and signaled an increased focus on new or additional laws or regulations that, if acted upon, could impact our business. Over three days in the spring of 2021, the Committee on Financial Services of the U.S. House of Representatives held hearings on the January 2021 market volatility and disruptions surrounding GameStop and other "meme" stocks at which various members of Congress expressed concerns about various market practices, including PFOF and options trading. In his testimony, Chair Gensler indicated that he had instructed the staff of the SEC to study, and in some cases make rulemaking recommendations to the SEC regarding, a variety of market issues and practices, including PFOF, so-called gamification, and whether broker-dealers are adequately disclosing their policies and procedures around potential trading restrictions; whether margin requirements and other payment requirements are sufficient; and whether broker-dealers have appropriate tools to manage their liquidity and risk. Chair Gensler also discussed the use of mobile app features such as rewards, bonuses, push notifications and other prompts. Chair Gensler suggested that such prompts could promote behavior that is not in the interest of the customer, such as excessive trading. Chair Gensler also advised that he had directed the SEC staff to consider whether expanded enforcement mechanisms are necessary. The fall 2021 regulatory agenda published by the SEC, also indicated that the SEC would consider proposing rules in 2022 to modernize equity market structure, including possible new rules on PFOF, best execution (amendments to Rule 605), market concentration, the disclosure of best execution statistics, and certain other practices. On August 27, 2021, the SEC issued a request for information and public comment on matters related to the use of digital engagement practices by broker-dealers and investment advisers, including behavioral prompts, differential marketing, game-like features and other design elements or features designed to engage with retail investors on digital platforms (e.g., websites, portals, and applications), as well as related analytical and technological tools and methods. In an August 2021 interview, Chair Gensler commented that a full ban on PFOF was "on the table." Chair Gensler also described a number of on-going projects he had instructed SEC staff to pursue related to market structure in the Gensler Market Structure Testimony. Also in October 2021, the SEC staff released its report on the equity and options market structure conditions surrounding the Early 2021 Trading Restrictions, which concluded in part that the episode may "present an opportunity to reflect" on market structure issues such as digital engagement practices, PFOF, dark pool trading, and other structures that affect Robinhood's operations.

In addition, on March 18, 2021, FINRA issued a regulatory notice reminding member firms of their obligations with respect to maintaining margin requirements, customer order handling, and effectively managing liquidity, with a particular focus on best execution practices and the need for member firms to make "meaningful disclosures" to inform customers of a firm's order handling procedures during extreme market conditions. Further, at a public conference on May 19, 2021, FINRA indicated an intention to solicit public feedback, such as through notices or surveys, regarding so-called gamification in order to determine whether to adopt additional guidance or additional rules in that regard. Also, on June 23, 2021, FINRA issued a regulatory notice reminding member firms of the requirement that customer order flow be directed to markets providing the "most beneficial terms for their customers" and indicated that member firms may not negotiate the terms of order routing arrangements in a manner that reduces price improvement opportunities that would otherwise be available to those customers in the absence of PFOF. The impact that this notice may have on the ability of market participants to enter into PFOF arrangements, if any, has not been determined.

To the extent that the SEC, FINRA, or other regulatory authorities or legislative bodies adopt additional regulations or legislation in respect of any of these areas or relating to any other aspect of our business, we could face a heightened risk of potential regulatory violations and could be required to make significant changes to our business model and practices, which changes may not be successful. Any of

these outcomes could have an adverse effect on our business, financial condition and results of operations.

We are involved in numerous litigation matters that are expensive and time consuming, and, if resolved adversely, could expose us to significant liability and reputational harm.

In addition to regulatory proceedings, we are also involved in numerous other litigation matters, including putative class action lawsuits, and we anticipate that we will continue to be a target for litigation in the future. Potential litigation matters include commercial litigation matters, insurance matters, privacy and cybersecurity disputes, intellectual property disputes, contract disputes, consumer protection matters, and employment matters. This risk may be more pronounced during market downturns, during which the volume of legal claims and amount of damages sought in litigation and regulatory proceedings against financial services companies have historically increased.

For more information about the legal proceedings in which we are currently involved, see Note 16 to our consolidated financial statements in this Annual Report.

Litigation matters brought against us may require substantial management attention and may result in settlements, awards, injunctions, fines, penalties, and other adverse results. A substantial judgment, settlement, fine, penalty, or injunctive relief could be material to our results of operations or cash flows for a particular period, or could cause us significant reputational harm.

We are subject to governmental laws and requirements regarding anti-corruption, anti-bribery economic and trade sanctions, anti-money laundering and counter-terror financing that could impair our ability to compete in international markets or subject us to criminal or civil liability if we violate them.

We are required to comply with U.S. economic and trade sanctions administered by OFAC and we have processes in place to facilitate compliance with the OFAC regulations. As part of our customer onboarding process, in accordance with the Customer Identification Program rules under Section 326 of the USA PATRIOT ACT of 2001, we screen all potential customers against OFAC watchlists and continue to screen all customers, vendors and employees daily against OFAC watchlists. Although our application includes features designed to block access to our services from sanctioned countries, if our services are accessed from a sanctioned country in violation of trade and economic sanctions, we could be subject to enforcement actions.

We are subject to the FCPA, U.S. domestic bribery laws, and other U.S. and foreign anti-corruption laws. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees and their third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public sector. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. The failure to comply with any such laws could subject us to criminal or civil liability, cause us significant reputational harm, and have an adverse effect on our business, financial condition, and results of operations.

We are also subject to various anti-money laundering and counter-terrorist financing laws and regulations that prohibit, among other things, our involvement in transferring the proceeds of criminal activities. In the United States, most of our services are subject to anti-money laundering laws and regulations, including the Bank Secrecy Act, as amended (“BSA”), and similar laws and regulations. The BSA is the primary U.S. anti-money laundering law and has been amended to include certain provisions of Title III of the USA PATRIOT ACT of 2001 to detect, deter, and disrupt terrorist financing networks. Regulators in the United States continue to increase their scrutiny of compliance with these obligations. For example, in July 2020, the NYDFS issued a report of its examination of our cryptocurrency business citing a number of “matters requiring attention” focused primarily on anti-money laundering and

cybersecurity-related issues, which we expect will result in a significant monetary penalty and a requirement that we engage a monitor.

Although our operations are currently concentrated in the United States (with the limited exception of our U.K. and Dutch subsidiaries, which have U.K.- and Netherlands-based employees and contractors, but currently have no customers), we intend to expand internationally and we will become subject to additional non-U.S. laws, rules, regulations, and other requirements regarding economic and trade sanctions, anti-money laundering, and counter-terror financing. In order to comply with applicable laws, we will need to further revise or expand our compliance program, including the procedures we use to verify the identity of our customers and to monitor transactions on our system, including payments to persons outside of the United States. The need to comply with multiple sets of laws, rules, regulations, and other requirements could substantially increase our compliance costs, impair our ability to compete in international markets, and subject us to risk of criminal or civil liability for violations.

Risks Related to Attracting, Retaining, and Engaging Customers

We operate in highly competitive markets, and many of our competitors have greater resources than we do and may have products and services that are more appealing than ours to our current or potential customers.

The markets in which we compete are evolving and highly competitive, with multiple participants competing for the same customers. Our current and potential future competition principally comes from incumbent brokerages, established financial technology companies, venture-backed financial technology firms, banks, cryptocurrency exchanges, asset management firms, financial institutions, and technology platforms. The majority of our competitors have longer operating histories and greater capital resources than we have and offer a wider range of products and services. Some of our competitors, particularly new and emerging technology companies, are not subject to the same regulatory requirements or scrutiny to which we are subject, which could allow them to innovate more quickly or take more risks, placing us at a competitive disadvantage. The impact of competitors with superior name recognition, greater market acceptance, larger customer bases, or stronger capital positions could adversely affect our results of operations and customer acquisition and retention. Our competitors might also be able to respond more quickly to new or changing opportunities and demands and withstand changing market conditions better than we can, especially larger competitors that may benefit from more diversified product and customer bases. For example, some of our competitors have quickly adopted, or are seeking to adopt, some of our key offerings and services, including commission-free trading, fractional share trading, and no account minimums, since their introduction on our platform in order to compete with us. In addition, competitors may conduct extensive promotional activities, offer better terms or offer differentiating products and services that could attract our current and prospective customers and potentially result in intensified competition within our markets. We continue to experience aggressive price competition in our markets and we might not be able to match the marketing efforts or prices of our competitors. In addition, our competitors might choose to forgo PFOF, which could create downward pressure on PFOF and make it more difficult for us to maintain our PFOF arrangements, which are a significant source of our revenue. We might also be subject to increased competition as our competitors enter into business combinations or partnerships, or established companies in other market segments expand to become competitive with our business.

Our ability to compete successfully in the financial services and cryptocurrency markets depends on a number of factors, including, among other things:

- maintaining competitive pricing;
- providing easy-to-use, innovative, and attractive products and services that are adopted by customers;
- retaining customers (such as by providing effective customer support and avoiding outages, security breaches, and trading restrictions);

- recruiting and retaining highly skilled personnel and senior management;
- maintaining and improving our reputation and the market perception of our brand and overall value;
- maintaining our relationships with our counterparties; and
- adjusting to a dynamic regulatory environment.

Our competitive position within our markets could be adversely affected if we are unable to adequately address these factors.

If we fail to retain existing customers or attract new customers, or if our customers decrease their use of our products and services, our revenue will decline.

We have experienced significant customer growth over the past several years, including a significant fraction of new customers, often more than 50%, who have told us that Robinhood is their first brokerage account. We have historically relied significantly on our customers joining organically or through the Robinhood Referral Program, which accounted for over 80% of the customers that joined our platform in each of 2020 and 2021. Our continued business and revenue growth depends on our efforts to attract new customers, retain existing customers, and increase the amount that our customers use our products and services (including premium services, such as Robinhood Gold). These efforts might fail due to a number of factors, including our customers losing confidence in us or preferring a competitor's offerings. Additional factors that could lead to a decline in our number of customers or their usage of our products and services or that could prevent us from increasing our number of customers include:

- a decline in our brand and reputation;
- increased pricing for our products and services;
- ineffective marketing efforts or a reduction in marketing activity;
- our customers, due to being new and inexperienced, may be less loyal to our product or less likely to maintain historical trading patterns and interest in investing;
- a broad decline in the equity or other financial markets, which could result in many of these investors feeling discouraged and exiting the markets altogether;
- our customers experiencing difficulties using the Robinhood app as intended, due to any number of reasons such as design errors, service outages, or trading restrictions imposed by us;
- our customers experiencing security or data breaches, account intrusions, or other unauthorized access;
- our failure to provide adequate customer service;
- customer resistance to and non-acceptance of cryptocurrencies; and
- customer dissatisfaction with the limited number of cryptocurrencies available on our platform.

Our customers may choose to cease using our platform, products, and services at any time, and may choose to transfer their accounts to another broker-dealer. For example, during the first quarter of 2021 many customers became upset by our imposition of the Early 2021 Trading Restrictions and we saw an increase in customers choosing to transfer their accounts to other broker-dealers. The total value of outbound Automated Customer Account Transfer Service ("ACATS"), an automated industry system for account asset transfers, was $4.2 billion in the first quarter of 2021, involving 5.2% of AUC from approximately 206,000 accounts, as compared to outbound transfers of $0.5 billion, involving 1.2% of AUC from approximately 24,000 accounts during each quarter of 2020 on average.

If we fail to retain current customers or attract new customers, or if we experience a decrease in customers' usage of our products and services, our revenue will decline, which could cause the trading price of our Class A common stock to decline significantly.

If we fail to provide and monetize new and innovative products and services that are adopted by customers, our business may become less competitive and our revenue might decline.

Our ability to attract, engage, and retain our customers and to increase our revenue depends heavily on our ability to evolve our existing products and services and to create and monetize new products and services that are adopted by customers. Rapid and significant technological changes continue to confront the financial services industry, including developments in the methods in which securities are traded and developments in cryptocurrencies. To keep pace or to innovate we might introduce significant changes to our existing products and services or acquire or introduce new and unproven products and services, including using technologies with which we have little or no prior development or operating experience. Our efforts might be inhibited by industry-wide standards, legal restrictions, incompatible customer expectations, demands, and preferences, or third-party intellectual property rights. Our efforts to innovate might also be delayed or blocked by new or enhanced regulatory scrutiny or technical complications. Incorporating new technologies into our products and services might require substantial expenditures and take considerable time, and we might not be successful in realizing a return on these development efforts in a timely manner or at all. It might be difficult to monetize products in a manner consistent with our brand's focus on low prices. If we fail to innovate and deliver products and services with market fit and differentiation, or fail to do so quickly enough as compared to our competitors, we might fail to attract and retain customers and maintain customer engagement, causing our revenue to decline.

Risks Related to Our Platform, Systems, and Technology

Our products and services rely on software and systems that are highly technical and have been, and may in the future be, subject to interruption and instability due to software errors, design defects, and other operational and technological failures, whether internal or external.

We rely on technology, including the internet and mobile services, to conduct much of our business activity and allow our customers to conduct financial transactions on our platform. Our systems and operations, including our Cloud-based operations and disaster recovery operations, as well as those of the third parties on which we rely to conduct certain key functions, are vulnerable to disruptions from natural disasters, power and service outages, interruptions or losses, computer and telecommunications failures, software bugs, cybersecurity attacks, computer viruses, malware, distributed denial of service attacks, spam attacks, phishing or other social engineering, ransomware, security breaches, credential stuffing, technological failure, human error, terrorism, improper operation, unauthorized entry, data loss, intentional bad actions, and other similar events and we have experienced such disruptions in the past. Further, we might be particularly vulnerable to any such internal technology failures because we rely heavily on our own self-clearing platform, proprietary order routing system, data platform, and other back-end infrastructure for our operations, and any such failures could have an adverse effect on our reputation, business, financial condition, and results of operations. For example, in December 2018, we experienced a failure of our order routing technology caused by code being inadvertently pushed to the production environment that led to option trades being incorrectly routed, resulting in estimated out-of-pocket losses to us of approximately $0.9 million.

Our products and internal systems also rely on software that is highly technical and complex (including software developed or maintained internally and/or by third parties and also including machine learning models) in order to collect, store, retrieve, transmit, manage and otherwise process immense amounts of data. The software on which we rely may contain errors, bugs, vulnerabilities, design defects, or technical limitations that may compromise our ability to meet our objectives. Some such problems are inherently difficult to detect and some such problems might only be discovered after code has been released for external or internal use. From time to time media outlets learn of our plans for features (including Crypto Wallets, for example, in the third quarter of 2021) by examining hidden but unprotected images and code in publicly available beta versions of our app, resulting in unwanted publicity prior to our intended announcement dates. Such problems might also lead to negative customer experiences

(including the communication of inaccurate information to customers), compromised ability of our products to perform in a manner consistent with customer expectations, delayed product introductions, compromised ability to protect data and intellectual property, or an inability to provide some or all of our services.

While we have made, and continue to make, significant investments designed to correct software errors and design defects and to enhance the reliability and scalability of our platform and operations, the risk of software and system failures and design defects is always present, we do not have fully redundant systems, and we might fail to maintain, expand, and upgrade our systems and infrastructure to meet future requirements and mitigate future risks on a timely basis. It may become increasingly difficult to maintain and improve the availability of our platform, especially as our platform and product offerings become more complex and our customer base grows. For example, the customer waitlist to use our Crypto Wallets feature grew to more than one million users in less than a month. Because we only recently started testing this new feature, there may be risks related to the technology and operation of Crypto Wallets that we have not yet identified or cannot foresee, and any failure or interruption of the Crypto Wallets feature on our platform could adversely affect our relationships with customers that use this feature. We may also encounter technical issues in connection with changes and upgrades to the underlying networks of supported cryptocurrencies. Any number of technical changes, software upgrades, soft or hard forks, cybersecurity incidents, or other changes to the underlying blockchain networks may occur from time to time, causing incompatibility, technical issues, disruptions or security weaknesses to our platform. If we are unable to identify, troubleshoot, and resolve any such issues successfully, we might no longer be able to support such cryptocurrency, our customers' assets may be frozen or lost, the security of our hot or cold wallets may be compromised, and our platform and technical infrastructure may be affected.

In addition, surges in trading volume on our platform have in the past and may in the future cause our systems to operate at diminished speed or even fail, temporarily or for a more prolonged period of time, which would affect our ability to process transactions and potentially result in some customers' orders being executed at prices they did not anticipate, executed incorrectly, or not executed at all. For example, the March 2020 Outages resulted in some of our customers being unable to buy and sell securities and other financial products on our platform for a period of time. Similarly, the April-May 2021 Disruptions resulted in some of our customers being unable to buy and sell cryptocurrencies for a period of time. Our platform has otherwise in the past and may in the future experience outages. The March 2020 Outages resulted in putative class action lawsuits, arbitrations, and regulatory examinations and investigations. We provided remediation to many of our customers impacted by the March 2020 Outages through cash payments, resulting in out-of-pocket losses to us of approximately $3.6 million. See Note 16 to our consolidated financial statements in this Annual Report. Disruptions to, destruction of, improper access to, breach of, instability of, or failure to effectively maintain our information technology systems (including our data processing systems, self-clearing platform, and order routing system) that allow our customers to use our products and services, and any associated degradations or interruptions of service could result in damage to our reputation, loss of customers, loss of revenue, regulatory or governmental investigations, civil litigation, and liability for damages. Frequent or persistent interruptions, or perceptions of such interruptions whether true or not, in our products and services could cause customers to believe that our products and services are unreliable, leading them to switch to our competitors or to otherwise avoid our products and services. Additionally, our insurance policies may be insufficient to cover a claim made against us by any such customers affected by any disruptions, outages, or other performance or infrastructure problems.

Our success depends in part upon continued distribution through app stores and effective operation with mobile operating systems, networks, technologies, products, hardware and standards that we do not control.

A substantial majority of our customers' activity on our platform occurs on mobile devices. We are dependent on the interoperability of our app with popular mobile operating systems, networks, technologies, products, hardware, and standards that we do not control, such as the Android and iOS operating systems. Any changes, bugs or technical issues in such systems, new generations of mobile

devices or new versions of operating systems, or changes in our relationships with mobile operating system providers, device manufacturers or mobile carriers, or in their terms of service or policies that degrade the functionality of our app, reduce or eliminate our ability to distribute applications, give preferential treatment to competitive products, limit our ability to target or measure the effectiveness of applications, or impose fees or other charges related to our delivery of our application could adversely affect customer usage of the Robinhood app. Further, we are subject to the standard policies and terms of service of these operating systems, as well as policies and terms of service of the various application stores that make our application and experiences available to our developers, creators and customers. These policies and terms of service govern the availability, promotion, distribution, content and operation generally of applications and experiences on such operating systems and stores. Each provider of these operating systems and stores has broad discretion to change and interpret its terms of service and policies with respect to our platform and those changes may be unfavorable to us and our customers' use of our platform. If we were to violate, or an operating system provider or application store believes that we have violated, its terms of service or policies, that operating system provider or application store could limit or discontinue our access to its operating system or store. Any limitation or discontinuation of our access to any third-party platform or application store could adversely affect our business, financial condition or results of operations.

Additionally, in order to deliver a high-quality mobile experience for our customers, it is important that our products and services work well with a range of mobile technologies, products, systems, networks, hardware and standards that we do not control. We need to continuously modify, enhance, and improve our products and services to keep pace with changes in internet-related hardware, mobile operating systems and other software, communication, browser, and database technologies. We might not be successful in developing products that operate effectively with these technologies, products, systems, networks or standards or in bringing them to market quickly or cost-effectively in response to market demands. In the event that it is more difficult for our customers to access and use our app, or if our customers choose not to access or use our app on their mobile devices or use mobile products that do not offer access to our app, our customer growth and engagement could be adversely affected and our revenues might decline.

We rely on third parties to perform some key functions, and their failure to perform those functions could adversely affect our business, financial condition and results of operations.

We rely on certain third-party computer systems or third-party service providers, including cloud technology providers such as Amazon Web Services (on which we primarily rely to deliver our services to customers on our platform), internet service providers, payment services providers, market and third-party data providers, regulatory services providers, clearing systems, market makers, exchange systems, banking systems, co-location facilities, communications facilities, and other third-party facilities to run our platform, facilitate trades by our customers, and support or carry out some regulatory obligations. In addition, external content providers provide us with financial information, market news, charts, option and stock quotes, cryptocurrency quotes, research reports, and other fundamental data that we provide to our customers. These providers are susceptible to operational, technological and security vulnerabilities, including security breaches, which may impact our business, and our ability to monitor our third-party service providers' data security is limited. In addition, these third-party service providers may rely on subcontractors to provide services to us that face similar risks.

We face a risk that our third-party service providers might be unable or unwilling to continue to provide these services to meet our current needs in an efficient, cost-effective manner or to expand their services to meet our needs in the future. Any failures by our third-party service providers that result in an interruption in service, unauthorized access, misuse, loss or destruction of data or other similar occurrences could interrupt our business, cause us to incur losses, result in decreased customer satisfaction and increase customer attrition, subject us to customer complaints, significant fines, litigation, disputes, claims, regulatory investigations or other inquiries and harm our reputation. Regulators might also hold us responsible for the failures of our providers.

To the extent the operation of our systems relies on our third-party service providers, through either a connection to, or an integration with, third parties' systems, the risk of cybersecurity attacks and loss, corruption, or unauthorized access to or publication of our information or the confidential information and personal data of customers and employees may increase. Third-party risks may include insufficient security measures, data location uncertainty, and the possibility of data storage in inappropriate jurisdictions where laws or security measures may be inadequate, and our ability to monitor our third-party service providers' data security practices are limited. Although we generally have agreements relating to cybersecurity and data privacy in place with our third-party service providers, such agreements might not prevent the accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of, or modification of data (including personal data) and/or might not enable us to obtain adequate (or any) reimbursement from our third-party service providers in the event we should suffer any such incidents. Due to applicable laws and regulations or contractual obligations, we could be held responsible for any information security failure or cybersecurity attack attributed to our vendors as they relate to the information we share with them. A vulnerability in a third-party service provider's software or systems, a failure of our third-party service providers' safeguards, policies or procedures, or a breach of a third-party service provider's software or systems could result in the compromise of the confidentiality, integrity, or availability of our systems or the data housed in our third-party solutions.

Risks Related to Cybersecurity and Data Privacy

Our business could be materially and adversely affected by a cybersecurity breach or other attack involving our computer systems or data or those of our customers or third-party service providers.

Our systems and those of our customers and third-party service providers have been and may in the future be vulnerable to cybersecurity issues. We, like other financial technology organizations, routinely are subject to cybersecurity threats and our technologies, systems, and networks have been and may in the future be subject to attempted cybersecurity attacks. Such issues are increasing in frequency and evolving in nature, including employee theft or misuse, denial-of-service attacks, and sophisticated nation-state and nation-state-supported actors engaging in attacks. The operation of our platform involves the use, collection, storage, sharing, disclosure, transfer, and other processing of customer information, including personal data. Security breaches and other security incidents could expose us to a risk of loss or exposure of this information, which could result in potential liability, investigations, regulatory fines, penalties for violation of applicable laws or regulations, litigation, and remediation costs, as well as reputational harm. As the breadth and complexity of the technologies we use and the software and platforms we develop continue to grow, the potential risk of security breaches and cybersecurity attacks increases. For instance, in December 2021, a vulnerability was discovered in Apache Software Foundation's Log4j internet software, which is broadly used (including by us and some of our service providers) in a variety of consumer and enterprise services, websites, applications, and operational technology products. In general, the vulnerability could have allowed malicious attackers to execute code remotely on any exposed computer, which could have enabled the attackers to then steal data, install malware, or take control of the device. We have updated the software to patch the vulnerability and to date we are not aware of any related malicious activity affecting us or our users.

Cybersecurity attacks and other malicious internet-based activity continue to increase and financial technology platform providers have been and expect to continue to be targeted. In light of media attention, we may be a particularly attractive target of attacks seeking to access customer data or assets. For example, from January 1, 2020 to October 16, 2020, approximately 2,000 Robinhood customer accounts were allegedly accessed by unauthorized users. We believe these incidents resulted from compromised passwords off of our platform, rather than any failure of our security or systems. Nonetheless, we experienced negative publicity in connection with these events and may in the future experience similar adverse effects relating to real or perceived security incidents, whether or not related to the security of our platform or systems. We have also received customer complaints and been subject

to litigation and regulatory inquiries, examinations, enforcement actions, and investigations by various state and federal regulatory bodies, including the SEC, FINRA, and certain state regulators, including the NYDFS and the New York Attorney General, related to these events. The increasing sophistication and resources of cyber criminals and other non-state threat actors and increased actions by nation-state actors make it difficult to keep up with new threats and could result in a breach of security. Additionally, due to the current COVID-19 pandemic, there is an increased risk that we may experience cybersecurity-related incidents as a result of our employees, service providers and other third parties working remotely on less secure systems and environments. While we take significant efforts to protect our systems and data, including establishing internal processes and implementing technological measures designed to provide multiple layers of security, and contract with third-party service providers to take similar steps, our safety and security measures (and those of our third-party service providers) might be insufficient to prevent damage to, or interruption or breach of, our information systems, data (including personal data), and operations. For example, in November 2021 we experienced a data security incident when an unauthorized third party socially engineered a customer support employee by phone and obtained access to certain customer support systems. Based on our investigation and that of a third-party security firm, we believe that the unauthorized party obtained names or email addresses for millions of people, phone numbers for several thousand people, additional personal information for a few hundred people, and extensive account details for about ten people, though we believe no Social Security numbers, bank account numbers, or credit or debit card numbers were exposed and that there has been no financial loss to any customers as a result of the incident.

Any unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of data, including personal data, cybersecurity breach or other security incident that we, our customers or our third-party service providers experience or the perception that one has occurred or may occur, could harm our reputation, reduce the demand for our products and services and disrupt normal business operations. In addition, it may require us to expend significant financial and operational resources in response to a security breach, including repairing system damage, increasing security protection costs by deploying additional personnel and modifying or enhancing our protection technologies, investigating, remediating, or correcting the breach and any security vulnerabilities, defending against and resolving legal and regulatory claims, and preventing future security breaches and incidents, all of which could expose us to uninsured liability, increase our risk of regulatory scrutiny, expose us to legal liabilities, including litigation, regulatory enforcement, indemnity obligations, or damages for contract breach, divert resources and the attention of our management and key personnel away from our business operations, and cause us to incur significant costs, any of which could materially adversely affect our business, financial condition, and results of operations. Moreover, our efforts to improve security and protect data from compromise might identify previously undiscovered security breaches. There could be public announcements regarding any security incidents and any steps we take to respond to or remediate such incidents, and if securities analysts or investors perceive these announcements to be negative, it could have an adverse effect on the trading price of our Class A common stock.

We are subject to stringent laws, rules, regulations, policies, industry standards and contractual obligations regarding data privacy and security and may be subject to additional related laws and regulations in jurisdictions into which we expand. Many of these laws and regulations are subject to change and reinterpretation and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or other harm to our business.

We are subject to a variety of federal, state, local, and non-U.S. laws, directives, rules, policies, industry standards and regulations, as well as contractual obligations, relating to privacy and the collection, protection, use, retention, security, disclosure, transfer and other processing of personal data and other data, including the Gramm-Leach-Bliley Act of 1999, Section 5(c) of the Federal Trade Commission Act and state laws such as the California Consumer Privacy Act. We will also face particular privacy, data security and data protection risks if we continue to expand into the U.K. and the EU and other jurisdictions in connection with the General Data Protection Regulation and other data protection regulations. The regulatory framework for data privacy and security worldwide is continuously evolving and developing and, as a result, interpretation and implementation standards and enforcement practices

are likely to remain uncertain for the foreseeable future. New laws, amendments to or reinterpretations of existing laws, regulations, standards and other obligations may require us to incur additional costs and restrict our business operations, and may require us to change how we use, collect, store, transfer or otherwise process certain types of personal data, to implement new processes to comply with those laws and our customers' exercise of their rights thereunder, and could greatly increase the cost of providing our offerings, require significant changes to our operations, or even prevent us from providing some offerings in jurisdictions in which we currently operate and in which we might operate in the future or incur potential liability in an effort to comply with certain legislation. There is a risk of enforcement actions in response to rules and regulations promulgated under the authority of federal agencies and state attorneys general and legislatures and consumer protection agencies. For instance, we have in the past (as discussed in Note 16 to our consolidated financial statements in this Annual Report) and may in the future be subject to investigations and examinations by the NYDFS regarding, among other things, our cybersecurity practices. In addition, if we fail to follow these security standards, even if no customer information is compromised, we might incur significant fines or experience a significant increase in costs.

Any failure or perceived failure by us or our third-party service providers to comply with our posted privacy policies or with any applicable federal, state or similar foreign laws, rules, regulations, industry standards, policies, certifications or orders relating to data privacy and security, or any compromise of security that results in the theft, unauthorized access, acquisition, use, disclosure, or misappropriation of personal data or other customer data, could result in significant awards, fines, civil and/or criminal penalties or judgments, proceedings or litigation by governmental agencies or customers, including class action privacy litigation in certain jurisdictions and negative publicity and reputational harm, one or all of which could have an adverse effect on our reputation, business, financial condition and results of operations.

Risks Related to Our Brokerage Products and Services

If we do not maintain the net capital levels required by regulators, our broker-dealer business may be restricted and we may be fined or subject to other disciplinary or corrective actions.

The SEC, FINRA, and various state regulators have stringent rules with respect to the maintenance of specific levels of net capital by securities broker-dealers. For example, our broker-dealer subsidiaries are each subject to Rule 15c3-1 under the Exchange Act (the "SEC Uniform Net Capital Rule"), which specifies minimum capital requirements intended to ensure the general financial soundness and liquidity of broker-dealers, and our clearing and carrying broker-dealer subsidiary is subject to Rule 15c3-3 under the Exchange Act, which requires broker-dealers to maintain liquidity reserves. Our failure to maintain the required net capital levels could result in immediate suspension of securities activities, suspension or expulsion by the SEC or FINRA, restrictions on our ability to expand our existing business or to commence new businesses, and could ultimately lead to the liquidation of our broker-dealer entities and winding down of our broker-dealer business. If such net capital rules are changed or expanded, if there is an unusually large charge against net capital, or if we make changes in our business operations that increase our capital requirements, operations that require an intensive use of capital could be limited. A large operating loss or charge against net capital could have adverse effects on our ability to maintain or expand our business.

Our compliance and risk management policies and procedures as a regulated financial services company might not be fully effective in identifying or mitigating compliance and risk exposure in all market environments or against all types of risk.

As a financial services company, our business exposes us to a number of heightened risks. We have devoted significant resources to develop our compliance and risk management policies and procedures and will continue to do so, but our efforts might be insufficient. Our limited operating history, evolving business, and rapid growth make it difficult to predict all of the risks and challenges we may encounter and therefore increase the risk that our policies and procedures to identify, monitor and manage

compliance risks might not be fully effective in mitigating our exposure in all market environments or against all types of risk. Further, some controls are manual and are subject to inherent limitations and errors in oversight, which could cause our compliance and other risk management strategies to be ineffective. Other compliance and risk management methods depend upon the evaluation of information regarding markets, customers, catastrophe occurrences, or other matters that are publicly available or otherwise accessible to us, which might not always be accurate, complete, up-to-date, or properly evaluated. Insurance and other traditional risk-shifting tools might be held by or available to us in order to manage some exposures, but they are subject to terms such as deductibles, coinsurance, limits, and policy exclusions, as well as risk of counterparty denial of coverage, default, or insolvency. Any failure to maintain effective compliance and other risk management strategies could have an adverse effect on our business, financial condition, and results of operations.

We are also exposed to heightened regulatory risk because our business is subject to extensive regulation and oversight in a variety of areas, and such regulations are subject to revision, supplementation, or evolving interpretations and application, and it can be difficult to predict how they may be applied to our business, particularly as we introduce new products and services and expand into new jurisdictions. For example, when we launched our fractional shares program in late 2019, based on our understanding of the reporting requirements we did not report proprietary fractional trades to FINRA's Trade Reporting Facility. Since then, FINRA has informed us that such trades should be reported. As a result, we began reporting fractional shares in January 2021, and we continue to work with FINRA to complete back reporting, which may result in fines or penalties for failing to do so at the time of the trades.

We are subject to potential losses as a result of our clearing and execution activities.

We provide clearing and execution services for our securities brokerage business. Clearing and execution services include the confirmation, receipt, settlement and delivery functions involved in securities transactions. Clearing brokers also assume direct responsibility for the possession or control of customer securities and other assets, the clearing of customer securities transactions and lending money to customers on margin. Self-clearing securities firms are subject to substantially more regulatory control and examination than introducing brokers that rely on others to perform clearing functions. Errors in performing clearing functions, including clerical and other errors related to the handling of funds and securities on behalf of customers, could lead to (i) civil penalties, as well as losses and liability as a result of related lawsuits brought by customers and others and any out-of-pocket costs associated with remediating customers for losses, and (ii) the risk of fines or other actions by regulators.

Our clearing operations also require a commitment of our capital and, despite safeguards implemented by our software, involve risks of losses due to the potential failure of our customers to perform their obligations under these transactions and margin loans. If our customers default on their obligations, including failing to pay for securities purchased, deliver securities sold, or meet margin calls, we remain financially liable for such obligations, and although these obligations are collateralized, we are subject to market risk in the liquidation of customer collateral to satisfy those obligations. While we have established systems and processes to manage risks related to our clearing and execution services, we face a risk that such systems and processes might be inadequate. Any liability arising from clearing and margin operations could have an adverse effect on our business, financial condition and results of operations.

In addition, as a clearing member firm of securities and derivatives clearinghouses in the United States, we are also exposed to clearing member credit risk. Securities and derivatives clearinghouses require member firms to deposit cash, stock and/or government securities for margin requirements and for clearing funds. If a clearing member defaults in its obligations to the clearinghouse in an amount larger than its own margin and clearing fund deposits, the shortfall is absorbed pro rata from the deposits of the other clearing members. Many clearinghouses of which we are members also have the authority to assess their members for additional funds if the clearing fund is depleted. A large clearing member default could result in a substantial cost to us if we are required to pay such assessments. Furthermore, in the

event that a significant amount of our customers' open trades fail to settle, we may be exposed to potential loss of the capital we committed to meet our deposit requirements.

Our exposure to credit risk with customers, market makers, and other counterparties could result in losses.

We extend margin credit and leverage to customers, which are collateralized by customer cash and securities. We also borrow and lend securities in connection with our broker-dealer business. By permitting customers to purchase securities on margin, we are subject to risks inherent in extending credit, especially during periods of rapidly declining markets (including rapid declines in the trading price of individual securities) in which the value of the collateral held by us could fall below the amount of a customer's indebtedness. In addition, in accordance with regulatory guidelines, we collateralize borrowings of securities by depositing cash or securities with lenders. Sharp changes in market values of substantial amounts of securities in a short period of time and the failure by parties to the borrowing transactions to honor their commitments could result in substantial losses. Such changes could also adversely impact our capital because our clearing operations require a commitment of our capital and, despite safeguards implemented by our software, involve risks of losses due to the potential failure of our customers to perform their obligations under these transactions and margin loans.

We are also exposed to credit risk in our dealings with the market makers to which we route cryptocurrency orders. Unlike equities and option trades, cryptocurrency trades do not settle through any central clearinghouses but rather are conducted under bilateral agreements between us and each crypto market maker. (The risk of the market maker's default therefore falls upon us rather than being distributed among a clearinghouse's members.) The terms of these bilateral agreements vary but spot transactions are generally aggregated and settled on a net basis once per business day (with the crypto deliveries occurring first and the net cash moving within 24 hours thereafter) and payment obligations are generally unsecured during the interval between delivery and payment. It is not uncommon for us to have an intra-day outstanding net receivable of $100 million that we are owed by any one cryptocurrency market maker. Similarly, we routinely have unsecured PFOF receivables from equities and options market makers. Any payment default by a market maker could have adverse effects on our financial condition and results of operations.

We have policies and procedures designed to manage credit risk, but we face a risk that such policies and procedures might not be fully effective.

Providing investment recommendations could subject us to investigations, penalties, and liability for customer losses if we fail to comply with applicable regulatory standards, and providing investment education tools could subject us to additional risks if such tools are construed to be investment advice or recommendations.

We recently launched (other than in Massachusetts) a recommended portfolio feature for customers who have not yet placed any trades as described further in Part I, Item I "Business."

Risks associated with providing investment recommendations include those arising from how we disclose and address possible conflicts of interest, inadequate due diligence, inadequate disclosure, and human error. New regulations, such as the SEC's Regulation Best Interest and certain state broker-dealer regulations, impose heightened conduct standards and requirements on recommendations to retail investors. In addition, various states are considering potential regulations or have already adopted certain regulations that could impose additional standards of conduct or other obligations on us to the extent we provide investment advice or recommendations to our customers.

We also provide customers with a variety of educational materials, investment tools, and financial news (including our "Robinhood Snacks" newsletters and podcasts). Additionally, Robinhood Gold members have access to stock research reports prepared by our third-party collaborator, Morningstar,

Inc. Based on current law and regulations, we believe these services do not constitute investment advice or investment recommendations. If the law were to change or if a court or regulator were to interpret current law and regulations in a novel manner, we face a risk that these services could come to be considered as investment advice.

If services that we do not consider to be recommendations (such as educational materials and Snacks) are construed as constituting investment advice or recommendations, we could be subject to investigations by regulatory agencies. For example, in December 2020, the Enforcement Section of MSD filed a complaint against us alleging that a fiduciary conduct standard applies to us under Massachusetts securities law by claiming that our product features and marketing strategies amount to investment recommendations. See Note 16 to our consolidated financial statements in this Annual Report for more information. Changes in law or changes in interpretations of existing law may also require us to modify the nature of these services or discontinue them altogether, one or more of which could have an adverse effect on our ability to attract and retain customers.

To the extent our investment education tools and news are determined to constitute investment advice or recommendations and to the extent our recommendations fail to satisfy regulatory requirements, or we fail to know our customers, or improperly advise our customers, or if risks associated with advisory services otherwise materialize, we could be found liable for losses suffered by such customers, or could be subject to regulatory fines, penalties, and other actions such as business limitations, any of which could harm our reputation and business.

Risks Related to Cryptocurrency Products and Services

The loss, destruction or unauthorized use or access of a private key required to access any of the cryptocurrencies we hold on behalf of customers could result in irreversible loss of such cryptocurrencies. If we are unable to access the private keys or if we experience a hack or other data loss relating to the cryptocurrencies we hold on behalf of customers, our customers may be unable to trade their cryptocurrency, our reputation and business could be harmed, and we may be liable for losses in excess of our ability to pay.

As our business continues to grow and we expand cryptocurrency product and service offerings, so do the risks associated with failing to safeguard and manage cryptocurrencies we hold on behalf of our customers. Our success and the success of our offerings requires significant public confidence in our ability to properly manage customers' balances and handle large and growing transaction volumes and amounts of customer funds. Any failure by us to maintain the necessary controls or to manage the cryptocurrencies we hold on behalf of our customers and funds appropriately and in compliance with applicable regulatory requirements could result in reputational harm, significant financial losses, lead customers to discontinue or reduce their use of our services, and result in significant penalties and fines and additional restrictions.

We hold all cryptocurrencies in custody on behalf of customers in two types of wallets: (i) hot wallets, which are managed online, and (ii) cold wallets, which are managed entirely offline on a computer stored in one or more secure data facilities. In general, the overwhelming majority of cryptocurrency coins on our platform are held in cold storage, though some coins are held in hot wallets to support day-to-day operations. Under blockchain protocol, in order to access or transfer cryptocurrency stored in a wallet, we need to use a private key. To the extent any private keys are lost, destroyed, unable to be accessed by us, or otherwise compromised and no backup of such private key is accessible, we will be unable to access the assets held in the related hot or cold wallet. Further, we cannot provide assurance that any or all of our wallets will not be hacked or compromised such that cryptocurrencies are sent to one or more private addresses that we do not control, which could result in the loss of some or all of the cryptocurrencies that we hold in custody on behalf of customers. Any such losses could be significant, and we might not be able to obtain insurance coverage for some or all of those losses. Cryptocurrencies and blockchain technologies have been, and may in the future be, subject to security breaches, hacking,

or other malicious activities. For example, in August 2021, hackers were able to momentarily take over the Bitcoin SV network, allowing them to spend coins they did not have and prevent transactions from going through. Any loss of private keys relating to, or hack or other compromise of, the hot wallets or cold wallets we use to store our customers' cryptocurrencies could result in total loss of customers' cryptocurrencies (because customers' cryptocurrency balances and cryptocurrency investments are not protected by the Securities Investor Protection Corporation (the "SIPC")) or adversely affect our customers' ability to sell their assets, and could result in our being required to reimburse customers for their losses, subjecting us to significant financial losses. Our insurance coverage for such impropriety is limited and might not cover the extent of loss nor the nature of such loss, in which case we might be liable for the full amount of losses suffered, which could be greater than all of our assets. The total value of cryptocurrencies under our control on behalf of customers is significantly greater than the total value of insurance coverage that would compensate us in the event of theft or other loss of such assets. Additionally, any such security compromises or any business continuity issues affecting our cryptocurrency market makers may affect the ability of our customers to trade or hold cryptocurrencies on our platform and could harm customer trust in us and our products.

The prices of cryptocurrencies are extremely volatile. Fluctuations in the price of various cryptocurrencies may cause uncertainty in the market and could negatively impact trading volumes of cryptocurrencies, which would adversely affect the success of our business, financial condition and results of operations.

The price of each cryptocurrency is based in part on market adoption and future expectations, which might or might not be realized. As a result, the prices of cryptocurrencies are highly speculative. The prices of cryptocurrencies have been subject to dramatic fluctuations, which have impacted, and will continue to impact, our trading volumes and operating results and may adversely impact our growth strategy and business. Several factors could affect a cryptocurrency's price, including, but not limited to:

- Global cryptocurrency supply, including various alternative currencies which exist, and global cryptocurrency demand, which can be influenced by the growth or decline of retail merchants' and commercial businesses' acceptance of cryptocurrencies as payment for goods and services, the security of online cryptocurrency exchanges and digital wallets that hold cryptocurrencies, the perception that the use and holding of digital currencies is safe and secure, and regulatory restrictions on their use.
- Changes in the software, software requirements or hardware requirements underlying a blockchain network, such as a fork. Forks in the future are likely to occur and could result in a sustained decline in the market price of cryptocurrencies.
- Changes in the rights, obligations, incentives, or rewards for the various participants in a blockchain network.
- The maintenance and development of the software protocol of cryptocurrencies.
- Cryptocurrency exchanges' deposit and withdrawal policies and practices, liquidity on such exchanges and interruptions in service from or failures of such exchanges.
- Regulatory measures, if any, that affect the use and value of cryptocurrencies.
- Competition for and among various cryptocurrencies that exist and market preferences and expectations with respect to adoption of individual currencies.
- Actual or perceived manipulation of the markets for cryptocurrencies.
- Actual or perceived connections between cryptocurrencies (and related activities such as mining) and adverse environmental effects or illegal activities.

- Social media posts and other public communications by high-profile individuals relating to specific cryptocurrencies, or listing or other business decisions by cryptocurrency companies relating to specific cryptocurrencies.
- Expectations with respect to the rate of inflation in the economy, monetary policies of governments, trade restrictions, and currency devaluations and revaluations.

While we have observed a positive trend in the total market capitalization of cryptocurrency assets historically, driven by increased adoption of cryptocurrency trading by both retail and institutional investors as well as continued growth of various non-investing use cases, historical trends are not indicative of future adoption, and it is possible that the rate of adoption of cryptocurrencies may slow or decline, which would negatively impact our business, financial condition, and results of operations.

While we currently support seven cryptocurrencies for trading, market interest in particular cryptocurrencies can also be volatile and there are many cryptocurrencies in the market that we do not support. For example we support trading in Dogecoin and we benefited from a surge in interest for Dogecoin during the second quarter of 2021. For the first, second, and third quarters of 2021, transaction-based revenue attributable to transactions in Dogecoin generated approximately 7%, 32%, and 8% of our total net revenues, respectively. Our business could be adversely affected, and growth in our net revenue earned from cryptocurrency transactions could slow or decline, if the markets for the cryptocurrencies we support deteriorate or if demand moves to other cryptocurrencies not supported by our platform.

Volatility in the values of cryptocurrencies caused by the factors described above or other factors may impact our regulatory net worth requirements as well as the demand for our services and therefore have an adverse effect on our business, financial condition and results of operations.

Any particular cryptocurrency's status as a "security" is subject to a high degree of uncertainty and if we have not properly characterized one or more cryptocurrencies, we may be subject to regulatory scrutiny, investigations, fines, and other penalties.

We currently facilitate customer trades for a limited number of cryptocurrencies that we have analyzed under applicable internal policies and procedures and that we believe are not securities under U.S. law. The legal test for determining whether any given cryptocurrency is a security is a highly complex, fact-driven analysis that evolves over time, and the outcome is difficult to predict. The SEC Staff has indicated that the determination of whether or not a cryptocurrency is a security depends on the characteristics and use of that particular asset. The SEC generally does not provide advance guidance or confirmation on the status of any particular cryptocurrency as a security. Occasionally though the SEC and its staff have taken positions that certain cryptocurrencies *are* "securities" – often in the context of enforcement actions – and we do not currently support any cryptocurrencies for which the SEC or its staff has taken such a position. Prior public statements by senior officials at the SEC indicate that the SEC does not intend to take the position that Bitcoin or Ethereum are securities (in their current forms). Bitcoin and Ethereum are the only cryptocurrencies as to which senior officials at the SEC have publicly expressed such a view. Moreover, such statements are not official policy statements by the SEC and reflect only the speakers' views, which are not binding on the SEC or any other agency or court, cannot be generalized to any other cryptocurrency and may evolve. Similarly, although the SEC's Strategic Hub for Innovation and Financial Technology published a framework for analyzing whether any given cryptocurrency is a security in April 2019, this framework is also not a rule, regulation, or statement of the SEC and is not binding on the SEC. With respect to all other cryptocurrencies, there is currently no certainty under the applicable legal test that such assets are not securities, and regulators have expressed concerns about cryptocurrency platforms adding multiple new coins, some of which the regulators question might be unregistered securities. Although our policies and procedures are intended to enable us to make risk-based assessments regarding the likelihood that a particular cryptocurrency could be deemed a security under applicable laws, including federal securities laws, our assessments are not definitive legal determinations as to whether a particular digital asset is a security under such laws. Accordingly, regardless of our conclusions, we could be subject to legal or regulatory action in the event

the SEC or a court were to determine that a cryptocurrency supported by our platform is a “security” under U.S. law.

To the extent that the SEC or a court determines that any cryptocurrencies supported by our platform are securities, that determination could prevent us from continuing to facilitate trading of those cryptocurrencies (including delisting from our platform). It could also result in regulatory enforcement penalties and financial losses in the event that we have liability to our customers and need to compensate them for any losses or damages. We could be subject to judicial or administrative sanctions for failing to offer or sell the cryptocurrency in compliance with securities registration requirements, or for acting as a securities broker or dealer without appropriate registration. Such an action could result in injunctions and cease and desist orders, as well as civil monetary penalties, fines, and disgorgement, criminal liability, and reputational harm. Customers that traded such supported cryptocurrency through our platform and suffered trading losses might also seek to rescind transactions that we facilitated on the basis that they were conducted in violation of applicable law, which could subject us to significant liability and losses. We might also be required to cease facilitating transactions in the supported cryptocurrency, which could negatively impact our business, operating results, and financial condition. A determination by the SEC or a court that a cryptocurrency supported by our platform constitutes a security could also result in our determination that it is advisable to remove other cryptocurrencies from our platform that have similar characteristics to the cryptocurrency that was determined to be a security. Further, if Bitcoin, Ethereum, or any other supported cryptocurrency is deemed to be a security, it may have adverse consequences for such supported cryptocurrency. For instance, all transactions in such supported cryptocurrency would have to be registered with the SEC or other foreign authority, or conducted in accordance with an exemption from registration, which could severely limit its liquidity, usability, and transactability. Moreover, the networks on which such supported cryptocurrencies are used might be required to be regulated as securities intermediaries, and subject to applicable rules, which could effectively render the network impracticable for its existing purposes. Further, any determination that Bitcoin or Ethereum is a security could draw negative publicity and cause a decline in the general acceptance of cryptocurrencies. Also, it would make it more difficult for Bitcoin or Ethereum, as applicable, to be traded, cleared, and custodied as compared to other cryptocurrencies that are not considered to be securities. In addition, our growth might be adversely affected if we are not able to expand our platform to include additional cryptocurrencies that the SEC has determined to be securities or that we believe are likely to be determined to be securities.

Cryptocurrency laws, regulations, and accounting standards are often difficult to interpret and are rapidly evolving in ways that are difficult to predict. Changes in these laws and regulations, or our failure to comply with them, could negatively impact cryptocurrency trading on our platform.

We provide users with the ability to buy, hold, and sell a limited number of cryptocurrencies, such as Bitcoin, Ethereum, and Dogecoin. Domestic and foreign regulators and governments are increasingly focused on the regulation of cryptocurrencies. In the United States, cryptocurrencies are regulated by both federal and state authorities, depending on the context of their usage. Cryptocurrency market disruptions and resulting governmental interventions are unpredictable, and may make cryptocurrencies, or certain cryptocurrency business activities, illegal altogether. As regulation of cryptocurrencies continues to evolve, there is a substantial risk of inconsistent regulatory guidance among federal and state agencies and among state governments which, along with potential accounting and tax issues or other requirements relating to cryptocurrencies, could impede the growth of our cryptocurrency operations. Additionally, regulation in response to the climate impact of cryptocurrency mining could negatively impact cryptocurrency trading on our platform.

The cryptocurrency accounting rules and regulations that we must comply with are complex and subject to interpretation by the Financial Accounting Standards Board (“FASB”), the SEC, and various bodies formed to promulgate and interpret accounting principles. A change in these rules and regulations or interpretations could have a significant effect on our reported financial results and financial position, and could even affect the reporting of transactions completed before the announcement or effectiveness of a change. Further, there are a limited number of precedents for the financial accounting treatment of cryptocurrency assets (including related issues of valuation and revenue recognition), and no official

guidance has been provided by the FASB or the SEC. Accordingly, there remains significant uncertainty as to the appropriate accounting for cryptocurrency asset transactions, cryptocurrency assets, and related revenues. Uncertainties in or changes in regulatory or financial accounting standards could result in the need to change our accounting methods and/or restate our financial statements, and could impair our ability to provide timely and accurate financial information, which could adversely affect our financial statements, and result in a loss of investor confidence.

In addition, future regulatory actions or policies could limit or restrict cryptocurrency usage, custody, or trading, or the ability to convert cryptocurrencies to fiat currencies. For example, in August 2021, September 2021, and October 2021, Chair Gensler remarked on the need for further regulatory oversight of crypto trading and crypto lending platforms. Some lawmakers and regulators have also raised questions about Transaction Rebates from cryptocurrency trading. Transaction Rebates from cryptocurrency trading have historically, and may continue, to comprise a significant percentage of our total net revenues. Any future regulatory actions or policies could reduce the demand for cryptocurrency trading and might materially decrease our revenue derived from Transaction Rebates in absolute terms and as a proportion of our total revenues.

Furthermore, the recently enacted Infrastructure Investment and Jobs Act significantly changes the tax reporting requirements applicable to brokers and holders of cryptocurrency and digital assets. New reporting requirements will apply to information returns filed in 2024 regarding transactions occurring in calendar year 2023. The implementation of these requirements, and any further legislative changes or related guidance from the Internal Revenue Service, might significantly impact our tax reporting and withholding processes and result in increased compliance costs. Failure to comply with these new information reporting and withholding requirements may subject us to significant tax liabilities and penalties.

Our planned launch of the Crypto Wallets feature, which will allow customers to deposit and withdraw cryptocurrencies to and from our platform, could result in loss of customer assets, customer disputes, and other liabilities, which could harm our reputation and adversely impact trading volumes and transaction-based revenues.

We recently announced plans to allow customers to deposit and withdraw cryptocurrencies to and from our platform. User testing of this Crypto Wallets feature has been ramping up since the fourth quarter of 2021. Crypto Wallets transfers are processed using Robinhood's general custodial wallets in which we hold cryptocurrencies on behalf of customers; when transactions are completed, coins are allocated to and from individuals' accounts in our customer records.

Crypto Wallets transfers initiated by users are subject to a heightened risk of user error. Under blockchain protocol, recording a transfer of cryptocurrency on the blockchain involves both the private key of the sending wallet and the unique public key of the receiving wallet. Such keys are strings of alphanumeric characters. In order for a customer to receive cryptocurrency on our platform, the customer will need to arrange for the owner of an external source wallet to "sign" a transaction with the private key of that external wallet, directing a transfer of the cryptocurrency to our receiving Robinhood wallet by inputting the public key (which we will provide to the customer) of our Robinhood wallet. Similarly, in order to withdraw cryptocurrency from our platform, the customer will need to provide us with the public key of the external wallet to which the cryptocurrency is to be transferred, and we will "sign" the transaction using the private key of our Robinhood wallet. Some crypto networks might require additional information to be provided in connection with any transfer of cryptocurrency to or from our platform. A number of errors could occur in the process of depositing or withdrawing cryptocurrencies to or from our platform, such as typos, mistakes, or the failure to include information required by the blockchain network. For instance, a user might include typos when entering our wallet's public key or the desired recipient's public key when depositing to and withdrawing from our platform, respectively. Alternatively, a user could mistakenly transfer cryptocurrencies to a wallet address that he or she does not own or control, or for which the user has lost the private key. In addition, each wallet address is compatible only with the

underlying blockchain network on which it is created. For instance, a Bitcoin wallet address can be used to send and receive Bitcoin only. If any Ethereum, Dogecoin, or other cryptocurrency is sent to a Bitcoin wallet address, for example, or if any of the other foregoing errors occur, such cryptocurrencies could be permanently and irretrievably lost with no means of recovery. Although our account agreement disclaims responsibility for losses caused by customer errors, such incidents could result in customer disputes, damage to our brand and reputation, legal claims against us, and financial liabilities.

Additionally, allowing customers to deposit and withdraw cryptocurrencies to and from our platform increases the risk that our platform might be exploited to facilitate illegal activity such as fraud, gambling, money laundering, tax evasion, and scams. Crypto Wallets transfers will also expose us to heightened risks related to potential violations of trade sanctions, including OFAC regulations, and anti-money laundering and counter-terrorist financing laws, which among other things impose strict liability for transacting with prohibited persons. We engage blockchain analytics vendors to help determine whether the external wallets involved in our transfers are controlled by persons on prohibited lists or involved in fraudulent or illegal activity. However, fraudulent and illegal transactions and prohibited status could be difficult or impossible for us and our vendors to detect in some circumstances. The use of our platform for illegal or improper purposes could subject us to claims, individual and class action lawsuits, and government and regulatory investigations, prosecutions, enforcement actions, inquiries, or requests that could result in significant liabilities and reputational harm for us and could cause cryptocurrency trading volumes and transaction-based revenues to decline.

A temporary or permanent blockchain "fork" could adversely affect our business.

Most blockchain protocols, including Bitcoin and Ethereum, are open source. Any user can download the software, modify it and then propose that users and miners of Bitcoin, Ethereum or other blockchain protocols adopt the modification. When a modification is introduced and a substantial majority of miners consent to the modification, the change is implemented and the Bitcoin, Ethereum or other blockchain protocol networks, as applicable, remain uninterrupted. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a "fork" (i.e., "split") of impacted blockchain protocol network and respective blockchain with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of the Bitcoin, Ethereum or other blockchain protocol network, as applicable, running simultaneously, but with each split network's cryptocurrency lacking interchangeability.

Both Bitcoin and Ethereum protocols have been subject to "forks" recently that resulted in the creation of new networks, including, among others, Bitcoin Cash, Bitcoin SV, Bitcoin Diamond, Bitcoin Gold and Ethereum Classic. Some of these forks have caused fragmentation among platforms as to the correct naming convention for forked cryptocurrencies. Due to the lack of a central registry or rulemaking body in the cryptocurrency market, no single entity has the ability to dictate the nomenclature of forked cryptocurrencies, causing disagreements and a lack of uniformity among platforms on the nomenclature of forked cryptocurrencies, and which results in further confusion to customers as to the nature of cryptocurrencies they hold on platforms. In addition, several of these forks were contentious and as a result, participants in certain communities may harbor ill will towards other communities. As a result, certain community members may take actions that adversely impact the use, adoption and price of Bitcoin, Ethereum or any of their forked alternatives.

Furthermore, forks can lead to disruptions of networks and our information technology systems, cybersecurity attacks, replay attacks, or security weaknesses, any of which can further lead to temporary or even permanent loss of customer cryptocurrencies. For instance, when the Ethereum and Ethereum Classic networks split in July 2016, replay attacks, in which transactions from one network were rebroadcast on the other network to achieve "double-spending," plagued platforms that traded Ethereum through at least October 2016, resulting in significant losses to some cryptocurrency platforms. Another possible result of a fork is an inherent decrease in the level of security due to the splitting of some mining

power across networks, making it easier for a malicious actor to exceed 50% of the mining power of that network. Such disruption and loss could cause our company to be exposed to liability, even in circumstances where we have no intention of supporting a cryptocurrency compromised by a fork.

Moreover, we might not wish to or be able to support a cryptocurrency resulting from the fork of a network which may cause our customers to lose confidence in us or reduce their engagement on our platform. In assessing whether we will support a cryptocurrency resulting from the fork of a network, among our top priorities is to safeguard our customer's assets, and we spend extensive time designing, building, testing, reviewing and auditing our systems to check whether the cryptocurrencies we support remain safe and secure. There are several considerations that we consider as part of a general cryptocurrency approval policy (including security or infrastructure concerns that may arise with the integration of any new cryptocurrency into the technical infrastructure that allows us to secure customer cryptocurrencies and to transact securely in corresponding blockchains), which may operate to limit our ability to support forks. Further, we generally do not support a forked cryptocurrency that does not have support from a majority of the affiliated third-party miner and developer community.

Whether we are obligated to provide services for a new and previously unsupported cryptocurrency is a question of contract, as recognized in recent published rulings of the California appellate courts and federal district courts. The user agreement each customer enters into in order to trade cryptocurrencies on our platform clearly indicates that we have the sole discretion to determine whether we will support a forked network and the approach to such forked cryptocurrencies and that we may temporarily suspend trading for a cryptocurrency whose network is undergoing a fork without advanced notice to the customer. Regardless of the foregoing, we may in the future be subject to claims by customers arguing that they are entitled to receive certain forked cryptocurrencies by virtue of cryptocurrencies that they hold with us. If any customers succeed on a claim that they are entitled to receive the benefits of a forked cryptocurrency that we do not or are unable to support, we may be required to pay significant damages, fines or other fees to compensate customers for their losses.

Any inability to maintain adequate relationships with affiliates, third-party banks and market makers with respect to, and any inability to settle customer trades related to, our cryptocurrency offerings, may adversely affect our business, financial condition and results of operations.

We rely on third-party banks and market makers to provide cryptocurrency products and services to our customers. The cryptocurrency market operates 24 hours a day, seven days a week. The cryptocurrency market does not have a centralized clearinghouse, and the transactions in cryptocurrencies on our platform rely on direct settlements between us and our customers and direct settlements between us and our market makers after customer trades are executed. Accordingly, we rely on third-party banks to facilitate cash settlements with customers' brokerage accounts and we rely on the ability of market makers to complete cryptocurrency settlements with us to obtain cryptocurrency for customer accounts. In addition, we must maintain cash assets in our bank accounts sufficient to meet the working capital needs of our business, which includes deploying available working capital to facilitate cash settlements with our customers and market makers (as well as maintaining the minimum capital required by regulators). If we, third-party banks or market makers have operational failures and cannot perform and facilitate our routine cash and cryptocurrency settlement transactions, we will be unable to support normal trading operations on our cryptocurrency trading platform and these disruptions could have an adverse impact on our business, financial condition and results of operations. Similarly, if we fail to maintain cash assets in our bank accounts sufficient to meet the working capital needs of our business and necessary to complete routine cash settlements related to customer trading activity, such failure could impair our ability to support normal trading operations on our cryptocurrency platform, which could cause cryptocurrency trading volumes and transaction-based revenues to decline significantly.

We may also be harmed by the loss of any of our banking partners and market makers. As a result of the many regulations applicable to cryptocurrencies or the risks of cryptocurrencies generally, many financial institutions have decided, and other financial institutions might in the future decide, not to provide

bank accounts (or access to bank accounts), payments services, or other financial services to companies providing cryptocurrency products, including us. If we or our market makers cannot maintain sufficient relationships with the banks that provide these services, if banking regulators restrict or prohibit banking of cryptocurrency businesses, or if these banks impose significant operational restrictions, it could be difficult for us to find alternative business partners for our cryptocurrency offerings, which would disrupt our business and could cause cryptocurrency trading volumes and transaction-based revenues to decline significantly.

From time to time, we may encounter technical issues in connection with changes and upgrades to the underlying networks of supported cryptocurrencies, which could adversely affect the success of our business, financial condition and results of operations.

Any number of technical changes, software upgrades, soft or hard forks, cybersecurity incidents or other changes to the underlying blockchain networks may occur from time to time, causing incompatibility, technical issues, disruptions or security weaknesses to our platform. If we are unable to identify, troubleshoot and resolve any such issues successfully, we might no longer be able to support such cryptocurrency, our customers' assets may be frozen or lost, the security of our hot or cold wallets may be compromised and our platform and technical infrastructure may be affected, all of which could cause trading volumes and transaction-based revenue to decline and expose us to potential liability for customer losses.

Risks Related to Our Intellectual Property

Any failure to obtain, maintain, protect, defend or enforce our intellectual property rights could adversely affect our business.

Our success and ability to compete depend in part upon our ability to obtain, maintain, protect, defend and enforce our intellectual property rights and technology. The steps we take to protect our intellectual property rights might not be sufficient to effectively prevent third parties from infringing, misappropriating, diluting, or otherwise violating our intellectual property rights or to prevent unauthorized disclosure or unauthorized use of our trade secrets or other confidential information. We make business decisions about when to seek patent protection for a particular technology, obtain trademark protection and when to rely upon trade secret protection, and the approach we select may ultimately prove to be inadequate. We will not be able to protect our intellectual property rights, however, if we do not detect unauthorized use of our intellectual property rights. We also might fail to maintain or be unable to obtain adequate protections for some of our intellectual property rights in the United States and some non-U.S. countries, and our intellectual property rights might not receive the same degree of protection in non-U.S. countries as they would in the United States because of the differences in non-U.S. patent, trademark, copyright, and other laws concerning intellectual property and proprietary rights. In addition, if we do not adequately protect our rights in our trademarks from infringement and unauthorized use, any goodwill that we have developed in those trademarks could be lost or impaired, which could harm our brand and our business. Our trademarks may also be opposed, contested, circumvented or found to be unenforceable, weak or invalid, and we may not be able to prevent third parties from infringing or otherwise violating them or using similar marks in a manner that causes confusion or dilutes the value or strength of our brand.

In addition to registered intellectual property rights, we rely on non-registered proprietary information and technology, such as trade secrets, confidential information and know-how. We attempt to protect our intellectual property, technology, and confidential information by requiring our employees, contractors, consultants, corporate collaborators, advisors and other third parties who develop intellectual property on our behalf to enter into confidentiality and invention assignment agreements, and third parties we share information with to enter into nondisclosure and confidentiality agreements. However, we might not have any such agreements in place with some of the parties who have developed intellectual property on our behalf and/or with some of the parties that have or may have had access to our confidential information,

know-how, and trade secrets. Even where these agreements are in place, they might be insufficient or breached, or might not effectively prevent unauthorized access to or unauthorized use, disclosure, misappropriation, or reverse engineering of our confidential information, intellectual property, or technology. Moreover, these agreements might not provide an adequate remedy for breaches or in the event of unauthorized use or disclosure of our confidential information or technology, or infringement of our intellectual property. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us, and our competitive position could be materially and adversely harmed.

The loss of trade secret protection could make it easier for third parties to compete with our products and services by copying functionality. Additionally, individuals not subject to invention assignment agreements might make adverse ownership claims to our current and future intellectual property, and, to the extent that our employees, independent contractors, or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

In addition, we might need to expend significant resources to apply for, maintain, enforce and monitor our intellectual property rights and such efforts may be ineffective and could result in substantial costs and diversion of resources. An adverse outcome in any such litigation or proceedings might expose us to a loss of our competitive position, significant liabilities, and damage to our brand, or require us to seek licenses that might not be available on commercially acceptable terms, if at all.

We have been, and may in the future be, subject to claims that we violated third-party intellectual property rights, which, even where meritless, can be costly to defend and could materially adversely affect our business, results of operations, and financial condition.

Our success depends, in part, on our ability to develop and commercialize our products and services without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. However, we may not be aware that our products or services are infringing, misappropriating or otherwise violating third-party intellectual property rights and such third parties may bring claims alleging such infringement, misappropriation or violation. As we face increasing competition and become increasingly high profile, the possibility of receiving a larger number of intellectual property claims against us grows. In addition, various “non-practicing entities,” and other intellectual property rights holders have in the past and may in the future attempt to assert intellectual property claims against us or seek to monetize the intellectual property rights they own to extract value through licensing or other settlements.

Our use of third-party software and other intellectual property rights may be subject to claims of infringement or misappropriation. The vendors who provide us with technology that we incorporate in our product offerings also could become subject to various infringement claims.

From time to time, our competitors or other third parties may claim, and have in the past claimed, that we are infringing upon, misappropriating or otherwise violating their intellectual property rights. We cannot predict the outcome of lawsuits and cannot ensure that the results of any such actions will not have an adverse effect on our business, financial condition, results of operations, cash flows or prospects. Any claims or litigation, even those without merit and regardless of the outcome, could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial costs or damages, obtain a license, which may not be available on commercially reasonable terms or at all, pay significant ongoing royalty payments, settlements or licensing fees, satisfy indemnification obligations, prevent us from offering our products or services or using certain technologies, force us to implement expensive and time-consuming work-arounds or re-designs, distract management from our business or impose other unfavorable terms.

We expect that the occurrence of infringement claims is likely to grow as the market for financial services grows and as we introduce new and updated products and services, and the outcome of any allegation is often uncertain. Accordingly, our exposure to damages resulting from infringement claims could increase and this could further exhaust our financial and management resources. Even if intellectual property claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and require significant expenditures.

Some of our products and services contain open source software, which could pose particular risks to our proprietary software, products, and services in a manner that could harm our business.

We use open source software in our products and services (as well as in some of our internally developed systems) and we anticipate using open source software in the future. Some open source software licenses require those who distribute open source software as part of their own software product to publicly disclose all or part of the source code to such software product or to make available any derivative works of the open source code on unfavorable terms or at no cost, and we may be subject to such terms. The terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. We could face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to make our proprietary software source code freely available, purchase a costly license, or cease offering the implicated products or services unless and until we can re-engineer them to avoid infringement, which may be a costly and time-consuming process. While we monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, or could be claimed to have occurred, in part because open source license terms are often ambiguous. Any actual or claimed requirement to disclose our proprietary source code or pay damages for breach of license terms could harm our business and could help third parties, including our competitors, develop products and services that are similar to or better than ours.

Risks Related to Finance, Accounting and Tax Matters

Covenants in our credit agreements could restrict our operations and if we do not effectively manage our business to comply with these covenants, our financial condition could be adversely impacted.

We have entered into two credit agreements and may enter into additional agreements for other borrowing in the future. These agreements contain various restrictive covenants, including, among other things, minimum liquidity and tangible net worth requirements, restrictions on our ability to dispose of assets, make acquisitions or investments, incur debt or liens, make distributions to our stockholders, or enter into certain types of related person transactions. These agreements also contain financial covenants, including obligations to maintain certain capitalization amounts and other financial ratios. These restrictions might restrict our current and future operations, including our ability to incur debt to increase our liquidity position.

Our ability to meet these restrictive covenants can be impacted by events beyond our control that could cause us to be unable to comply. The credit agreements provide that our breach or failure to satisfy some of these covenants constitutes an event of default. Upon the occurrence of an event of default, our lenders could elect to declare all amounts outstanding under our debt agreements to be immediately due and payable. In addition, our lenders might have the right to proceed against the assets we provided as

collateral pursuant to the agreements. If the debt under the credit agreements were to be accelerated, and if we did not have sufficient cash on hand or be able to sell sufficient collateral to repay it, it would have an immediate adverse effect on our business, financial condition and results of operations.

Our insurance coverage might be inadequate or expensive.

We are subject to claims in the ordinary course of business. These claims can involve substantial amounts of money and involve significant defense costs. It is not possible to prevent or detect all activities giving rise to claims and the precautions we take may not be effective in all cases. We maintain voluntary and required insurance coverage, including, among others, general liability, property, director and officer, excess-SIPC, business interruption, cyber and data breach, crime and fidelity bond insurance. Our insurance coverage is expensive and maintaining or expanding our insurance coverage might have an adverse effect on our results of operations and financial condition.

Our insurance coverage is subject to terms such as deductibles, coinsurance, limits and policy exclusions, as well as risk of counterparty denial of coverage, default or insolvency, and might be insufficient to protect us against all losses and costs stemming from operational and technological failures. For example, we offer a guarantee to our customers to fully reimburse direct losses that occur due to unauthorized activity that is not the fault of the customer, and any such losses we incur in satisfaction of this guarantee might not be fully or even partially covered by insurance. Furthermore, continued insurance coverage might not be available to us in the future on economically reasonable terms, or at all. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our business, financial condition, and results of operations.

Changes in U.S. tax laws and policies could adversely impact our financial condition and results of operations.

We are subject to complex and evolving U.S. tax laws and regulations, which might in the future make changes to corporate income tax rates, the treatment of foreign earnings, or other income tax laws that could affect our future income tax provision and reduce our earnings while increasing the complexity, burden and cost of tax compliance.

Our determination of our tax liability is subject to review by applicable tax authorities. Any adverse outcome of such a review could harm our results of operations and financial condition. The determination of our tax liabilities requires significant judgment and, in the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is complex and uncertain. In addition, our future effective tax rates could be favorably or unfavorably affected by changes in tax rates, changes in the valuation of our deferred tax assets or liabilities, the effectiveness of our tax planning strategies or changes in tax laws or their interpretation. Such changes could have an adverse effect on our financial condition.

Although we believe our estimates are reasonable, as a result of these and other factors, the ultimate amount of our tax obligations owed might differ from the amounts recorded in our consolidated financial statements and any such difference could harm our results of operations in future periods in which we change our estimates of our tax obligations or in which the ultimate tax outcome is determined.

In addition, from time to time, proposals are introduced in the U.S. Congress and state legislatures to impose new taxes on a broad range of financial transactions, including transactions that occur on our platform, such as the buying and selling of stocks, derivative transactions, and cryptocurrencies. For example, the Wall Street Tax Act of 2021, H.R. 328, which was introduced into the U.S. Congress in January 2021, would impose a 0.1% excise tax on certain covered transactions. If enacted, such financial transaction taxes could increase the cost to customers of investing or trading on our platform and reduce

or adversely affect U.S. market conditions and liquidity, general levels of interest in investing, and the volume of trades and other transactions from which we derive transaction-based revenues. While it is difficult to assess the impact the proposed taxes could have on us, any financial transaction tax implemented in any jurisdiction in which we operate could materially and adversely affect our business, financial condition, or results of operations, and as a retail brokerage we could be impacted to a greater degree than other market participants.

Our ability to use our net operating losses to offset future taxable income could be subject to certain limitations.

As of December 31, 2021, we have net operating loss carryforwards ("NOLs") available to reduce future taxable income. However, under Sections 382 and 383 of the United States Internal Revenue Code of 1986, as amended (the "Code"), a corporation that undergoes an "ownership change" (as defined by the Code) may be subject to limitations on its ability to utilize its pre-change NOLs and other tax attributes such as research tax credits to offset future taxable income. If it is determined that we have in the past experienced an ownership change, or if we undergo one or more ownership changes as a result of future transactions in our stock, then our ability to utilize NOLs and other pre-change tax attributes could be limited by Sections 382 and 383 of the Code, and similar state provisions. Future changes in our stock ownership, many of which are outside of our control, could result in an ownership change under Section 382 or 383 of the Code. Furthermore, our ability to utilize NOLs of any companies that we acquire in the future may be subject to limitations. For these reasons, we might not be able to utilize our NOLs, even if we maintain profitability.

We track certain operational metrics, which are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and materially adversely affect our stock price, business, results of operations, and financial condition.

We track certain operational metrics using internal company data gathered on an analytics platform that we developed and operate, including metrics such as MAU, AUC and Net Cumulative Funded Accounts, as well as cohorts of our customers, which have not been validated by any independent third party and which may differ from estimates or similar metrics published by other parties due to differences in sources, methodologies, or the assumptions on which we rely. Our internal systems and tools are subject to a number of limitations and our methodologies for tracking these metrics have changed in the past and may change further over time, which could result in unexpected changes to our metrics or otherwise cause the comparability of such metrics from period to period to suffer, including the metrics we publicly disclose. For example, prior to our becoming self-clearing in November 2018, we relied on a third-party provider for our clearing operations, and used data collected by that third party to compute certain metrics, such as Net Cumulative Funded Accounts, that, since November 2018, we have calculated based on data sourced and processed internally. In addition, if the internal systems and tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data we report may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring how our platform is used across large populations globally. You should not place undue reliance on such operational metrics when evaluating an investment in our Class A common stock. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Metrics" for definitions of our key operational metrics.

If our operational metrics are not accurate representations of our business, or if investors do not perceive these metrics to be accurate, or if we discover material inaccuracies with respect to these figures, our reputation could be significantly harmed, the trading price of our Class A common stock could decline and we might be subject to stockholder litigation, which could be costly.

We are directly and indirectly exposed to fluctuations in interest rates.

Fluctuations in interest rates could adversely impact our customers' general spending levels and ability and willingness to invest through our platform. Additionally, some of our products, such as our Cash Management product and margin lending programs, are affected by interest rate changes. Higher interest rates often lead to higher payment obligations by our customers to us and to their creditors under mortgage, credit card, and other consumer and merchant loans, which might reduce our customers' ability to satisfy their obligations to us, including failing to pay for securities purchased, deliver securities sold, or meet margin calls, and therefore lead to increased delinquencies, charge-offs, and allowances for loan and interest receivables, which could have an adverse effect on our net income. Fluctuations in interest rates may also adversely impact our Cash Management customers' returns on their cash deposits. We are also exposed to interest rate risk from our investment portfolio and from interest-rate sensitive assets, including assets underlying the customer balances we hold on our balance sheet as customer accounts. A low or negative interest rate environment or reductions in interest rates may negatively impact our net income.

If we fail to maintain effective internal control over financial reporting, as well as required disclosure controls and procedures, our ability to produce timely and accurate consolidated financial statements or comply with applicable regulations could be impaired.

The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and related rules of the SEC require, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop could become inadequate because of changes in conditions in our business. In addition, changes in accounting principles or interpretations could also challenge our internal controls and require that we establish new business processes, systems and controls to accommodate such changes. We have limited experience with implementing the systems and controls that are necessary to operate as a public company, as well as adopting changes in accounting principles or interpretations mandated by the relevant regulatory bodies. Additionally, if these new systems, controls or standards and the associated process changes do not give rise to the benefits that we expect or do not operate as intended, it could adversely affect our financial reporting systems and processes, our ability to produce timely and accurate financial reports or the effectiveness of our internal control over financial reporting. Moreover, our business may be harmed if we experience problems with any new systems and controls that result in delays in their implementation or increased costs to correct any post-implementation issues that may arise. Further, weaknesses in our disclosure controls and internal control over financial reporting could be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our business or cause us to fail to meet our reporting obligations and could result in a restatement of our consolidated financial statements for prior periods.

Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that are required in our periodic reports filed with the SEC. As a newly public company, however, we are not required to comply fully with the SEC's rules that implement Section 404 of the Sarbanes-Oxley Act until our second Annual Report on Form 10-K, which we expect to file in February 2023. In particular, we are not required to provide an annual management report on the effectiveness of our internal control over financial reporting and our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until such time. Ineffective disclosure controls and procedures or internal control over financial reporting could harm our business, cause investors to lose confidence in the accuracy and completeness of our reported

financial and other information, and result in us becoming subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, any of which would likely have a negative effect on the trading price of our Class A common stock and have a material and adverse effect on our business, results of operations, financial condition and prospects. In addition, if we are unable to continue to meet these requirements, we might not be able to remain listed on the Nasdaq.

Risks Related to Our Class A Common Stock

The trading price for our Class A common stock has been and may continue to be volatile and you could lose all or part of your investment.

The trading price of our Class A common stock has been and may continue to be highly volatile and could continue to be subject to fluctuations in response to one or more of the risk factors described in this report, many of which are beyond our control. For example, on the day after our October 26, 2021 quarterly earnings release, the closing price of our Class A common stock fell by more than 10%. These fluctuations could cause you to lose all or part of your investment in our Class A common stock since you may be unable to sell your shares at or above the price you paid. From our IPO in July 2021 through January 2022, the intra-day trading prices of our Class A common stock ranged from a low of $9.94 to a high of $85.00 per share. Additional factors that could have a significant effect on the trading price of our Class A common stock include:

- publication of research reports about us, our competitors, or our industry, or changes in, or failure to meet, estimates made by securities analysts or ratings agencies of our financial and operating performance, or lack of research reports by industry analysts or ceasing of analyst coverage;
- announcements by us or our competitors of new offerings or platform features;
- the public's perception of the quality and accuracy of our key metrics on our customer base and engagement;
- the public's reaction to our media statements, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry; and
- the extent to which retail and other individual investors (as distinguished from institutional investors), including our customers, invest in our Class A common stock, which may result in increased volatility.

In addition, in the past, following periods of volatility in the overall market and the trading price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Further, if the market price of our Class A common stock is above the level that investors determine is reasonable for our Class A common stock, some investors may attempt to short our Class A common stock, which would create additional downward pressure on the trading price of our Class A common stock.

Substantial future issuances and sales of shares of our Class A common stock in the public market could result in significant dilution to our stockholders and cause the trading price of our Class A common stock to fall.

As of February 18 2022, our founders and their related entities hold approximately 15% of our outstanding common stock (and, as described in the following risk factor, over 50% of the voting power of our outstanding capital stock). If our founders or other significant stockholders sell, or indicate an intent to

sell, large amounts of stock in the public market, or the perception that these sales might occur, could cause the trading price of our Class A common stock to decline substantially.

Also, as of February 18, 2022, there were significant numbers of shares subject to future issuance including under outstanding warrants held by pre-IPO investors, outstanding stock options and restricted stock units ("RSUs") held by employees and other service providers as well as shares available for award grant purposes under our 2021 Plan and for issuance under our Employee Share Purchase Plan. All of these shares will become eligible for sale in the public market upon exercise, vesting, or settlement, as applicable (and to the extent granted in the discretion of our board of directors, in the case of shares available for grant). Moreover, to fund the tax withholding and remittance obligations arising in connection with future vesting and settlement of RSUs, we currently intend to have most holders of such RSUs, including our founders, sell a portion of such shares into the market on the applicable settlement date, with the proceeds of such sales delivered to us for remittance to the relevant taxing authorities. These and any future issuances of shares of our capital stock, or of securities convertible into or exercisable for our capital stock could depress the market price of our Class A common stock and result in a significant dilution for stockholders.

We have authorized more capital stock in recent years to provide additional stock options and RSUs to our employees and to permit for the consummation of equity and equity-linked financings and may continue to do so in the future. Our employee headcount has increased significantly in the past few years and we expect our headcount to continue to grow, so the amount of dilution due to awards of equity-based compensation to our employees could be substantial. Further, any sales of our Class A common stock (including shares of Class A common stock issuable upon conversion of our Class B common stock, as stock options are exercised, or as RSUs are settled) may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales could also cause the trading price of our Class A common stock to fall and make it more difficult for you to sell shares of our Class A common stock.

Further pursuant to the equity exchange right agreements entered into between us and each of our founders in connection with our IPO, each of our founders has a right (but not an obligation) to require us to exchange, for shares of Class B common stock, any shares of Class A common stock received by them upon the vesting and settlement of pre-IPO RSUs (the "Equity Exchange Rights"). Any exercise by our founders of these Equity Exchange Rights will dilute the voting power of holders of our Class A common stock.

The multi-class structure of our common stock has the effect of concentrating voting power with our founders, which limits your ability to influence the outcome of matters submitted to our stockholders for approval. In addition, the Founder Voting Agreement and any future issuances of our Class C common stock could prolong the duration of our founders' voting control.

Our Class A common stock has one vote per share, our Class B common stock has 10 votes per share and our Class C common stock has no voting rights, except as otherwise required by law. Our founders and certain of their related entities together hold all of the issued and outstanding shares of our Class B common stock. Accordingly, Mr. Tenev, who is also our CEO, President and a director, and Mr. Bhatt, who is also our Chief Creative Officer and a director, collectively with their related entities hold over 50% of the voting power of our outstanding capital stock. As a result, our founders have the ability to determine or significantly influence any action requiring the approval of our stockholders, including the election of our board of directors, the adoption of amendments to our Amended and Restated Certificate or Incorporation (our "Charter") and our Amended and Restated Bylaws (our "Bylaws") and the approval of any merger, consolidation, sale of all or substantially all of our assets or other major corporate transaction.

In addition, our founders and certain of their related entities ("Founder Affiliates") have entered into a voting agreement (the "Founder Voting Agreement") in which they have agreed, among other things, (i) to vote all of the shares of our common stock held by such founder or Founder Affiliate for the election of

each founder to, and against the removal of each founder from, our board of directors, (ii) to vote together in the election of other directors generally, subject to deferring to the decision of the nominating and corporate governance committee in the event of any disagreement between the founders, (iii) effective upon a founder's death or disability, to grant a voting proxy to the other founder with respect to shares of our common stock held by the deceased or disabled founder or over which he was entitled to vote (or direct the voting) immediately prior to his death or disability, and (iv) to grant each other rights of first offer in the event of proposed transfers that would otherwise cause Class B shares to convert into Class A shares under our Charter. The Founder Voting Agreement has the effect of concentrating voting power in our founders (or either one of them).

Our founders may have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. Therefore, the founders' concentrated voting control may have the effect of delaying, preventing or deterring a change in control of our Company, could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale of our Company, and might ultimately affect the market price of our Class A common stock. Further, the separation between voting power and economic interests could cause conflicts of interest between our founders and our other stockholders, which may result in our founders undertaking, or causing us to undertake, actions that would be desirable for our founders but would not be desirable for our other stockholders.

We have no current plans to issue shares of our Class C common stock. Because the shares of our Class C common stock have no voting rights, except as required by law, if we issue Class C common stock in the future, the voting control of our founders could be maintained for a longer period of time than would be the case if we issued Class A common stock rather than Class C common stock.

Our multi-class structure might depress the trading price of our Class A common stock.

In recent years some index providers have announced restrictions on including companies with multi-class share structures in some of their indices. For example, in July 2017, FTSE Russell announced that it plans to require new constituents of its indices to have greater than 5% of the company's voting rights in the hands of public stockholders, and S&P Dow Jones announced that it will no longer admit companies with multi-class share structures to certain of its indices. Affected indices include the Russell 2000 and the S&P Composite 1500, which is comprised of S&P 500, S&P MidCap 400 and S&P SmallCap 600. Also in October 2018, MSCI (a leading stock index provider) announced its decision to reduce the weighting of equity securities "with unequal voting structures" in some of its indices. Under such announced policies, the multi-class structure of our common stock would make us ineligible for inclusion in some indices and, as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track those indices would not invest in our Class A common stock. Such restrictive policies might depress our valuation, as compared to similar companies that are included in the indices, particularly if such policies become more widespread. Given the sustained flow of investment funds into passive strategies that seek to track indices, exclusion from popular stock indices would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

Certain provisions in our Charter and our Bylaws and of Delaware law as well as certain FINRA rules may prevent or delay an acquisition of Robinhood, which could decrease the trading price of our Class A common stock.

Our Charter and our Bylaws contain, and Delaware law contains, provisions that may have the effect of deterring takeovers by making such takeovers more expensive to the bidder and by encouraging prospective acquirers to negotiate with our board of directors rather than to attempt a hostile takeover, such as a classified board, limitations on the ability of stockholders to take action by written consent, and the ability of our board to designate the terms of preferred stock and authorize its issuance without stockholder approval. We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our board of directors

and by providing our board of directors with more time to assess any acquisition proposal. These provisions are not intended to make Robinhood immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is not in the best interests of Robinhood and our stockholders. Accordingly, if our board of directors determines that a potential acquisition is not in the best interests of Robinhood and our stockholders, but certain stockholders believe that such a transaction would be beneficial to Robinhood and our stockholders, such stockholders may elect to sell their shares in Robinhood and the trading price of our Class A common stock could decrease. These and other provisions of our Charter, our Bylaws and the Delaware General Corporation Law could have the effect of delaying or deterring a change in control, which may limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock and may also affect the price that some investors are willing to pay for our Class A common stock.

In addition, a third party attempting to acquire us or a substantial position in our Class A common stock may be delayed or ultimately prevented from doing so by change in ownership or control regulations to which certain of our regulated subsidiaries are subject. For example, FINRA Rule 1017 generally provides that FINRA approval must be obtained in connection with any transaction resulting in a single person or entity owning, directly or indirectly, 25% or more of a FINRA member firm's equity and would include a change in control of a parent company and similar approval from the U.K. Financial Conduct Authority, which regulates our U.K. authorized broker-dealer subsidiary (which does not currently do business), must be obtained in connection with any transaction resulting in a person or entity holding, directly or indirectly, 10% or more of the equity or voting power of a U.K. authorized person or the parent of a U.K. authorized person. These and any other applicable regulations relating to changes in control of us or our regulated subsidiaries could further have the effect of delaying or deterring a change in control of us.

The exclusive forum provisions of our Charter could limit our stockholders' ability to choose the judicial forum for some types of lawsuits against us or our directors, officers, or employees.

Our Charter provides that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for a number of types of actions or proceedings shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have subject matter jurisdiction, another state court sitting in the State of Delaware) (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. Our Charter also provides that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action under the Securities Act. Nothing in our Charter precludes stockholders that assert claims under the Exchange Act from bringing such claims in any court, subject to applicable law.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to these provisions. These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. The enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. If a court were to find the exclusive forum provisions in our Charter to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could adversely affect our results of operations.

ITEM 2. PROPERTIES

We lease facilities under operating leases with various expiration dates through 2033. Our corporate headquarters are located in Menlo Park, California. We also lease office space in Charlotte, North Carolina; Chicago, Illinois; Denver, Colorado; Kirkland, Washington; Lake Mary, Florida; New York, New York; Tempe, Arizona; Washington, D.C.; Westlake, Texas; and London, United Kingdom.

We believe our facilities are suitable for their present and intended purposes and are operating at a level consistent with the requirements of the industry in which we operate. We also believe that our leases are at competitive or market rates and do not anticipate any difficulty in leasing suitable additional space upon expiration of our current lease terms.

ITEM 3. LEGAL PROCEEDINGS

See Note 16 to our consolidated financial statements in this Annual Report.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information for Common Stock

Our Class A common stock has been listed on the Nasdaq Global Select Market under the symbol "HOOD" since July 29, 2021. Prior to that time, there was no public market for our stock.

Our Class B and Class C common stock are not listed on any stock exchange nor traded on any public market.

Holders of Record

As of February 18, 2022, there were 107 stockholders of record of our Class A common stock. Because many of our shares of Class A common stock are held by brokers and other institutions on behalf of stockholders, we are unable to precisely estimate the total number of stockholders represented by these record holders, but based on input from proxy service providers we believe our Class A common stock is held by more than 850,000 separate accounts. As of February 18, 2022, there were eight stockholders of record of our Class B common stock and zero stockholders of record of our Class C common stock.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate declaring or paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant. In addition, the terms of our current credit facilities contain restrictions on our ability to pay cash dividends.

Sales of Unregistered Securities

From January 1, 2021 through March 31, 2021, we granted to employees and consultants RSUs covering an aggregate 7.3 million shares of our common stock under our 2020 Plan, and we issued 3.2 million shares of common stock upon exercise of employee stock options under our 2013 Plan and our 2020 Plan. The foregoing transactions did not involve any underwriters, underwriting discounts or commissions, or any public offering. We believe the offers, sales, and issuances of the above securities were exempt from registration in reliance on Rule 701 under the Securities Act because the transactions were pursuant to compensatory benefit plans or contracts relating to compensation as provided under such rule.

In February 2021, we issued two tranches of convertible notes, consisting of $2.53 billion aggregate principal amount of Tranche I convertible notes and $1.02 billion aggregate principal amount of Tranche II convertible notes. We also granted to each purchaser of the Tranche I convertible notes a ten-year warrant to purchase a number of shares of equity securities equal to 15% of the aggregate proceeds invested by such purchaser in the Tranche I convertible notes, i.e., $379.8 million in aggregate maximum purchase amount. (As a result of the IPO, the warrants became exercisable for an aggregate of 14.3 million shares of Class A common stock at an exercise price of $26.60 per share.) The foregoing

transactions did not involve any underwriters, underwriting discounts or commissions, or any public offering. We believe the offers, sales, and issuances of the above securities were exempt from registration under Section 4(a)(2) of the Securities Act (or Regulation D or Regulation S promulgated thereunder) because they did not involve any public offering.

In August 2021, in connection with the completion of the IPO each outstanding share of common stock was reclassified into a share of Class A common stock and:

- all of our outstanding convertible notes automatically converted into 137.3 million shares of Class A common stock at a conversion price of $26.60 per share;
- all 412.7 million shares of our outstanding redeemable convertible preferred stock automatically converted into an equivalent number of shares of common stock (which were then immediately reclassified as Class A common stock); and
- a total of 130.2 million shares of our Class B common stock were issued to our founders and their related entities in exchange for an equivalent number of shares of Class A common stock.

No additional consideration was paid in connection with these conversions and exchanges. We believe the issuances of the above securities were exempt from registration pursuant to Section 3(a)(9) of the Securities Act because our securities were converted or exchanged by us with our existing security holders exclusively where no commission or other remuneration was paid or given directly or indirectly for soliciting such conversion or exchange.

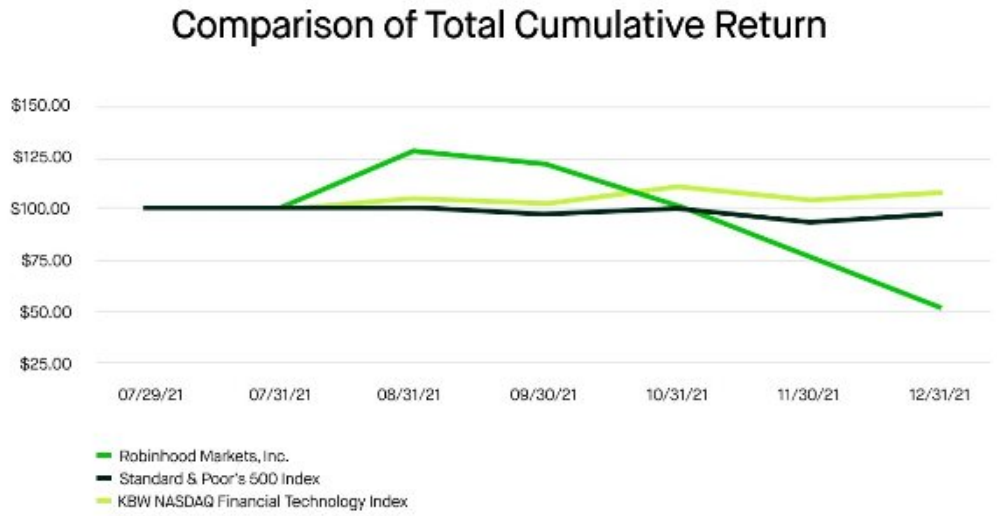
For a description of sales of unregistered securities during the second and third quarters of 2021, refer to our reports on Form 10-Q for the three-month periods ended June 30, 2021 and September 30, 2021.

Stock Performance Graph

This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC, for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act.

The graph below compares the cumulative total stockholder return on our Class A common stock with the cumulative total return of the KBW NASDAQ Financial Technology Index and the Standard & Poor’s 500 Index. The graph assumes (i) that $100 was invested at the market close on July 29, 2021, the date that our Class A common stock commenced trading on the Nasdaq Global Select Market, in each of our Class A common stock, the KBW NASDAQ Financial Technology Index, and the Standard & Poor’s 500 Index and (ii) reinvestment of gross dividends. The graph uses the closing market price on July 29, 2021 of $34.82 per share as the initial value of our Class A common stock. The stock price performance shown

in the graph represents past performance and should not be considered an indication of future stock price performance.



ITEM 6. [REMOVED AND RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section presents management's perspective on our financial condition and results of operations, including performance metrics that management uses to assess company performance. The following discussion and analysis is intended to highlight and supplement data and information presented elsewhere in this Annual Report, and should be read in conjunction with our consolidated financial statements and notes elsewhere in this Annual Report. It is also intended to provide you with information that will assist you in understanding our consolidated financial statements, the changes in key items in those consolidated financial statements from year to year, and the primary factors that accounted for those changes. To the extent that this discussion describes prior performance, the descriptions relate only to the periods listed, which might not be indicative of our future financial outcomes. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause results to differ materially from management's expectations. Factors that could cause such differences are discussed in the sections titled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors."

We refer to our "users" and our "customers" interchangeably throughout this Annual Report to refer to individuals who hold accounts on our platform. The FINRA definition of "customer" under Exchange Act Rule 15c3-3 means any person from whom or on whose behalf a broker or dealer has received or acquired or holds funds or securities for the account of that person. However, because we do not earn consideration from users (other than Robinhood Gold Subscribers and debit card users), users are not "customers" as defined in ASC 606, Revenue from Contracts with Customers. Accordingly, our users do not meet the definition of "customer" for purposes of the accounting rules. See Note 1 to our consolidated financial statements in this Annual Report.

Overview

With respect to the year ended December 31, 2021, as compared to the year ended December 31, 2020:

- we generated total net revenues of $1.82 billion compared to $959 million, for year-over-year growth of 89%;
- we incurred a net loss of $3.69 billion, which included aggregate costs of $3.62 billion associated with share-based compensation and the change in fair value of our convertible notes and warrants, compared to net income of $7 million;
    - Share-based compensation expense totaled $1.57 billion compared to $24 million. For the year ended December 31, 2020, share-based compensation expense all related to stock options (no expense relating to restricted stock units was recognized because a vesting condition had not been met as our IPO had not yet occurred).
    - The net loss for the year ended December 31, 2021 also included total expense of $2.05 billion associated with the change in fair value of convertible notes and warrant liability issued in February 2021.
- our Adjusted EBITDA (non-GAAP) was $34 million compared to $155 million;
- we had Net Cumulative Funded Accounts of 22.7 million compared to 12.5 million, for year-over-year growth of 81%;
- we had Monthly Active Users (MAU) of 17.3 million in December 2021 compared to 11.7 million in December 2020, for year-over-year growth of 48%;
- we had Assets Under Custody (AUC) of $98 billion compared to $63 billion, for year-over-year growth of 56%; and
- we had Average Revenues Per User (ARPU) of $103 compared to $109, for a year-over-year decrease of 5%.

For definitions of “Net Cumulative Funded Accounts”, “MAU”, “AUC” and “ARPU” please see “—Key Performance Metrics.” Adjusted EBITDA is a non-GAAP financial measure. For more information about Adjusted EBITDA, including the definition and limitations of such measure, and a reconciliation of net income (loss) to Adjusted EBITDA, please see “—Non-GAAP Financial Measures.”

COVID-19 Update

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus referred to as “COVID-19” to be a global pandemic. In response to the pandemic, we enabled nearly all of our employees, to work remotely and restricted business travel. In the fourth quarter of 2021, we elected to become a “Remote First” company, allowing a large segment of our employees to have no assigned location or regular in-office requirement. When this program is fully implemented, following the cession of COVID-19 exemptions, some teams will need to live within a commutable distance to an office location for regulatory and business reasons, and a small segment of our workforce will still need to come into the office. All employees will have access to our offices throughout the country and, as vaccination rates among the population have increased, we have started to allow some employees to voluntarily return to work in our corporate offices. The timing of any full return for those employees who will eventually be

required to come into the office has not been determined and will be impacted by developments related to the pandemic, such as the severity and transmission rate of the virus and its variants.

At the onset of the COVID-19 pandemic, we saw substantial growth in our user base, retention, engagement, and trading activity metrics, and over the course of the pandemic we saw periodic all-time highs achieved by the equity markets generally. During this period, market volatility, stay-at-home orders, and increased interest in investing and personal finance, coupled with low interest rates and a positive market environment, especially in the U.S. equity and cryptocurrency markets, helped foster an environment that encouraged an unprecedented number of first-time retail investors to become our users and begin trading on our platform. However, we have seen the growth of our user base in recent periods slow compared to the accelerated growth we experienced in 2020 and the first half of 2021. For example, the pace of growth in new funded accounts slowed considerably in the second half of 2021 compared to the first half of 2021. Additionally, to the extent that government stimulus measures enacted in response to the pandemic contributed to an increase in customer engagement, that benefit may not have continued as those stimulus measures have expired. For example, we saw Monthly Active Users decline from 21.3 million in June 2021 to 17.3 million in December 2021.

The COVID-19 pandemic also resulted, in part, in inefficiencies or delays in our business, operational challenges, additional costs related to business continuity initiatives as our workforce had to transition suddenly to working remotely, and increased vulnerability to cybersecurity attacks or other privacy or data security incidents. The extent of the continuing impact of COVID-19 on our business, financial condition, and results of operations will depend largely on future developments, including the duration of the pandemic, actions taken to contain COVID-19 or address its impact, our ability to adapt to the long-term distributed "Remote First" workforce model we have adopted, the impact on capital and financial markets, and the related impact on the financial circumstances of our customers, all of which are highly uncertain and difficult to predict.

Key Performance Metrics

In addition to the measures presented in our consolidated financial statements, we use the following key performance metrics to help us evaluate our business, identify trends affecting our business, formulate business plans, and make strategic decisions:

	Year ended December 31,		
(in millions except ARPU)	**2019**	**2020**	**2021**
Net Cumulative Funded Accounts[1]	5.1	12.5	22.7
Monthly Active Users (MAU)[2]	4.3	11.7	17.3
Assets Under Custody (AUC)[3]	$ 14,135.6	$ 62,978.5	$ 98,006.9
Average Revenues Per User (ARPU)[4]	$ 65.7	$ 108.9	$ 103.3

(1) A Robinhood account is designed to provide a user with access to any and all of the products offered on our platform. We define "Net Cumulative Funded Accounts" as New Funded Accounts less Churned Accounts plus Resurrected Accounts (each as defined below). A "New Funded Account" is a Robinhood account into which the account user makes an initial deposit or money or asset transfer, of any amount, during the relevant period. An account is considered "Churned" if it was ever a New Funded Account and its balance (measured as the fair value of assets in the account less any amount due from the user and excluding certain Company-initiated credits) drops to or below zero for at least 45 consecutive calendar days. Negative balances typically result from Fraudulent Deposit Transactions (as defined below) and, less often, from margin loans. An account is considered "Resurrected" in a stated period if it was a Churned Account as of the end of the immediately preceding period and its balance (excluding certain Company-initiated credits) rises above zero. Examples of credits excluded for purposes of identifying Churned Accounts and Resurrected Accounts are price correction credits, related interest adjustments, and fee adjustments.

"Fraudulent Deposit Transactions" occur when users initiate deposits into their accounts, make trades on our platform using a short-term extension of credit from us, and then repatriate or reverse the deposits, resulting in a loss to us of the credited amount. For more information about Fraudulent Deposit Transactions, see "—Key Components of our Results of Operations—Operating Expenses—Operations" below.

The following table describes the annual changes within Net Cumulative Funded Accounts:

	Year ended December 31,		
(in millions)	**2019**	**2020**	**2021**
Beginning Net Cumulative Funded Accounts	3.3	5.1	12.5
New funded accounts	2.3	8.0	12.2
Resurrected accounts	0.2	0.3	0.5
Churned accounts	(0.7)	(0.9)	(2.5
Ending Net Cumulative Funded Accounts	5.1	12.5	22.7

(2) We define MAU as the number of Monthly Active Users during a specified calendar month. A "Monthly Active User" is a unique user who makes a debit card transaction, or who transitions between two different screens on a mobile device or loads a page in a web browser while logged into their account, at any point during the relevant month. A user need not satisfy these conditions on a recurring monthly basis or have a Funded Account to be included in MAU. Figures in the table reflect MAU for the last month of each period presented. We utilize MAU to measure how many customers interact with our products and services during a given month. MAU does not measure the frequency or duration of the interaction, but we consider it a useful indicator for engagement. Additionally, MAUs are positively correlated with, but are not indicative of, the performance of revenue and other key performance indicators.

(3) We define AUC as the sum of the fair value of all equities, options, cryptocurrency and cash held by users in their accounts, net of receivables from users, as of a stated date or period end on a trade date basis. The following table sets out the components of AUC by type of asset:

	Year ended December 31,		
(in millions)	**2019**	**2020**	**2021**
Equities	$ 11,721.8	$ 52,983.1	$ 72,113.3
Cryptocurrencies	414.7	3,527.0	22,135.8
Options	244.6	2,117.0	1,530.8
Cash held by users	2,413.8	7,947.3	8,760.2
Receivables from users	(659.3)	(3,595.9)	(6,533.2)
Assets Under Custody	$ 14,135.6	$ 62,978.5	$ 98,006.9

Net Deposits and net market gains drive the change in AUC in any given period. We define "Net Deposits" as all cash deposits and asset transfers received from customers net of reversals, customer cash withdrawals, and other equity and cash amounts transferred out of our platform (including in connection with debit card transactions and account transfers in or out of our platform through the ACATS system) for a stated period. The following table describes the annual changes within Assets Under Custody:

	Year ended December 31,		
(in millions)	**2019**	**2020**	**2021**
Beginning AUC	$ 8,359.5	$ 14,135.6	$ 62,978.5
Net Deposits	4,295.7	31,034.4	27,405.9
Net market gains (losses)	1,480.3	17,808.5	7,622.5
Ending AUC	$ 14,135.6	$ 62,978.5	$ 98,006.9

(4) We define ARPU as total revenue for a given period divided by the average of Net Cumulative Funded Accounts on the last day of that period and the last day of the immediately preceding period.

Non-GAAP Financial Measures

Adjusted EBITDA

We collect and analyze operating and financial data to evaluate the health of our business, allocate our resources and assess our performance. In addition to total net revenues, net income (loss), and other results under GAAP, we utilize non-GAAP calculations of adjusted earnings before interest, taxes, depreciation, and amortization ("Adjusted EBITDA"). Adjusted EBITDA is defined as net income (loss), excluding (i) interest expenses related to credit facilities, (ii) provision for (benefit from) income taxes, (iii) depreciation and amortization, (iv) share-based compensation, (v) change in fair value of convertible

notes and warrant liability, (vi) significant legal and tax settlements and reserves, and (vii) other significant gains, losses, and expenses (such as impairments, restructuring charges, and business acquisition- or disposition-related expenses) that we believe are not indicative of our ongoing results. This non-GAAP financial information is presented for supplemental informational purposes only, should not be considered a substitute for or superior to financial information presented in accordance with GAAP, and may be different from similarly titled non-GAAP measures used by other companies.

The above items are excluded from our Adjusted EBITDA measure because these items are non-cash in nature, or because the amount and timing of these items are unpredictable, are not driven by core results of operations, and render comparisons with prior periods and competitors less meaningful. We believe Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our results of operations, as well as providing a useful measure for period-to-period comparisons of our business performance. Moreover, Adjusted EBITDA is a key measurement used by our management internally to make operating decisions, including those related to operating expenses, evaluate performance, and perform strategic planning and annual budgeting. The following table presents a reconciliation of net income (loss), which is the most directly comparable GAAP measure, to Adjusted EBITDA:

	Year ended December 31,		
(in thousands)	**2019**	**2020**	**2021**
Net income (loss)	$ (106,569)	$ 7,449	$ (3,686,432)
Add:			
Interest expenses related to credit facilities	991	4,882	20,218
Provision for (benefit from) income taxes	(1,018)	6,381	2,000
Depreciation and amortization	5,444	9,938	25,495
EBITDA (non-GAAP)	(101,152)	28,650	(3,638,719)
Share-based compensation	26,667	24,330	1,572,253
Change in fair value of convertible notes and warrant liability	—	—	2,045,657
Significant legal and tax settlements and reserves	—	101,600	54,910
Adjusted EBITDA (non-GAAP)	$ (74,485)	$ 154,580	$ 34,101

Key Factors Driving Our Performance

Growing Our Customer Base

Sustaining our growth requires continued adoption of our platform by new customers. We will continue to introduce products and features to attract new customers and we will seek to increase brand awareness and customer adoption of our platform through broad-scale brand marketing and the Robinhood Referral Program (defined below).

Expanding Our Relationship with Existing Customers

Our revenue has generally increased over time as we have introduced new products and features to our customers and as our customers have increased their usage of our platform. We aim to grow with our customers over time as they build and manage their wealth. Our ability to expand our relationship with our customers will be an important contributor to our long-term growth. Additionally, we strive to strengthen our relationships with our customers by responding to customer feedback not only through the introduction of new products, but also through improvements to our existing products and services.

Investing in Our Platform

We intend to continue to invest in our platform capabilities and regulatory and compliance functions to support new and existing customers and products that we believe will drive our growth. As our customer

base and platform functionalities expand, areas of investment priority will likely include product innovation, educational content, and technology and infrastructure improvements. We believe these investments will contribute to our long-term growth.

We expect to continue increasing headcount throughout 2022, though at a lesser rate than in 2021. These additional employees will be staffed on projects to enhance platform capabilities, drive product innovation, and further augment regulatory and compliance functions.

Customer Interest in Investing and Saving

Our results of operations are impacted by the overall health of the economy and retail investing and saving behaviors, which include the following key drivers:

- *Seasonality*. Our business can be subject to seasonal fluctuations due to such factors as retail interest in investing, overall number of market participants and trading volumes, varying numbers of trading days from quarter-to-quarter, and declines in trading activity around holidays. Seasonal trends may be superseded by market or macroeconomic events, which can have a significant impact on equity and cryptocurrency valuations and trading activity.

- *Consumer Behavior*. Consumer behavior varies over time and is affected by numerous conditions. For example, behavior might be impacted by social or economic factors such as changes in disposable income levels, general interest in investing, and volatility in the stock and cryptocurrency markets. There might also be high profile initial public offerings, or idiosyncratic events impacting single companies, that impact consumer behavior.

- *Market Trends*. As financial markets grow and contract, our customers' investing, saving, and spending behaviors are affected. Our operating history has coincided with a period of general macroeconomic growth in the United States, particularly in the U.S. equity and cryptocurrency markets, which has previously stimulated growth in overall investment activity on our platform; we could also be impacted by any slowdowns in growth or downturns in the U.S. equity and cryptocurrency markets.

- *Macroeconomic Events*. Customer behavior is impacted by the overall macroeconomic environment, which is influenced by elements beyond our control, including economic and political conditions, inflation, tax rates, the ongoing COVID-19 pandemic, unemployment rates, and natural disasters.

For more information about how market trends and macroeconomic events can adversely impact our results of operations, see "Risk Factors—Risks Related to Our Business."

Key Components of Our Results of Operations

Revenues

Transaction-Based Revenues

Transaction-based revenues consist of amounts earned from routing customer orders for options, cryptocurrencies, and equities to market makers. When customers place orders for options, cryptocurrencies, or equities on our platform, we route these orders to market makers and we receive consideration from those market makers. With respect to equities and options trading, such fees are known as payment for order flow ("PFOF"). With respect to cryptocurrency trading, we receive "Transaction Rebates." In the case of equities, the fees we receive are typically based on the size of the publicly quoted bid-ask spread for the security being traded; that is, we receive a fixed percentage of the difference between the publicly quoted bid and ask at the time the trade is executed. For options, our fee is on a per contract basis based on the underlying security. In the case of cryptocurrencies, our rebate is

a fixed percentage of the notional order value. Within each asset class, whether equities, options or cryptocurrencies, the transaction-based revenue we earn is calculated in an identical manner among all participating market makers. We route equity and option orders in priority to participating market makers that we believe are most likely to give our customers the best execution, based on historical performance (according to order price, trading symbol, availability of the market maker and, if statistically significant, order size), and, in the case of options, the likelihood of the order being filled is a factor as well. For cryptocurrency orders, we route to market makers based on price and availability of the cryptocurrency from the market maker.

Net Interest Revenues

Net interest revenues consist of interest revenues less interest expenses. We earn and incur interest revenues and expenses on securities lending transactions by lending shares that we hold as collateral for margin loans extended to our users. We also earn interest revenues on margin loans to users, as well as on our segregated cash, cash and cash equivalents, and deposits with clearing organizations. We incur interest expenses in connection with our revolving credit facilities.

Other Revenues

Other revenues primarily consist of Robinhood Gold subscription fees, proxy rebate revenues, and ACATS fees for facilitating the transfer of part or all of their accounts to another broker-dealer.

Operating Expenses

Commencing with the filing of this Annual Report, we have revised sub-categories within our operating expenses to better reflect the business as considered by management. Prior period amounts have been reclassified to conform to the current presentation.

Brokerage and Transaction

Brokerage and transaction costs primarily consist of broker-dealer transaction expenses (such as fees paid to centralized clearinghouses and regulatory fees), market data expenses, cash and share-based compensation and benefits as well as allocated overhead for employees engaged in clearing and brokerage functions, and cash management transactions expenses (such as network fees and card processing fees). A large portion of our brokerage and transaction costs are variable and tied to trading and transaction volumes on our platform.

Technology and Development

Technology and development costs primarily consist of cash and share-based compensation and benefits as well as allocated overhead for engineering, data science, and design personnel who support and improve our platform and develop new products, costs for cloud infrastructure services, and costs associated with computer hardware and software, including amortization of internally developed software.

Operations

Operations costs consist of customer service related expenses, including cash and share-based compensation and benefits as well as allocated overhead for employees engaged in customer support, and costs incurred to support and improve customer experience (such as third-party customer service vendors).

Operations costs also include our provision for credit losses and fraud in connection with unrecoverable receivables due to Fraudulent Deposit Transactions and chargebacks for unauthorized debit card use. The provision for credit loss is equal to the unsecured receivable balance owed by users, i.e., the difference between the amount due from users and the fair value of the assets in the users' accounts. We seek to reduce Fraudulent Deposit Transactions and unauthorized debit card usage by

deploying and iterating on machine learning models that identify high risk users and transactions on our platform. In addition, upon identifying high risk users and transactions, we seek to prevent further losses by introducing friction into the user experience (for example, by not offering the identified customer access to instant funds) or implementing restrictions to mitigate the risk of these transactions (such as temporarily restricting withdrawals). Due to the fraudulent nature of these transactions, recourse and collection of the funds is limited. The provision for credit losses also includes losses related to our margin lending and proxy rebate activities.

Marketing

Marketing costs primarily consist of marketing incentive expenses associated with the Robinhood Referral Program, as well as digital marketing, brand marketing, and creative services costs for creation, production, and placement of advertisements and marketing content. Other marketing costs include cash credits we offer to customers, which primarily relate to remediation for losses experienced by our customers due to service interruptions on our platform and reimbursement of direct losses incurred by our customers from allegedly unauthorized account activity. Marketing costs also include cash and share-based compensation and benefits as well as allocated overhead for employees engaged in the marketing function.

Under the Robinhood Referral Program we credit referring and referred customers with a stock reward, with the potential value of each share ranging from $3 to $225. Each stock reward is selected randomly from our previously purchased inventory of settled shares held exclusively for this program. This inventory is comprised of shares of stock of issuers that are widely held among our customers' accounts (i.e., held by at least 5,000 customers). Referring customers can earn more than one reward through the Robinhood Referral Program by making multiple referrals, subject to a maximum of $500 in total rewards earned annually per customer. From time to time, we offer multiple stock rewards per referral. Stock rewards are also available to customers who sign up through paid marketing channels. In order for rewards to be earned by the referring and referred customer, the referred customer must fulfill certain conditions stated in their promotion, such as linking his or her bank account to our platform. After the referred Robinhood account is approved, each customer must claim his or her stock reward in the Robinhood app within 60 days of notification thereof, at which point the stock is deposited to such customer's Robinhood account. Customers do not provide any cash consideration for the stock reward.

General and Administrative

General and administrative costs primarily consist of cash and share-based compensation and benefits as well as allocated overhead for certain executives and employees engaged in legal, finance, human resources, risk, and compliance. General and administrative costs also include legal expenses, settlements and penalties, business insurance, and other professional fees.

Results of Operations

The following table summarizes our consolidated statements of operations data:

	Year ended December 31,		
(in thousands)	**2019**	**2020**	**2021**
Revenues:			
Transaction-based revenues	$ 170,831	$ 720,133	$ 1,402,350
Net interest revenues	70,639	177,437	256,962
Other revenues	36,063	61,263	155,831
Total net revenues	277,533	958,833	1,815,143
Operating expenses:[1]			
Brokerage and transaction	45,459	111,083	152,343
Technology and development	94,932	215,630	1,232,787
Operations	33,869	137,905	373,129
Marketing	124,699	185,741	327,369
General and administrative	85,504	294,694	1,370,520
Total operating expenses	384,463	945,053	3,456,148
Change in fair value of convertible notes and warrant liability	—	—	2,045,657
Other expense (income), net	657	(50)	(2,230)
Income (loss) before income tax	(107,587)	13,830	(3,684,432)
Provision for (benefit from) income taxes	(1,018)	6,381	2,000
Net income (loss)	$ (106,569)	$ 7,449	$ (3,686,432)

(1) Includes share-based compensation expense as follows:

	Year ended December 31,		
(in thousands)	**2019**	**2020**	**2021**
Brokerage and transaction	$ 427	$ 227	$ 7,527
Technology and development	9,499	18,024	609,307
Operations	139	61	20,261
Marketing	85	613	49,731
General and administrative	16,517	5,405	885,427
Total share-based compensation expense	$ 26,667	$ 24,330	$ 1,572,253

The 2019 and 2020 amounts exclude the effect of share-based compensation for awards with performance-based conditions because the qualifying event, our IPO, had not occurred and, therefore, could not be considered probable. Upon our IPO in 2021, we recognized $1.01 billion of share-based compensation. For more information, see “Share-based compensation” in Note 1 to our consolidated financial statements in this Annual Report.

Comparison of the Years Ended December 31, 2021 and 2020

A discussion of our results for fiscal year 2020 compared to fiscal year 2019 can be found in our IPO prospectus, filed with the SEC on July 30, 2021, under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations — Comparison of the Years Ended December 31, 2019 and 2020." We do not believe the reclassification of the sub-categories within operating expenses has materially affected the continuing relevance of any of this discussion and any changes that would be necessary to reflect the revised subcategories are not material to an understanding of our business.

Revenues

Transaction-Based Revenues

	Year ended December 31,				
(in thousands, except for percentages)	2019	2020	2021	2019 to 2020 % Change	2020 to 2021 % Change
Transaction-based revenues					
Options	$ 110,656	$ 440,070	$ 688,899	298 %	57 %
Cryptocurrencies	9,487	26,708	419,382	182 %	1,470 %
Equities	50,688	251,200	287,734	396 %	15 %
Other	—	2,155	6,335	NM	194 %
Total transaction-based revenues	$ 170,831	$ 720,133	$ 1,402,350	322 %	95 %
Percentage of total net revenues:					
Options	40%	46%	38%		
Cryptocurrencies	4%	3%	23%		
Equities	18%	26%	16%		
Other	—%	—%	—%		
Total transaction-based revenues	62 %	75%	77%		

Comparison of Years Ended December 31, 2021 and 2020

Transaction-based revenues increased by $682.2 million primarily driven by a 81% increase in Net Cumulative Funded Accounts which resulted in higher daily average revenue trades in cryptocurrencies, options, and equities.

We define “daily average revenue trades” as the total number of revenue generating trades executed during a given period divided by the number of trading days in that period. Our daily average revenue trades for cryptocurrencies increased significantly from 0.1 million to 1.2 million. The number of users placing cryptocurrency trades increased 455% while the average notional volume traded per trader was up 83%. In late December 2021, for the first time during the periods presented, we updated our pricing agreements with crypto market makers. Our rebate, which is subject to change from time to time, slightly more than doubled with these changes. We also added another venue to increase capacity and further improve competition for customer orders.

Our daily average revenue trades for options increased by 34% from 0.6 million to 0.8 million. The number of users placing option trades increased 43% while the number of options contracts traded per trader was up 1%.

Our daily average revenue trades for equities increased by 38% from 2.2 million to 3.1 million. The number of users placing equity trades increased 75% while the average notional volume traded per trader was down 30%.

Net Interest Revenues

(in thousands, except for percentages)	Year ended December 31, 2019	2020	2021	2019 to 2020 % Change	2020 to 2021 % Change
Net interest revenues:					
Securities lending	$ 6,380	$ 98,165	$ 137,153	NM	40 %
Margin interest	19,104	66,781	131,823	250 %	97 %
Interest on segregated cash and securities	36,281	13,401	4,023	(63)%	(70)%
Other interest revenue	9,865	3,972	4,181	(60)%	5 %
Interest expenses related to credit facilities	(991)	(4,882)	(20,218)	393 %	314 %
Total net interest revenues	$ 70,639	$ 177,437	$ 256,962	151 %	45 %
Percentage of total net revenues:					
Securities lending	2%	10%	8%		
Margin interest	7%	7%	7%		
Interest on segregated cash and securities	13%	2%	—%		
Other interest revenue	4%	1%	—%		
Interest expenses related to credit facilities	(1)%	(1)%	(1)%		
Total net interest revenues	25%	19%	14%		

Comparison of Years Ended December 31, 2021 and 2020

Net interest revenues increased by $79.5 million primarily due to higher interest revenues earned on margin loans to users and through securities lending activities, partially offset by increased interest expense related to our revolving credit facilities and lower interest revenue earned on segregated cash and securities.

Interest revenue earned on margin borrowings increased by $65.0 million due to an increase in both the number of margin borrowers and the average per-user margin balance. Average margin receivables outstanding increased from $1.99 billion due from 125 thousand average users to $4.91 billion due from 218 thousand average users. Robinhood users must be Robinhood Gold subscribers in order to enable margin borrowing in their accounts. The first $1,000 in margin borrowed by each user is not charged interest. Additional margin borrowed was charged at a 5% annual rate until December 2020 when we lowered this rate to 2.5%, where it will remain until March 2022, at which point it will be increased to 3%. Net interest revenues earned from securities lending transactions increased $39.0 million as we grew our securities lending program, which benefited from growth in margin borrowings. These increases were partially offset by an increase of $15.3 million in interest expenses, which includes commitment and unused fees related to credit facilities in connection with the April 2021 Credit Facility (see Note 11 to our consolidated financial statements in this Annual Report for further information) and a decrease of $9.4 million in interest revenue earned on segregated cash and securities balances due to the decrease in the Federal Reserve's benchmark target rate to near zero.

Other Revenues

(in thousands, except for percentages)	Year ended December 31, 2019	2020	2021	2019 to 2020 % Change	2020 to 2021 % Change
Other revenues	$ 36,063	$ 61,263	$ 155,831	70 %	154 %
Percentage of total net revenues	13%	6%	9%		

Comparison of Years Ended December 31, 2021 and 2020

Other revenues increased by $94.6 million primarily due to an increase in subscription revenue of $43.9 million driven by an increase in paid subscribers to Robinhood Gold from 0.9 million to 1.3 million. Additionally, ACATS fees charged to users for facilitating the transfer of their account to another broker-dealer increased by $25.8 million and proxy rebate revenue increased by $22.9 million as a result of the growth in our user base.

Operating Expenses

(in thousands, except for percentages)	Year ended December 31, 2019	2020	2021	2019 to 2020 % Change	2020 to 2021 % Change
Operating expenses:					
Brokerage and transaction	$ 45,459	$ 111,083	$ 152,343	144 %	37 %
Technology and development	94,932	215,630	1,232,787	127 %	472 %
Operations	33,869	137,905	373,129	307 %	171 %
Marketing	124,699	185,741	327,369	49 %	76 %
General and administrative	85,504	294,694	1,370,520	245 %	365 %
Total operating expenses	$ 384,463	$ 945,053	$ 3,456,148		
Percent of total net revenues:					
Brokerage and transaction	16 %	12 %	8 %		
Technology and development	34 %	22 %	68 %		
Operations	12 %	14 %	21 %		
Marketing	45 %	19 %	18 %		
General and administrative	31 %	31 %	76 %		
Total operating expenses	138 %	98 %	191 %		

Brokerage and Transaction

(in thousands)	Year ended December 31, 2019	2020	2021	2019 to 2020 % Change	2020 to 2021 % Change
Broker-dealer transaction expenses	$ 17,082	$ 54,505	$ 48,185	219%	(12)%
Market data expenses	11,697	21,327	32,962	82%	55 %
Employee compensation, benefits, and overhead, excluding share-based compensation	4,879	6,993	14,309	43%	105 %
Cash management transaction expenses	815	3,942	11,574	384%	194 %
Share-based compensation	426	226	7,527	(47)%	NM
Other	10,560	24,090	37,786	128%	57 %
Total	$ 45,459	$ 111,083	$ 152,343	144%	37 %

Comparison of Years Ended December 31, 2021 and 2020

Brokerage and transaction costs increased by $41.3 million primarily due to an increase in market data expenses of $11.6 million and an increase in cash management transaction expenses of $7.6 million, which were in line with the growth in our user base. Share-based compensation expense increased $7.3 million as vesting conditions were met upon our IPO and other employee compensation, benefits, and overhead increased $7.3 million as we continued to grow our brokerage teams to support the growth of our user base and platform. Other brokerage and transaction costs also increased due to higher bank charges of $5.3 million and regulatory fees of $4.5 million. These increases were partially offset by decreases in broker-dealer transaction expenses, primarily due to a $15.7 million decrease in clearing fees as a result of a reduction of certain of these fees effective in June 2021 offset by a $8.5 million increase in losses attributable to the market price fluctuations that impacted fractional shares transactions.

Technology and Development

(in thousands)	Year ended December 31, 2019	2020	2021	2019 to 2020 % Change	2020 to 2021 % Change
Share-based compensation	$ 9,499	$ 18,025	$ 609,306	90%	NM
Employee compensation, benefits, and overhead, excluding share-based compensation	51,625	103,998	282,915	101%	172 %
Cloud infrastructure services	23,574	67,372	266,834	186%	296 %
Software and tools	8,800	22,201	62,144	152%	180 %
Other	1,434	4,034	11,588	181%	187 %
Total	$ 94,932	$ 215,630	$ 1,232,787	127%	472 %

Comparison of Years Ended December 31, 2021 and 2020

Technology and development costs increased by $1.02 billion primarily due to an increase in share-based compensation expense of $591.3 million as vesting conditions were met upon our IPO and an increase in other employee compensation, benefits, and overhead of $178.9 million as we also continued to grow our engineering, data science, and design teams to support the growth of our user base and develop new products. Additionally, we experienced increases in costs for cloud infrastructure service of $199.5 million due to infrastructure expansion necessary to meet increased capacity requirements for our platform, and costs for software and tools of $39.9 million to support the growth of our headcount.

Operations

(in thousands)	Year ended December 31, 2019	2020	2021	2019 to 2020 % Change	2020 to 2021 % Change
Employee compensation, benefits, and overhead, excluding share-based compensation	$ 11,461	$ 35,379	$ 126,017	209%	256 %
Provision for credit losses and fraud	11,108	61,313	107,054	452%	75 %
Customer experience	8,164	28,300	97,121	247%	243 %
Share-based compensation	138	61	20,261	(56)%	NM
Other	2,998	12,852	22,676	329%	76 %
Total	$ 33,869	$ 137,905	$ 373,129	307%	171 %

Comparison of Years Ended December 31, 2021 and 2020

Operations costs increased by $235.2 million primarily due to an increase in employee compensation, benefits, and overhead of $90.6 million as we increased the number of our dedicated customer support professionals. Costs related to third-party customer support vendors for customer experience increased $68.8 million as we continued to make investments to support our growing user base. Provision for credit losses and fraud increased $45.7 million mainly driven by increased unauthorized debit card usage and an increase in loss incurred per account related to Fraudulent Deposit Transactions. Additionally, we recognized an increase in share-based compensation expense of $20.2 million as vesting conditions were met upon our IPO.

Marketing

(in thousands)	Year ended December 31, 2019	2020	2021	2019 to 2020 % Change	2020 to 2021 % Change
Marketing incentives	$ 29,187	$ 80,826	$ 120,706	177%	49 %
Digital marketing	55,744	35,398	50,576	(36)%	43 %
Share-based compensation	86	614	49,731	614%	NM
Employee compensation, benefits, and overhead, excluding share-based compensation	2,659	8,356	37,848	214%	353 %
Brand marketing	20,717	28,992	24,224	40%	(16)%
Creative services	13,603	12,075	22,416	(11)%	86 %
Other marketing	2,703	19,480	21,868	621%	12 %
Total	$ 124,699	$ 185,741	$ 327,369	49%	76 %

Included in marketing incentives are costs associated with the Robinhood Referral Program, which are comprised of the fair value of awards earned in the current period, changes in estimate of unclaimed awards earned in the current and prior periods, fair value adjustments of shares held to support the program, and reversals related to awards that expire unclaimed. The fair value adjustments of shares held to support the program were immaterial for the periods presented. The following table summarizes the Robinhood Referral Program liability activity for the periods indicated:

(in thousands)	Years ended December 31, 2019	2020	2021
Beginning balance, January 1	$ 978	$ 303	$ 695
Fair value of current period awards	37,893	85,849	126,513
Changes in estimate of unclaimed awards for current and prior periods	(1,886)	927	333
Reversals related to unclaimed, expired awards	(7,256)	(7,715)	(9,816)
Claimed awards	(29,426)	(78,669)	(117,628)
Ending balance, December 31	$ 303	$ 695	$ 97

Comparison of Years Ended December 31, 2021 and 2020

Marketing costs increased by $141.6 million partially due to an increase in share-based compensation expense of $49.1 million as vesting conditions were met upon our IPO. Marketing incentives increased $39.9 million and substantially all of which was due to higher costs associated with the Robinhood Referral Program. Other employee compensation, benefits, and overhead increased $29.5 million as we continued to increase our marketing personnel headcount to support the growth of our business. In addition, there were increases in digital marketing expenses of $15.2 million and creative services costs of $10.3 million primarily related to advertising spend leading up to our IPO.

General and Administrative

(in thousands)	Year ended December 31, 2019	2020	2021	2019 to 2020 % Change	2020 to 2021 % Change
Share-based compensation	$ 16,518	$ 5,405	$ 885,427	(67)%	NM
Employee compensation, benefits, and overhead, excluding share-based compensation	34,049	79,206	196,086	133%	148 %
Legal expenses	10,800	56,175	101,307	420%	80 %
Settlements and penalties	1,409	105,506	70,349	NM	(33)%
Other professional fees	10,006	29,561	53,812	195%	82 %
Business insurance	1,982	4,340	24,970	119%	475 %
Other	10,740	14,501	38,569	35%	166 %
Total	$ 85,504	$ 294,694	$ 1,370,520	245%	365 %

Comparison of Years Ended December 31, 2021 and 2020

General and administrative costs increased by $1.08 billion primarily due to an increase in share-based compensation as vesting conditions were met upon our IPO including $501.2 million related to executive compensation arrangements (see Note 12 to our consolidated financial statements in this Annual Report for further information). Other employee compensation, benefits, and overhead increased by $116.9 million as we continued to increase our general and administrative personnel to support the growth of our business. Legal expenses increased $45.1 million primarily related to certain legal matters, partially offset by a reduction in settlements and penalties of $35.2 million. See Note 16 to our consolidated financial statements in this Annual Report for further information.

Change in Fair Value of Convertible Notes and Warrant Liability

	Year ended December 31,				
(in thousands)	2019	2020	2021	2019 to 2020 % Change	2020 to 2021 % Change
Change in fair value of convertible notes and warrant liability	—	—	$ 2,045,657	NM	NM

Comparison of Years Ended December 31, 2021 and 2020

Change in fair value of convertible notes and warrant liability was due to the mark-to-market adjustment of the convertible notes and warrants we issued in February 2021. Upon completion of our IPO, the aggregate outstanding principal and accrued interest of the convertible notes converted into 137.3 million shares of Class A common stock and the warrants became equity-classified, which resulted in the warrant liability being reclassified to additional paid-in capital. There will be no additional mark-to-market adjustments related to the convertible notes or warrant liability. See Note 7 to our consolidated financial statements in this Annual Report for further information.

Provision for (Benefit from) Income Taxes

	Year ended December 31,				
(in thousands)	2019	2020	2021	2019 to 2020 % Change	2020 to 2021 % Change
Provision for (benefit from) income taxes	$ (1,018)	$ 6,381	2,000	(727)%	(69)%

Comparison of Years Ended December 31, 2021 and 2020

Provision for income taxes decreased by $4.4 million primarily due to the income tax benefit recognized from the partial release of our valuation allowance resulting from the recognition of net deferred tax liabilities in connection with the Say Technologies acquisition, and offset by the change in valuation allowance on our remaining U.S. federal and state deferred tax assets and by our current federal and state taxes payable.

Liquidity and Capital Resources

Source and Uses of Funds

We expect to use our available cash, cash equivalents, and investments, including potential future borrowings under our revolving lines of credit and potential issuance of new debt or equity, to support and invest in our core business, including investing in new ways to serve our customers, potentially seeking strategic acquisitions to leverage existing capabilities and further build our business, and for general capital needs (including capital requirements imposed by regulators and SROs and cash deposit and collateral requirements under the rules of the DTC, NSCC, and OCC). Based on our current level of operations, we believe our available cash, available lines of credit, and cash provided by operations will be adequate to meet our current liquidity needs for the next 12 months.

Cash, Cash Equivalents, and Investments

Our cash, cash equivalents, and investments were $6.28 billion and $1.40 billion as of December 31, 2021 and 2020. Our investment portfolio comprises highly liquid available-for-sale securities, including asset-backed securities, commercial paper, corporate bonds, and government bonds.

Convertible Debt and IPO

In January and February 2021, we received gross proceeds of $3.55 billion from the issuance of two tranches of convertible notes and related warrants. The convertible notes were converted into Class A common stock upon the completion of our IPO.

On August 2, 2021, we closed our IPO of our Class A common stock and on August 31, 2021, we sold additional shares of Class A common stock pursuant to the option granted to the underwriters. The total net proceeds received were approximately $2.05 billion after deducting underwriting discounts, commissions, and offering expenses payable by us. We used a portion of the net proceeds we received in the IPO to repay borrowings made under our revolving lines of credit (which borrowings were utilized to fund tax withholdings due prior to the IPO closing as a result of RSU settlements in connection with the pricing of our IPO).

Revolving Lines of Credit

As of December 31, 2021, we had a total of $2.81 billion in committed revolving lines of credit. See Note 11 to our consolidated financial statements in this Annual Report for further information.

The following table summarizes our short- and long-term material cash requirements as of December 31, 2021:

	Payments Due by Period				
(in thousands)	**Total**	**2022**	**2023-2024**	**2025-2026**	**Thereafter**
Operating lease commitments	$ 258,982	$ 32,646	$ 68,176	$ 56,160	$ 102,000
Non-cancelable purchase commitments[(1)]	1,162,370	279,068	479,670	403,566	66
Total	$ 1,421,352	$ 311,714	$ 547,846	$ 459,726	$ 102,066

(1) Non-cancelable purchase commitments are determined based on the non-cancelable quantities or termination amounts to which we are contractually obligated. They primarily relate to commitments for cloud infrastructure service and business insurance.

In addition to lease and purchase commitments, we have a committed financing agreement with a contractual term of 30 days and a daily minimum commitment of $25 million.

Regulatory Capital Requirements

Our broker-dealer subsidiaries (RHF and RHS) are subject to the SEC Uniform Net Capital Rule, administered by the SEC and FINRA, which requires the maintenance of minimum net capital, as defined. Net capital and the related net capital requirements may fluctuate on a daily basis. RHS and RHF compute net capital under the alternative method as permitted by the SEC Uniform Net Capital Rule.

The tables below summarize the net capital, capital requirements and excess net capital of RHS and RHF as of periods presented:

	December 31, 2021		
(in thousands)	Net Capital	Required Net Capital	Net Capital in Excess of Required Net Capital
RHS	$ 2,841,411	$ 134,568	$ 2,706,843
RHF	153,408	250	153,158

In January and February 2021, we received gross proceeds of $3.55 billion from the issuance of two tranches of convertible notes and related warrants, of which an aggregate of $2.0 billion was contributed to RHS in February 2021. Pursuant to the SEC Uniform Net Capital Rule, capital contributed to RHS is included in its net capital calculation and may not be withdrawn for one year from the time of contribution. This restriction lapsed in February 2022, however, no capital has been returned to the parent company as of the date of filing of this Annual Report.

Cash Flows

The following table summarizes our cash flow activities:

	Year ended December 31,		
(in thousands)	2019	2020	2021
Cash provided by (used in):			
Operating activities	$ 1,260,085	$ 1,876,254	$ (884,773)
Investing activities	(12,312)	(32,330)	(237,880)
Financing activities	375,350	1,275,883	5,203,421

Cash provided by and used in operating activities consisted of net income (loss) adjusted for certain non-cash items including change in fair value of convertible notes and warrant liability, share-based compensation expense, provision for credit losses, depreciation and amortization, and the effect of changes in operating assets and liabilities. Net operating assets and liabilities at any specific point in time are subject to many variables, including variability in user activity, the timing of cash receipts and payments, and vendor payment terms.

For the year ended December 31, 2021, cash flows used in operating activities was $884.8 million, primarily due to a net loss of $3,686.4 million, adjusted for the add back of non-cash expenses of $3,719.8 million, consisting primarily of change in fair value of convertible notes and warrant liability of $2,045.7 million, share-based compensation expense of $1,570.4 million, provision for credit losses of $78.3 million, and depreciation and amortization of $25.5 million. Additionally, there was a cash outflow due to changes in operating assets and liabilities of $918.1 million, primarily due to an increase in receivables from users, net, of $3,361.9 million, driven by an increase in margin receivables due to growth in our user base offset by an increase in collateral received for securities loaned of $1,729.9 million and an increase in payables to users of $578.5 million driven by an increase in customer cash held in line with the growth in our user base.

For the year ended December 31, 2020, cash provided by operating activities was $1,876.3 million partially due to a net income of $7.4 million, adjusted for the add back of non-cash expenses of $95.5 million, consisting primarily of provision for credit losses of $59.1 million, share-based compensation expense of $24.3 million, and depreciation and amortization of $9.9 million. Additionally, the cash generated from operating activities increased due to a net inflow from changes in operating

assets and liabilities of $1,773.3 million, primarily due to increases in payables to users of $3,532.1 million and securities loaned of $1,247.1 million, partially offset by an increase in receivables from users, net of $2,772.0 million, driven by increases in customer cash held, securities loaned, and margin receivables in line with the growth in our user base.

For the year ended December 31, 2019, cash provided by operating activities was $1,260.1 million, primarily due to net loss of $106.6 million, adjusted for the add back of non-cash expenses of $43.4 million consisting primarily of share-based compensation expense of $26.7 million, provision for credit losses of $11.1 million and depreciation and amortization of $5.4 million. Additionally, the cash generated from operating activities increased due to a net inflow from changes in operating assets and liabilities of $1,323.3 million, primarily due to increases in payables to users of $802.8 million and securities loaned of $674.0 million, driven by increases in customer cash held and securities loaned in line with the growth in our user base.

For the year ended December 31, 2021, cash flows used in investing activities were $237.9 million, which primarily consisted of $125.4 million used for business acquisitions, net of cash acquired. Additionally, cash flows used in investing activities included $63.2 million in purchases of property, software, and equipment, $27.2 million for the purchase of investments, and $20.5 million in capitalization of internally developed software. For the years ended December 31, 2020 and 2019, cash flows used in investing activities were $32.3 million and $12.3 million, which primarily consisted of $24.4 million and $7.3 million in purchases of property, software, and equipment and $7.9 million and $5.2 million in capitalization of internally developed software.

For the year ended December 31, 2021, cash flows provided by financing activities were $5,203.4 million, which primarily consisted of proceeds from the issuance of convertible notes and warrants of $3,552.0 million and proceeds of $2,052.4 million from issuance of common stock in connection with our IPO, net of offering costs, partially offset by taxes paid related to net share settlement of equity awards of $422.1 million. We also drew and repaid $1,968.3 million on our credit facilities. For the years ended December 31, 2020 and 2019, cash flows provided by financing activities were $1,275.9 million and $375.4 million, which primarily consisted of $1,267.3 million and $372.7 million in proceeds from issuance of redeemable convertible preferred stock, net of issuance costs. We also drew and repaid $937.7 million and $137.0 million on our credit facilities.

Critical Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States (“GAAP”) requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent liabilities in the consolidated financial statements and accompanying notes. The SEC has defined a company’s critical accounting policies as the ones that are most important to the portrayal of the company’s financial condition and results of operations, and which require the company to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, we have identified the critical accounting estimates addressed below. We also have other key accounting policies, which involve the use of estimates, judgments, and assumptions that are significant to understanding our results. For additional information, see Note 1 to our consolidated financial statements in this Annual Report. Although we believe that our estimates, assumptions, and judgments are reasonable, they are based upon information presently available. Actual results might differ significantly from these estimates under different assumptions, judgments, or conditions.

Business Combinations

We allocate the fair value of purchase price to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase

price over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from acquired customer contracts, acquired technology, and trade names, based on expected future growth rates and margins, attrition rates, future changes in technology and royalty for similar brand licenses, useful lives, and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results might differ from estimates.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination and is allocated to reporting units expected to benefit from the business combination. We operate and report financial information in one operating segment. We test goodwill for impairment at least annually, in the fourth quarter, or whenever events or changes in circumstances indicate that goodwill might be impaired. We evaluate our reporting units when changes in our operating structure occur, and if necessary, reassign goodwill using a relative fair value allocation approach. In testing for goodwill impairment, we first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if we conclude otherwise, we proceed to a quantitative assessment.

The quantitative assessment compares the estimated fair value of a reporting unit to its book value, including goodwill. If the fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. However, if the book value of a reporting unit exceeds its fair value, an impairment loss will be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

Income Tax

We make significant judgments and estimates to determine any valuation allowance recorded against deferred tax assets. Deferred tax assets are evaluated for future realization and reduced by a valuation allowance to the extent we believe that they will not be realized. We consider many factors when assessing the likelihood of future realization of our deferred tax assets including, but not limited to, historical cumulative loss experience and expectations of future earnings, tax planning strategies, and the carry-forward periods available for tax reporting purposes. Our judgment regarding future profitability may change due to many factors, including future market conditions and the ability to successfully execute business plans and/or tax planning strategies. Should there be a change in the ability to recover deferred tax assets, our tax provision would increase or decrease in the period in which the assessment is changed.

We recognize a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized. We account for uncertain tax positions, including net interest and penalties, as a component of income tax expense or benefit. We make adjustments to these uncertain tax positions in accordance with applicable income tax guidance and based on changes in facts and circumstances. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact to our consolidated financial statements and operating results.

Share-based Compensation

Time-Based RSUs

We have granted RSUs that vest upon the satisfaction of a time-based service condition ("Time-Based RSUs"). Prior to our IPO, our Time-Based RSUs vested based upon the satisfaction of both a time-based service condition and a performance-based condition, namely the occurrence of a liquidity event such as the IPO. The fair value of our RSUs is estimated based on the fair value of our common stock on the date of grant. The time-based service condition for our awards is generally satisfied over four years. We record share-based compensation expense for Time-Based RSUs on an accelerated attribution method over the requisite service period. The performance-based condition for our pre-IPO grants was satisfied upon the occurrence of the IPO in 2021, at which point we recorded a cumulative one-time share-based compensation expense determined using the awards' grant-date fair value. Share-based compensation related to the remaining time-based service after the IPO is recorded over the remaining requisite service period. No performance-based conditions exist for our post-IPO grants.

Market-Based RSUs

We have granted RSUs that vest upon the satisfaction of all the following conditions: time-based service conditions, performance-based conditions, and market-based conditions. The time-based service condition for these awards generally is satisfied over six years. The performance-based conditions are satisfied upon the occurrence of a qualifying event, as described above. The market-based conditions are satisfied upon our achievement of specified share prices.

For market-based awards, we determine the grant-date fair value utilizing a Monte Carlo valuation model, which incorporates various assumptions including expected stock price volatility, expected term, risk-free interest rates, expected date of a qualifying event, and expected capital raise percentage. We estimate the expected term based on various exercise scenarios, as these awards are not considered "plain vanilla." We estimate the expected date of a qualifying event based on our expectation at the time of measurement of the award's value.

We record share-based compensation expense for market-based equity awards on an accelerated attribution method over the requisite service period, and only if performance-based conditions are considered probable to be satisfied. We determine the requisite service period by comparing the derived service period to achieve the market-based condition and the explicit time-based service period, using the longer of the two service periods as the requisite service period. Upon the occurrence of our IPO in 2021, we recorded a cumulative one-time share-based compensation expense determined using the grant-date fair values. Share-based compensation related to remaining time-based service and market-based conditions to be met will be recorded over the remaining derived requisite service period.

Common Stock Valuations

Prior to our IPO, given the absence of a public trading market for our common stock and in accordance with the American Institute of Certified Public Accountants Accounting and Valuation Guide, Valuation of Privately-Held Company Equity Securities Issued as Compensation, our board of directors exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of fair value of our common stock.

These factors included:

- independent third-party valuations of our common stock;
- the prices paid for common or convertible preferred stock sold to third-party investors by us and prices paid in secondary transactions, including any tender offers;

- the rights, preferences and privileges of our redeemable convertible preferred stock relative to those of our common stock;
- our financial condition, results of operations, and capital resources;
- the industry outlook;
- the valuation of comparable companies;
- the lack of marketability of our common stock;
- the likelihood of achieving a liquidity event, such as an IPO or a sale of our company, given prevailing market conditions;
- the history and nature of our business, industry trends, and competitive environment; and
- general economic outlook including economic growth, inflation, unemployment, interest rate environment, and global economic trends.

Our board of directors determined the fair value of our common stock by first determining the enterprise value of our business, and then allocating the value among the various classes of our equity securities to derive a per share value of our common stock. The enterprise value of our business was primarily estimated by reference to the closest round of equity financing or tender transaction preceding the date of the valuation. In a few cases, we also utilized the income or market approaches.

The income approach estimates enterprise value based on the estimated present value of future cash flows the business is expected to generate over its remaining life. The estimated present value is calculated using a discount rate reflective of the risks associated with an investment in a similar company in a similar industry or having a similar history of revenue growth. The market approach estimates value based on a comparison of the subject company to comparable public companies. From the comparable companies, a representative market value multiple is determined and then applied to the subject company's financial forecasts to estimate the value of the subject company.

In allocating the enterprise value of our business among the various classes of stock prior, we primarily used the option pricing method ("OPM"), which models each class of stock as a call option with a unique claim on our assets. After the allocation to the various classes of stock, a discount for lack of marketability ("DLOM"), is applied to arrive at a fair value of the common stock. A DLOM is meant to account for the lack of marketability of a stock that is not traded on public exchanges.

In addition, we also considered any secondary transactions involving our capital stock. In our evaluation of those transactions, we considered the facts and circumstances of each transaction to determine the extent to which they represented a fair value exchange and assigned the transactions an appropriate weighting in the valuation of our common stock. Factors considered include the number of different buyers and sellers, transaction volume, timing relative to the valuation date, whether the transactions occurred between willing and unrelated parties, and whether the transactions involved investors with access to our financial information.

Application of these approaches involves the use of estimates, judgments, and assumptions that are highly complex and subjective, such as those regarding our expected future revenue, expenses and future cash flows, discount rates, market multiples, the selection of comparable companies, and the probability of possible future events. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact our valuations as of each valuation date and may have a material impact on the valuation of our common stock.

Following the completion of our IPO, there is an active market for our Class A common stock, so we no longer apply these valuation approaches.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements in this Annual Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk generally represents the risk of loss that may result from the potential change in the value of a financial instrument as a result of fluctuations in interest rates and market prices. Information relating to quantitative and qualitative disclosures about these market risks is described below.

Interest Rate Risk

Our exposure to changes in interest rates relates to interest earned on our cash and cash equivalents, cash and securities segregated under federal and other regulations, deposits with clearing organizations, restricted cash, investments in debt securities and margin loans. We use a net interest sensitivity analysis to evaluate the effect that changes in interest rates might have on total net revenues. The results of the analysis based on our financial position as of December 31, 2021 indicate that a hypothetical 100 basis point increase or decrease in interest rates would have had a positively correlated impact of approximately 9% on total net revenues.

We also have exposure to change in interest rates related to our variable-rate credit facilities, which are described in Note 11 to our consolidated financial statements in this Annual Report. However, as there were no outstanding borrowings under our credit facilities as of December 31, 2020 and 2021, we had limited financial exposure associated with changes in interest rates as of such dates.

Our measurement of interest rate risk involves assumptions that are inherently uncertain and, as a result, our analysis might not precisely estimate the actual impact of changes in interest rates on net interest revenues. Actual results may differ from simulated results due to balance growth or decline and the timing, magnitude, and frequency of interest rate changes, as well as changes in market conditions and management strategies, including changes in asset and liability mix.

Market-Related Credit Risk

We are indirectly exposed to equity securities risk in connection with securities collateralizing margin receivables, as well as risk related to our securities lending activities. We manage risk on margin and securities-based lending by requiring customers to maintain collateral in compliance with internal and, as applicable, regulatory guidelines. We monitor required margin levels daily and require our customers to deposit additional collateral, or to reduce positions, when necessary. We continuously monitor customer accounts to detect excessive concentration, large orders or positions, and other activities that indicate increased risk to us. We manage risks associated with our securities lending activities by requiring credit approvals for counterparties, by monitoring the market value of securities loaned and collateral values for securities borrowed on a daily basis, by requiring additional cash as collateral for securities loaned or return of collateral for securities borrowed when necessary, and by participating in a risk-sharing program offered through the OCC.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Robinhood Markets, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Robinhood Markets, Inc. (the Company) as of December 31, 2020 and 2021, the related consolidated statements of operations, comprehensive income (loss), cash flows, and mezzanine equity and stockholders' (deficit) equity for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

	Valuation of Market-Based Restricted Stock Units
Description of the Matter	As described in Note 12 to the consolidated financial statements, the Company granted market-based restricted stock units ("RSUs") to its co-founders in 2021 that vest upon achievement of specified share price targets through May 25, 2029 and satisfaction of a service condition ("2021 market-based RSUs"). The grant date fair value of the 2021 market-based RSUs was $805.5 million. In addition, during 2021, the Company modified the market-based restricted stock units that were granted to its co-founders in 2019 ("2019 market-based RSUs"). The 2019 market-based RSUs that vest upon achievement of specified share price targets and satisfaction of a service condition were modified to allow vesting on the same share price targets through December 31, 2025. The modification date fair value of the modified 2019 market-based RSUs was $589.2 million, resulting in $581.1 million of incremental stock-based compensation expense due to the modification. The market conditions are included in the determination of the estimated fair value of the market-based RSUs. With the assistance of valuation specialists, the Company estimated the fair value of the market-based RSUs using the Monte Carlo simulation model that utilizes various assumptions, including volatility. Auditing the valuation of the Company's market-based RSUs is complex due to the use of the Monte Carlo simulation model and involves the use of our valuation specialists. Also, auditing the valuation of the market-based RSUs is highly judgmental due to the significant estimation required to determine the assumptions used in the valuation model, including the volatility assumption.
How We Addressed the Matter in Our Audit	To test the fair value of the Company's market-based RSUs, our audit procedures included, among others, assessing the appropriateness of the use of the Monte Carlo simulation model and the underlying calculations, as well as testing the assumptions used to calculate the fair value of market-based RSUs. To test the volatility assumption, we assessed the applicability of the guideline public companies used in the determination of volatility based on the nature of their business, compared the historical volatilities of the guideline public companies used in the estimate to actual historical results, and developed an independent range of volatility. We involved our valuation specialists to assist us with evaluating the Monte Carlo simulation model and the assumptions used in the model, as well as to perform comparative calculations.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2017.

San Jose, California
February 24, 2022

ROBINHOOD MARKETS, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)	December 31, 2020	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 1,402,629	$ 6,253,477
Cash and securities segregated under federal and other regulations	4,914,660	3,992,419
Receivables from brokers, dealers, and clearing organizations	124,501	88,326
Receivables from users, net	3,354,142	6,638,900
Deposits with clearing organizations	225,514	327,917
User-held fractional shares	802,483	1,834,479
Investments	—	27,189
Other current assets	48,655	120,835
Total current assets	10,872,584	19,283,542
Property, software, and equipment, net	45,834	146,419
Goodwill	—	100,521
Intangible assets, net	185	34,107
Restricted cash	7,364	23,773
Other non-current assets	62,507	180,817
Total assets	$ 10,988,474	$ 19,769,179
Liabilities, mezzanine equity and stockholders' (deficit) equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 104,649	$ 252,313
Payables to users	5,897,242	6,475,728
Securities loaned	1,921,118	3,651,035
Fractional shares repurchase obligation	802,483	1,834,479
Other current liabilities	90,553	133,787
Total current liabilities	8,816,045	12,347,342
Other non-current liabilities	48,012	128,745
Total liabilities	8,864,057	12,476,087
Commitments and contingencies (Note 16)		
Mezzanine equity		
Redeemable convertible preferred stock, $0.0001 par value. 414,033,220 shares authorized, 412,742,897 shares issued and outstanding with a liquidation preference of $2,191,086 as of December 31, 2020. No shares authorized, issued, and outstanding as of December 31, 2021.	2,179,739	—
Stockholders' (deficit) equity:		
Preferred stock, $0.0001 par value. No shares authorized, issued and outstanding as of December 31, 2020; 210,000,000 shares authorized and no shares issued and outstanding as of December 31, 2021.	—	—
Common stock, $0.0001 par value. 777,354,000 shares authorized, 229,031,546 shares issued and outstanding as of December 31, 2020; no shares authorized, issued, and outstanding as of December 31, 2021.	1	—
Class A common stock, $0.0001 par value. No shares authorized, issued and outstanding as of December 31, 2020; 21,000,000,000 shares authorized, 735,957,367 shares issued and outstanding as of December 31, 2021.	—	73
Class B common stock, par value $0.0001. No shares authorized, issued and outstanding as of December 31, 2020; 700,000,000 shares authorized, 127,955,246 shares issued and outstanding as of December 31, 2021.	—	13
Class C common stock, par value $0.0001. No shares authorized, issued and outstanding as of December 31, 2020; 7,000,000,000 shares authorized, no shares issued and outstanding as of December 31, 2021.	—	—
Additional paid-in capital	134,307	11,169,136
Accumulated other comprehensive income	473	405
Accumulated deficit	(190,103)	(3,876,535)
Total stockholders' (deficit) equity	(55,322)	7,293,092
Total liabilities, mezzanine equity and stockholders' (deficit) equity	$ 10,988,474	$ 19,769,179

See Accompanying Notes to the Consolidated Financial Statements.

ROBINHOOD MARKETS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)	Year ended December 31, 2019	2020	2021
Revenues:			
Transaction-based revenues	$ 170,831	$ 720,133	$ 1,402,350
Net interest revenues	70,639	177,437	256,962
Other revenues	36,063	61,263	155,831
Total net revenues	277,533	958,833	1,815,143
Operating expenses:			
Brokerage and transaction	45,459	111,083	152,343
Technology and development	94,932	215,630	1,232,787
Operations	33,869	137,905	373,129
Marketing	124,699	185,741	327,369
General and administrative	85,504	294,694	1,370,520
Total operating expenses	384,463	945,053	3,456,148
Change in fair value of convertible notes and warrant liability	—	—	2,045,657
Other expense (income), net	657	(50)	(2,230)
Income (loss) before income tax	(107,587)	13,830	(3,684,432)
Provision for (benefit from) income taxes	(1,018)	6,381	2,000
Net income (loss)	$ (106,569)	$ 7,449	$ (3,686,432)
Net income (loss) attributable to common stockholders:			
Basic	$ (106,569)	$ 2,848	$ (3,686,432)
Diluted	$ (106,569)	$ 2,848	$ (3,686,432)
Net income (loss) per share attributable to common stockholders:			
Basic	$ (0.48)	$ 0.01	$ (7.49)
Diluted	$ (0.48)	$ 0.01	$ (7.49)
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:			
Basic	221,664,610	225,748,355	492,381,190
Diluted	221,664,610	244,997,388	492,381,190

See Accompanying Notes to the Consolidated Financial Statements.

ROBINHOOD MARKETS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)	Year ended December 31, 2019	2020	2021
Net income (loss)	$ (106,569)	$ 7,449	$ (3,686,432)
Other comprehensive income (loss), net of tax:			
Foreign currency translation	179	284	(68)
Total other comprehensive income (loss), net of tax	179	284	(68)
Total comprehensive income (loss)	$ (106,390)	$ 7,733	$ (3,686,500)

See Accompanying Notes to the Consolidated Financial Statements.

ROBINHOOD MARKETS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year ended December 31, 2019	2020	2021
Operating activities:			
Net income (loss)	$ (106,569)	$ 7,449	$ (3,686,432)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	5,444	9,938	25,495
Provision for credit losses	11,109	59,134	78,337
Share-based compensation	26,667	24,330	1,570,386
Change in fair value of convertible notes and warrant liability	—	—	2,045,657
Other	169	2,139	(109)
Changes in operating assets and liabilities:			
Segregated securities under federal and other regulations	—	(134,994)	134,994
Receivables from brokers, dealers, and clearing organizations	(9,081)	(103,787)	36,175
Receivables from users, net	(64,711)	(2,771,967)	(3,361,872)
Deposits with clearing organizations	(85,547)	(103,037)	(102,403)
Other current and non-current assets	(47,758)	(46,055)	(189,004)
Accounts payable and accrued expenses	13,895	67,117	134,090
Payables to users	802,817	3,532,091	578,486
Securities loaned	674,029	1,247,089	1,729,917
Other current and non-current liabilities	39,621	86,807	121,510
Net cash provided by (used in) operating activities	1,260,085	1,876,254	(884,773)
Investing activities:			
Purchase of property, software, and equipment	(7,255)	(24,443)	(63,182)
Capitalization of internally developed software	(5,198)	(7,887)	(20,471)
Acquisitions of a business, net of cash acquired	—	—	(125,426)
Purchase of investments	—	—	(27,203)
Other	141	—	(1,598)
Net cash used in investing activities	(12,312)	(32,330)	(237,880)
Financing activities:			
Proceeds from issuance of common stock in connection with initial public offering, net of offering costs	—	—	2,052,382
Proceeds from issuance of common stock under the Employee Stock Purchase Plan	—	—	7,344
Taxes paid related to net share settlement of equity awards	—	—	(422,076)
Proceeds from issuance of convertible notes and warrants	—	—	3,551,975
Draws on credit facilities	137,000	937,700	1,968,276
Repayments on credit facilities	(137,000)	(937,700)	(1,968,276)
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	372,733	1,267,328	—
Proceeds from exercise of stock options, net of repurchases	2,617	8,555	13,796
Net cash provided by financing activities	375,350	1,275,883	5,203,421
Effect of foreign exchange rate changes on cash and cash equivalents	179	284	(68)
Net increase in cash, cash equivalents, segregated cash and restricted cash	1,623,302	3,120,091	4,080,700
Cash, cash equivalents, segregated cash and restricted cash, beginning of the period	1,446,266	3,069,568	6,189,659
Cash, cash equivalents, segregated cash and restricted cash, end of the period	$ 3,069,568	$ 6,189,659	$ 10,270,359
Cash and cash equivalents, end of the period	$ 644,050	$ 1,402,629	$ 6,253,477
Segregated cash, end of the period	2,420,354	4,779,666	3,992,419
Restricted cash, end of the period	5,164	7,364	24,463
Cash, cash equivalents, segregated cash and restricted cash, end of the period	$ 3,069,568	$ 6,189,659	$ 10,270,359
Supplemental disclosures:			
Cash paid for interest	$ 621	$ 3,207	$ 11,902
Cash paid for income taxes, net of refund received	$ 1,396	$ 5,689	$ 6,111

See Accompanying Notes to the Consolidated Financial Statements.

ROBINHOOD MARKETS, INC.
CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND STOCKHOLDERS' (DEFICIT) EQUITY

(in thousands, except for number of shares)	Redeemable convertible preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholde (deficit) eq
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2018	291,739,421	$ 539,678	220,339,931	$ 1	$ 68,615	$ 10	$ (90,108)	$ (21,4
Net loss	—	—	—	—	—	—	(106,569)	(106,5
Shares issued in connection with stock option exercise, net of repurchases	—	—	4,462,614	—	2,291	—	—	2,2
Issuance of Series E convertible preferred stock, net of issuance costs	29,887,357	372,733	—	—	—	—	—	
Vesting of early-exercised stock options	—	—	—	—	1,205	—	—	1,2
Change in other comprehensive income	—	—	—	—	—	179	—	
Share-based compensation	—	—	—	—	27,328	—	—	27,3
Balance as of December 31, 2019	321,626,778	$ 912,411	224,802,545	$ 1	$ 99,439	$ 189	$ (196,677)	$ (97,0

See Accompanying Notes to the Consolidated Financial Statements.

ROBINHOOD MARKETS, INC.
CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND STOCKHOLDERS' (DEFICIT) EQUITY

(in thousands, except for number of shares)	Redeemable convertible preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' (deficit) equity
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2019	321,626,778	$ 912,411	224,802,545	$ 1	$ 99,439	$ 189	$ (196,677)	$ (97,048)
Net income	—	—	—	—	—	—	7,449	7,449
Shares issued in connection with stock option exercise, net of repurchases	—	—	4,229,001	—	9,415	—	(875)	8,540
Issuance of Series F convertible preferred stock, net of issuance costs	48,000,000	599,284	—	—	—	—	—	—
Issuance of Series G convertible preferred stock, net of issuance costs	43,116,119	668,044	—	—	—	—	—	—
Vesting of early-exercised stock options	—	—	—	—	527	—	—	527
Change in other comprehensive income	—	—	—	—	—	284	—	284
Share-based compensation	—	—	—	—	24,926	—	—	24,926
Balance as of December 31, 2020	412,742,897	$ 2,179,739	229,031,546	$ 1	$ 134,307	$ 473	$ (190,103)	$ (55,322)

See Accompanying Notes to the Consolidated Financial Statements.

ROBINHOOD MARKETS, INC.
CONSOLIDATED STATEMENTS OF MEZZANINE EQUITY AND STOCKHOLDERS' (DEFICIT) EQUITY

(in thousands, except for number of shares)	Redeemable convertible preferred stock		Common stock[1]		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' (deficit) equity
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2020	412,742,897	$ 2,179,739	229,031,546	$ 1	$ 134,307	$ 473	$ (190,103)	$ (55,322)
Net loss	—	—	—	—	—	—	(3,686,432)	(3,686,432)
Shares issued in connection with stock option exercise, net of repurchases	—	—	6,832,725	24	13,657	—	—	13,681
Issuance of common stock in connection with Employee Stock Purchase Plan	—	—	298,031	—	7,344	—	—	7,344
Issuance of common stock in connection with initial public offering, net of issuance costs	—	—	56,729,194	6	2,052,325	—	—	2,052,331
Issuance of common stock upon settlement of restricted stock units	—	—	32,133,589	—	—	—	—	—
Shares withheld related to net share settlement	—	—	(11,160,525)	—	(422,076)	—	—	(422,076)
Conversion of preferred stock to common stock	(412,742,897)	(2,179,739)	412,742,897	41	2,179,698	—	—	2,179,739
Conversion of convertible notes to common stock	—	—	137,305,156	14	5,217,583	—	—	5,217,597
Reclassification of warrant liability to stockholders' equity	—	—	—	—	380,036	—	—	380,036
Vesting of replacement awards issued in connection with acquisition of a business	—	—	—	—	639	—	—	639
Vesting of early-exercised stock options	—	—	—	—	406	—	—	406
Change in other comprehensive income	—	—	—	—	—	(68)	—	(68)
Share-based compensation	—	—	—	—	1,605,217	—	—	1,605,217
Balance as of December 31, 2021	—	$ —	863,912,613	$ 86	$ 11,169,136	$ 405	$ (3,876,535)	$ 7,293,092

(1) The share amounts listed above combine common stock, Class A common stock and Class B common stock. In connection with the completion of our initial public offering, all previously outstanding shares of common stock were reclassified into Class A common stock and Class B common stock. See Note 1 for further information.

See Accompanying Notes to the Consolidated Financial Statements.

NOTE 1: DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Robinhood Markets, Inc. ("RHM", together with its subsidiaries, "Robinhood," the "Company," "we," or "us") was incorporated in the State of Delaware on November 22, 2013. Our most significant, wholly-owned subsidiaries are:

- RHF, a registered introducing broker-dealer;
- RHS, a registered clearing broker-dealer; and
- RHC, which provides users the ability to buy and sell cryptocurrencies.

Acting as the agent of the user, we facilitate the purchase and sale of options, cryptocurrencies, and equities through our platform by routing transactions through market makers, who are responsible for trade execution. Upon execution of a trade, users are legally required to purchase options, cryptocurrencies, or equities for cash from the transaction counterparty or to sell options, cryptocurrencies, or equities for cash to the transaction counterparty, depending on the transaction. Acting as agent, we facilitate and confirm trades only when there are binding, matched legal obligations from the user and the market maker on both sides of the trade. Our users have ownership of the securities, including those that collateralize margin loans, and cryptocurrencies transacted on our platform and, as a result, any such securities or cryptocurrencies owned by users are not presented in our consolidated balance sheets. We do not allow users to purchase cryptocurrency on margin. We hold cryptocurrency in custody for our users' accounts in one or more omnibus cryptocurrency wallets.

Initial Public Offering

On August 2, 2021, we closed our IPO of 55.0 million shares of Class A common stock, including 2.6 million shares sold by selling shareholders, at a public offering price of $38.00 per share. On August 31, 2021, we sold an additional 4.4 million shares of Class A common stock pursuant to the option granted to the underwriters to purchase additional shares. The total net proceeds we received in the IPO were approximately $2.05 billion after deducting underwriting discounts and commissions of $90.8 million and offering expenses of $12.6 million. In connection with the completion of the IPO: 1) the Company filed its Amended and Restated Certificate of Incorporation (the "Charter"), which authorizes a total of 21 billion shares of Class A common stock, 700 million shares of Class B common stock, 7 billion shares of Class C common stock, and 210 million shares of preferred stock, 2) all shares of our outstanding redeemable convertible preferred stock automatically converted into a total of 412.7 million shares of our common stock, 3) all 233.3 million previously outstanding shares of the Company's common stock, along with the 412.7 million shares of common stock mentioned above, were automatically reclassified into an equivalent number of shares of the Company's Class A common stock (the "Reclassification"), 4) a total of 130.2 million shares of Class A common stock held by our founders and their related entities were exchanged for an equivalent number of shares of Class B common stock pursuant to the terms of certain exchange agreements, 5) all of our outstanding convertible notes automatically converted into 137.3 million shares of Class A common stock and 6) all warrants became exercisable at a strike price of $26.60 per share for an aggregate of 14.3 million shares of Class A common stock. As a result, following the completion of the IPO, we have three classes of authorized common stock: Class A common stock, Class B common stock, and Class C common stock, of which only Class A common stock and Class B common stock were outstanding as of December 31, 2021. See Note 12 for further information about the terms of our various classes of common stock.

Upon completion of the IPO, approximately $12.6 million of capitalized deferred offering costs were reclassified into stockholders' equity as a reduction of the IPO proceeds. Additionally, upon our IPO, we

recognized $1.01 billion of share-based compensation expense related to restricted stock units ("RSUs") for which the time-based vesting condition was satisfied or partially satisfied as the performance condition, a liquidity event, was satisfied. Upon the IPO, 24.6 million RSUs vested and 10.8 million shares of Class A common stock were withheld to meet the related tax withholding requirements.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). The consolidated financial statements include the accounts of RHM and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. We base our estimates on historical experience, and other assumptions we believe to be reasonable under the circumstances, which together form the basis for making judgments about the carrying values of assets and liabilities. Assumptions and estimates used in preparing our consolidated financial statements include those related to the determination of allowances for credit losses, the capitalization and estimated useful life of internally developed software, contingent liabilities, useful lives of property and equipment, the incremental borrowing rate used to determine the present value of lease payments, the valuation and recognition of share-based compensation, the valuation of the convertible notes and warrant liability, the valuation and estimated useful lives of acquired intangible assets, uncertain tax positions, accrued liabilities, and the recognition and measurement of current and deferred income tax assets and liabilities. Actual results could differ from these estimates and could have a material adverse effect on our consolidated financial statements.

Segment Information

We operate and report financial information in one operating segment. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. All our revenues and substantially all of our assets are attributed to or located in the United States.

Revenue Recognition

Transaction-Based Revenues

We primarily earn transaction-based revenues from routing user orders for options, equities and cryptocurrencies to market makers when the performance obligation is satisfied, which is at the point in time when a routed order is executed by the market maker. The transaction price for options is on a per contract basis, while for equities it is primarily based on the bid-ask spread of the underlying trading activity. For cryptocurrencies, the transaction price is a fixed percentage of the notional order value. For each trade type, all market makers pay the same transaction price. Payments are collected monthly in arrears from each market maker.

Net Interest Revenues

Net interest revenues consist of interest revenues less interest expenses.

We earn and incur interest revenues and expense on securities lending transactions. We also earn interest on margin loans to users, which constitute the majority of receivables from users, net in the consolidated balance sheets, and on our segregated cash, cash and cash equivalents, and deposits with clearing organizations. We incur interest expenses in connection with our revolving credit facilities.

Other Revenues

Other revenues primarily consists of Robinhood Gold subscription fees. Our contract with users are for a term of 30 days and renew automatically each month. Subscription revenue is recognized ratably over the subscription period as the performance obligation is satisfied.

Other revenues also consist of proxy rebates and ACATS fees charged to users. Proxy rebates are revenues earned through our partnership with a third-party investor communications company. We provide certain shareholder information to the third-party company, which is used to send investor materials to shareholders, such as materials related to shareholder meetings and voting instruction forms. We earn a share of the revenue the third-party company receives from issuers, and recognize the revenue when the performance obligation of providing data is satisfied.

ACATS fees are charged to users for facilitating the transfer of part or all of their accounts to another broker-dealer. We recognize revenue when our performance obligation of administering the transfer is satisfied.

Concentrations of Revenue and Credit

Concentrations of Revenue

We derived transaction-based revenues from individual market makers in excess of 10% of total revenues, as follows:

	Year ended December 31,		
	2019	2020	2021
Market maker:			
Citadel Securities, LLC	29 %	34 %	22 %
Tai Mo Shan Limited[1]	— %	— %	15 %
Entities affiliated with Susquehanna International Group, LLP[2]	13 %	18 %	12 %
Entities affiliated with Wolverine Holdings, L.P.[3]	12 %	10 %	10 %
All others individually less than 10%	8 %	13 %	18 %
Total as percentage of total revenue:	62 %	75 %	77 %

(1) Member of Jump Trading Group
(2) Consists of Global Execution Brokers, LP and G1X Execution Services, LLC
(3) Consists of Wolverine Execution Services, LLC and Wolverine Securities LLC

Concentrations of Credit

We are engaged in various trading and brokerage activities in which the counterparties primarily include broker-dealers, banks, and other financial institutions. In the event our counterparties do not fulfill their obligations, we may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty. Default of a counterparty in equities and options trades, which are facilitated through clearinghouses, would generally be spread among the clearinghouse's members rather than falling entirely on us. It is our policy to review, as necessary, the credit standing of each counterparty.

Operating Expenses

Brokerage and Transaction

Brokerage and transaction costs primarily consist of broker-dealer transaction expenses (such as fees paid to centralized clearinghouses and regulatory fees), market data expenses, cash and share-

based compensation and benefits as well as allocated overhead for employees engaged in clearing and brokerage functions, and cash management transactions expenses (such as network fees and card processing fees).

Technology and Development

Technology and development costs primarily consist of cash and share-based compensation and benefits as well as allocated overhead for engineering, data science, and design personnel who support and improve our platform and develop new products, costs for cloud infrastructure services, and costs associated with computer hardware and software, including amortization of internally developed software.

Operations

Operations costs consist of customer service related expenses, including cash and share-based compensation and benefits as well as allocated overhead for employees engaged in customer support, and costs incurred to support and improve customer experience (such as third-party customer service vendors). Operations costs also include our provision for credit losses and fraud in connection with unrecoverable receivables due to Fraudulent Deposit Transactions and chargebacks for unauthorized debit card use.

Marketing

Marketing costs primarily consist of marketing incentive expenses associated with the Robinhood Referral Program, as well as digital marketing, brand marketing, and creative services costs for creation, production, and placement of advertisements and marketing content. Other marketing costs include cash credits we offer to users, which primarily relate to remediation for losses experienced by our users due to service interruptions on our platform and reimbursement of direct losses incurred by our users from allegedly unauthorized account activity. Marketing costs also include cash and share-based compensation and benefits as well as allocated overhead for employees engaged in the marketing function. Advertising costs are expensed as incurred and were $90.9 million, $78.2 million and $100.5 million in the years ended December 31, 2019, 2020, and 2021.

General and Administrative

General and administrative costs primarily consist of cash and share-based compensation and benefits as well as allocated overhead for certain executives and employees engaged in legal, finance, human resources, risk, and compliance. General and administrative costs also include legal expenses, settlements and penalties, business insurance, and other professional fees.

Employee Retirement Benefits

We offer a defined contribution 401(k) plan to full-time employees. Employees may elect to contribute to a traditional 401(k) plan, which qualifies as a deferred compensation arrangement under Section 401 of the Code. In this case, participating employees defer a portion of their pre-tax earnings. Employees may also contribute to a Roth 401(k) plan using post-tax dollars. We match employee contributions up to 3%, and have incurred $1.0 million, $3.5 million, and $9.5 million of expense related to matching for the years ended December 31, 2019, 2020, and 2021.

Research and Development Costs

Research and development costs described in Accounting Standards Codification (“ASC”) 730, Research and Development, are expensed as incurred. Our research and development costs consist primarily of employee compensation and benefits for our engineering and research teams, including share-based compensation. Research and development costs recorded in operating expenses under

ASC 730 were $27.7 million, $52.2 million, and $437.6 million for the years ended December 31, 2019, 2020, and 2021.

Share-based Compensation

Common Stock Fair Value

The fair value of our common stock is determined on the grant date using the closing price of our common stock, which is traded on the Nasdaq Global Select Market.

Prior to our IPO, the absence of an active market for our common stock required our board of directors to determine the fair value of our common stock for each grant date with respect to which awards were approved. Our board of directors considered numerous objective and subjective factors to determine the fair value of our common stock including: contemporaneous third-party valuations of our common stock, sales of our common and redeemable convertible preferred stock to third-party investors in arms-length transactions, our operating and financial performance, the valuation of comparable companies, the lack of marketability, and general and industry specific economic outlook, amongst other factors.

Stock Options

We estimate the fair value of stock options granted to employees using the Black-Scholes option-pricing model. The fair value of stock options is recognized as compensation on a straight-line basis over the requisite service period. Forfeitures are accounted for when they occur.

The Black-Scholes option-pricing model incorporates various assumptions in estimating the fair value of stock-based awards. In addition to the fair value of our common stock, these variables include:

Expected volatility—As we do not have sufficient trading history of our common stock, we estimate the volatility of our common stock on the date of grant based on the weighted-average historical stock price volatility of comparable publicly-traded companies over a period equal to the expected term of the award.

Expected term—We determine the expected term based on the average period the stock options are expected to remain outstanding using the simplified method, generally calculated as the midpoint of the stock options' vesting term and contractual expiration period, as we do not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior.

Risk-free interest rate—Based on the U.S. Treasury yield curve that corresponds with the expected term at the time of grant.

Expected dividend yield—We utilize a dividend yield of 0% as we have not paid, and do not anticipate paying, dividends on our common stock.

Assumptions used in valuing non-employee stock options are generally consistent with those used for employee stock options with the exception that the expected term is over the contractual life.

Time-Based RSUs

We have granted Time-Based RSUs that vest upon the satisfaction of a time-based service condition. Prior to our IPO, our Time-Based RSUs vested based upon the satisfaction of both a time-based service condition and a performance-based condition, namely the occurrence of a liquidity event such as the IPO. The fair value of our RSUs is estimated based on the fair value of our common stock on the date of grant. The time-based service condition for our awards is generally satisfied over four years. We record share-based compensation expense for Time-Based RSUs on an accelerated attribution method over the

requisite service period. The performance-based condition for our pre-IPO grants was satisfied upon the occurrence of the IPO in 2021, at which point we recorded a cumulative one-time share-based compensation expense determined using the awards' grant-date fair value. Share-based compensation related to the remaining time-based service after the IPO is recorded over the remaining requisite service period. As of December 31, 2019 and 2020, we had not recognized share-based compensation for awards with performance-based conditions because the qualifying event described above had not occurred and, therefore, could not be considered probable. No performance-based conditions exist for our post-IPO grants.

Market-Based RSUs

We have granted RSUs that vest upon the satisfaction of all the following conditions: time-based service conditions, performance-based conditions, and market-based conditions. The time-based service condition for these awards generally is satisfied over six years. The performance-based conditions are satisfied upon the occurrence of a qualifying event, as described above. The market-based conditions are satisfied upon our achievement of specified share prices.

For market-based awards, we determine the grant-date fair value utilizing a Monte Carlo valuation model, which incorporates various assumptions including expected stock price volatility, expected term, risk-free interest rates, expected date of a qualifying event, and expected capital raise percentage. We estimate the expected term based on various exercise scenarios, as these awards are not considered "plain vanilla." We estimate the expected date of a qualifying event based on our expectation at the time of measurement of the award's value.

We record share-based compensation expense for market-based equity awards on an accelerated attribution method over the requisite service period, and only if performance-based conditions are considered probable to be satisfied. We determine the requisite service period by comparing the derived service period to achieve the market-based condition and the explicit time-based service period, using the longer of the two service periods as the requisite service period. Upon the occurrence of our IPO in 2021, we recorded a cumulative one-time share-based compensation expense determined using the grant-date fair values. Share-based compensation related to remaining time-based service and market-based conditions to be met will be recorded over the remaining derived requisite service period.

Net Income (Loss) per Share

Basic and diluted earnings per share are computed using the two-class method, which considers participating securities as a separate class of shares. Our participating securities consist of all series of our redeemable convertible preferred stock. Under the two-class method, net loss is not allocated to the redeemable convertible preferred stock as the preferred stockholders do not have a contractual obligation to share in our losses.

Basic earnings per share is computed by dividing net income available to our common stockholders, adjusted to exclude earnings allocated to participating securities, by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed on the basis of the weighted-average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period.

Cash and Cash Equivalents

Cash and cash equivalents include deposits with banks and money market funds or highly liquid financial instruments with maturities of three months or less at the time of purchase. We maintain cash in bank accounts at financial institutions that exceed federally insured limits. We also maintain cash in money market funds which are not FDIC insured. We are subject to credit risk to the extent any financial institution with which we conduct business is unable to fulfill contractual obligations on our behalf. As we have not experienced any losses in such accounts and we believe that we have placed our cash on

deposit with financial institutions which are financially stable, we do not have an expectation of credit losses for these arrangements.

Cash and Securities Segregated Under Federal and Other Regulations

We are required to segregate cash and/or qualified securities for the exclusive benefit of customers and proprietary accounts of brokers in accordance with the provision of Rule 15c3-3 under the Exchange Act. We continually review the credit quality of our counterparties and have not experienced a default. As a result, we do not have an expectation of credit losses for these arrangements.

Restricted Cash

We are required to maintain restricted cash deposits to back letters of credit for certain property leases. We have no ability to draw on such funds as long as they remain restricted under the applicable agreements. Cash subject to restrictions that expire within one year is included in other current assets in our consolidated balance sheets. For the year ended December 31, 2020 and 2021, current restricted cash balances were nil and $0.7 million.

Investments

We invest in marketable debt securities which are classified as available-for-sale and are initially recorded at fair value. These securities are comprised of asset-backed securities, commercial paper, corporate bonds and government bonds. We have elected the fair value option for our debt securities as we believe carrying these investments at fair value and taking changes in fair value through earnings best reflects their underlying economics. We elected to present interest earned on the debt securities as interest income.

Fair Value of Financial Instruments

We apply fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, we may use various valuation approaches, including market, income and/or cost approaches. The fair value hierarchy requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair value is a market-based measure considered from the perspective of a market participant. Accordingly, even when market assumptions are not readily available, our own assumptions reflect those that market participants would use in pricing the asset or liability at the measurement date. The fair value measurement accounting guidance describes the following three levels used to classify fair value measurements:

Level 1 Inputs: unadjusted quoted prices in active markets for identical assets or liabilities that are accessible by us

Level 2 Inputs: quoted prices for similar assets and liabilities in an active market, quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly

Level 3 Inputs: unobservable inputs that are significant to the fair value of the assets or liabilities

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The carrying amounts of certain financial instruments approximate their fair value due to the short-term nature, which include cash, cash and securities segregated under federal and other regulations, receivables from brokers, dealers, and clearing organizations, receivables from users, net, deposits with clearing organizations, other current assets, accounts payable and accrued expenses, payable to users, securities loaned, and other current liabilities.

Receivables From Brokers, Dealers, and Clearing Organizations

Receivables from brokers, dealers, and clearing organizations include receivables from market makers for routing user orders for execution and other receivables from third-party brokers. These receivables are short term and settle within 30 days. We continually review the credit quality of our counterparties and have not experienced a default. As a result, we do not have an expectation of credit losses for these arrangements.

Receivables From Users, Net

Receivable from users, net is primarily made up of margin receivables. Margin receivables are adequately collateralized by users' securities balances and are reported at their outstanding principal balance, net of an allowance for credit losses. We monitor margin levels and require users to deposit additional collateral, or reduce margin positions, to meet minimum collateral requirements and avoid automatic liquidation of their positions.

We apply the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for receivables from users. We have no expectation of credit losses for receivables from users that are fully secured, where the fair value of the collateral securing the balance is equal to or in excess of the receivable amount. This is based on our assessment of the nature of the collateral, potential future changes in collateral values, and historical credit loss information relating to fully secured receivables. In cases where the fair value of the collateral is less than the outstanding receivable balance from a user, we recognize an allowance for credit losses in the amount of the difference, or unsecured balance, immediately.

The provision for credit losses is recorded as operations expense on the consolidated statement of operations. We write-off unsecured balances when the balance becomes outstanding for over 180 days or when we otherwise deem the balance to be uncollectible.

Deposits With Clearing Organizations

We are required to maintain collateral deposits with clearing organizations such as Depository Trust & Clearing Corporation and Options Clearing Corporation which allow us to use their security transactions services for trade comparison, clearance, and settlement. The clearing organizations establish financial requirements, including deposit requirements, to reduce their risk. The required level of deposits may fluctuate significantly from time to time based upon the nature and size of users' trading activity and market volatility. We earn interest on these deposits which is included as net interest revenues in the consolidated statements of operations. As we have not experienced historic defaults, we do not have an expectation of credit losses for these arrangements.

Fractional Share Program

We operate our fractional share program for the benefit of our users and maintain an inventory of securities held exclusively for the fractional share program. This proprietary inventory is recorded within other current assets on our consolidated balance sheets.

When a user purchases a fractional share, we record the cash received for the user-held fractional share as pledged collateral and an offsetting liability to repurchase the shares as we concluded that we did not meet the criteria for derecognition under the accounting guidance. We measure our inventory of securities, user-held fractional shares and our repurchase obligation at fair value at each reporting period via the election of the fair value option, with realized and unrealized gains and losses, which totaled $3.0 million and $11.5 million for the years ended December 31, 2020 and 2021, recorded in brokerage and transaction expenses in our consolidated statement of operations. We do not earn

revenue from our users when they purchase or sell fractional shares from us. We earn transaction-based revenue when shares are purchased from market makers to fulfill fractional share transactions.

Other Current Assets

Other current assets primarily includes prepaid expenses, securities owned by us for the Robinhood Referral Program and fractional share program, and other receivables. We classify prepayments made under contracts as prepaid expenses and expense them over the contract terms. These prepaid expenses include items such as prepayments on insurance, cloud infrastructure service costs, and software subscriptions. As of December 31, 2020 and 2021, prepaid expenses included in other current assets were $28.6 million and $92.0 million.

Robinhood Referral Program

The stock rewarded under this program is a share or shares, selected randomly from our previously purchased inventory of settled shares held exclusively for this program, which are included in other current assets in our consolidated balance sheets. Each stock reward is assigned at the time the reward is earned and each share cannot be associated with more than one reward at a time. Our inventory of settled shares is initially recorded at cost and marked to fair market value at each reporting period. As the inventory of shares are held specifically for the referral program and not as investments of the Company, gains and losses from changes in the fair market value of the shares are recorded within marketing expense in our consolidated statement of operations until the reward is claimed. Shares are derecognized when they are claimed by the user and delivered to the users' account.

We record an accrued liability within other current liabilities in our consolidated balance sheets at the time the bank account is linked with the expense recorded within marketing expense in our consolidated statement of operations. The liability is initially recorded at the fair market value of the assigned share or shares upon the reward being earned by the referred user (i.e., upon bank linkage) and marked to fair market value until claimed or reversed, with gains and losses also recorded within marketing expense. The liability is derecognized when the share is claimed by the user and delivered to the users' account. If a user does not claim the stock reward within 60 days of being notified, such reward expires and the liability is reversed. We estimate the amount of unclaimed rewards expected at each reporting period, using historical trends and data, and adjust the accrued liability and marketing expense accordingly.

Property, Software, and Equipment

Property, software, and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization is recorded on a straight-line basis over the useful life of the asset, which is as follows:

Property, Software, and Equipment	Useful Life
Computer equipment	3 years
Fixture and furniture	7 years
Tenant improvements	Shorter of estimated useful life or lease term
Internally developed software	3 years

Repairs and maintenance that do not enhance or extend the asset's function and/or useful life are charged to expenses as incurred. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized.

Internally developed software is capitalized when preliminary development efforts are successfully completed and it is probable that the project will be completed and the software will be used as intended. Capitalized costs consist of salaries and payroll related costs for employees and fees paid to third-party

consultants who are directly involved in development efforts. Capitalized costs are amortized over the estimated useful life of the software on a straight-line basis and included in technology and development in the consolidated statements of operations. We expense software development costs as they are incurred during the preliminary project stage.

Other Non-Current Assets

Other non-current assets primarily includes right-of-use assets, net of accumulation of amortization, and prepaid expenses, for contract terms longer than 12 months. As of December 31, 2020 and 2021, non-current prepaid expenses included in other non-current assets were $8.2 million and $43.6 million.

Leases

We elected to apply the short-term lease measurement and recognition practical expedient to our leases where applicable, thus leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. Operating lease right-of-use assets and operating lease liabilities are recognized at the present value of the future lease payments at the lease commencement date for each lease. The interest rate used to determine the present value of the future lease payments is our incremental borrowing rate because the interest rate implicit in most of our leases is not readily determinable. Our incremental borrowing rate is estimated to approximate the interest rate that we would pay to borrow on a collateralized basis with similar terms and payments as the lease. Operating lease right-of-use assets also include any prepaid lease payments and lease incentives. Our lease agreements generally contain lease and non-lease components. Non-lease components, which primarily include payments for maintenance and utilities, are combined with lease payments and accounted for as a single lease component. We include the fixed non-lease components in the determination of the right-of-use assets and operating lease liabilities. We record the amortization of the right-of-use asset and the accretion of lease liability as rent expense and allocate it as overhead in the consolidated statements of operations.

Business Combinations

We account for acquisitions of entities or asset groups that qualify as businesses in accordance with ASC 805, “Business Combinations”. The purchase price of the acquisition is allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the purchase price over those fair values is recorded as goodwill. During the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in the consolidated statements of operations. See Note 3 for further information.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination and is allocated to reporting units expected to benefit from the business combination. We test goodwill for impairment at least annually, in the fourth quarter, or whenever events or changes in circumstances indicate that goodwill might be impaired. We evaluate our reporting units when changes in our operating structure occur, and if necessary, reassign goodwill using a relative fair value allocation approach. In testing for goodwill impairment, we first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, we determine it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if we conclude otherwise, we proceed to a quantitative assessment.

The quantitative assessment compares the estimated fair value of a reporting unit to its book value, including goodwill. If the fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. However, if the book value of a reporting unit exceeds its fair value, an impairment loss will be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. See Note 4 for further information.

Intangible Assets, Net

Intangible assets are carried at cost and amortized on a straight-line basis over their estimated useful lives. The Company evaluates the remaining estimated useful life of its intangible assets being amortized on an ongoing basis to determine whether events and circumstances warrant a revision to the remaining period of amortization. See Note 4 for further information.

Payables to Users

Payables to users represent users' funds on deposit, and/or funds accruing to users as a result of settled trades and other security related transactions.

Securities Borrowed and Loaned

Securities borrowed and loaned result from transactions with other brokers, dealers, or financial institutions. Securities borrowing transactions require us to deposit cash with the lender whereas securities lending transactions result in us receiving cash collateral, with both requiring cash in an amount generally in excess of the market value of the securities. We earn interest revenue on cash collateral deposited with us, and can earn or incur additional revenue or expense for lending certain securities based on demand for that security. Substantially all of our securities borrowing and loan transactions have an open contractual term and, upon notice by either party, may be terminated within three business days. We manage risks associated with our securities lending and borrowing activities by requiring credit approvals for counterparties, by monitoring the market value of securities loaned and collateral values for securities borrowed on a daily basis and requiring additional cash as collateral for securities loaned or return of collateral for securities borrowed when necessary, and by participating in a risk-sharing program offered through the Options Clearing Corporation. Our securities lending transactions are subject to enforceable master netting arrangements with other broker-dealers, however we do not net securities lending transactions. We apply the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for securities borrowed receivables.

Loss Contingencies

We are subject to claims and lawsuits in the ordinary course of business, including arbitration, class actions and other litigation, some of which include claims for substantial or unspecified damages. We are also the subject of inquiries, investigations, and proceedings by regulatory and other governmental agencies. We review our lawsuits, regulatory inquiries and other legal proceedings on an ongoing basis and provide disclosures and record loss contingencies in accordance with the loss contingencies accounting guidance. We establish an accrual for losses at management's best estimate when we assess that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. If the reasonable estimate is a range and no amount within that range is considered a better estimate than any other amount, an accrual is recorded based on the bottom amount of the range. Accrual for loss contingencies are recorded in accounts payable and accrued expenses on the consolidated balance sheets and expensed in general and administrative expenses in our consolidated statements of operations. We monitor these matters for developments that would affect the likelihood of a loss and the accrued amount, if any, and adjust the amount as appropriate.

Cryptocurrencies

We act as an agent in the cryptocurrency transactions of our users. We have determined we are an agent because we do not control the cryptocurrency before delivery to the user, we are not primarily responsible for the delivery of cryptocurrency to our users, we are not exposed to risks arising from fluctuations of the market price of cryptocurrency before delivery to the customer, and we do not set the prices charged to users. After purchasing cryptocurrency on the platform, users are the legal owners of cryptocurrency held under custody by us and users have all the rights and benefits of ownership, including the rights to appreciation and depreciation of the cryptocurrency. Accordingly, the cryptocurrency we hold in custody on behalf of our users is not reflected on our consolidated balance sheets.

Income Taxes

Income tax expense is an estimate of current income taxes payable in the current fiscal year based on reported income before income taxes. Deferred income taxes reflect the effect of temporary differences and carryforwards that we recognize for financial reporting and income tax purposes at enacted tax rates expected to be in effect when taxes are actually paid or recovered.

We account for income taxes under the asset and liability method, which requires recognition of deferred income tax assets and liabilities for the expected future tax consequences of events that have been recognized in our consolidated financial statements, but have not been reflected in our taxable income. Deferred tax assets are evaluated for future realization and reduced by a valuation allowance to the extent we believe that they will not be realized. We consider many factors when assessing the likelihood of future realization of our deferred tax assets including, but not limited to, historical cumulative loss experience and expectations of future earnings, tax planning strategies, and the carry-forward periods available for tax reporting purposes. Our judgment regarding future profitability may change due to many factors, including future market conditions and the ability to successfully execute business plans and/or tax planning strategies. Should there be a change in the ability to recover deferred tax assets, our tax provision would increase or decrease in the period in which the assessment is changed.

We recognize a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation, based on the technical merits. Income tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized. We account for uncertain tax positions, including net interest and penalties, as a component of income tax expense or benefit. We make adjustments to these uncertain tax positions in accordance with applicable income tax guidance and based on changes in facts and circumstances. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact to our consolidated financial statements and operating results.

Reclassifications

Certain prior-year amounts have been reclassified to conform to the current year's presentation. The impact of these reclassifications is immaterial to the presentation of the financials.

NOTE 2: RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

In August 2020, the FASB issued Accounting Standard Update ("ASU") 2020-06, *Debt—Debt with Conversion and Other Options and Derivatives and Hedging - Contracts in Entity's Own Equity*. This guidance simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments, amends the accounting guidance for evaluating the classification of certain contracts in an entity's own equity, and modifies the diluted earnings per share

calculations for convertible instruments. The guidance is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted. We adopted this guidance effective January 1, 2021 using the full retrospective method. The adoption of the guidance did not have a material impact on our consolidated financial statements.

In May 2021, the FASB issued ASU 2021-04, *Earnings Per Share, Debt—Modifications and Extinguishments, Compensation—Stock Compensation, and Derivatives and Hedging—Contracts in Entity's Own Equity*. The guidance clarifies modifications or exchanges of freestanding equity-classified written call options (e.g. warrants). The guidance is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted. We adopted this guidance effective July 1, 2021. The adoption of the guidance did not have a material impact on our consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In October 2021, the FASB issued ASU 2021-08, *Business Combinations*. This guidance requires contract assets and contract liabilities from contracts with customers that are acquired in a business combination to be recognized and measured as if the acquirer had originated the original contract. The guidance is effective for fiscal years beginning after December 15, 2022 on a prospective basis, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the timing of adoption and impact of this new guidance on our consolidated financial statements.

NOTE 3: BUSINESS COMBINATIONS

On August 13, 2021, we acquired all outstanding stock of Say Technologies. New York-based Say Technologies, founded in 2017, is an investor communications and shareholder engagement platform. The acquisition of Say Technologies will allow us to empower retail investors to access their full ownership rights by facilitating proxy and issuer materials delivery and making shareholder voting on corporate matters easier.

The acquisition date fair value of the consideration transferred for Say Technologies was $132.8 million, which consisted of the following:

(in thousands)		**Fair Value**
Cash	$	132,168
Share-based compensation awards attributable to pre-combination services		639
Total consideration	$	132,807

We entered into holdback agreements with certain employees of Say Technologies for $11.1 million in cash payments, which are contingent upon the continuous service of the employees and treated as post-combination compensation expense over the required service period of three years. For employees of Say Technologies with unvested Say Technologies equity awards, we issued replacement awards whose aggregate estimated fair value was $6.3 million. See Note 12 for further information.

Transaction costs associated with the acquisition, which included legal, due diligence, and other professional fees, were not material.

The purchase price allocation is based on a preliminary valuation and subject to revision as more detailed analyses are completed and additional information about the fair value of assets acquired and liabilities assumed becomes available, including certain tax matters, during the measurement period (up to one year from the acquisition date). The following table summarizes the preliminary fair value of assets acquired and liabilities assumed as of the date of acquisition:

(in thousands)	Fair Value
Cash and cash equivalents	$ 15,412
Accounts receivable	1,704
Goodwill	92,951
Intangible assets	34,600
Other current assets	192
Accounts payable, accrued expenses and other current liabilities	(9,354)
Deferred tax liability	(2,698)
Net assets acquired	$ 132,807

The excess of purchase price over the fair value of net tangible and identifiable intangible assets acquired was recorded as goodwill, which is not deductible for tax purposes. Goodwill is primarily attributed to the assembled workforce of Say Technologies and anticipated operational synergies. The fair values assigned to tangible and identifiable intangible assets acquired and liabilities assumed are based on management's estimates and assumptions at the time of acquisition. The following table sets forth the components of identifiable intangible assets acquired and their estimated useful lives as of the date of acquisition:

(in thousands, except years)	Fair Value	Useful Life
Developed technology	$ 22,000	3
Customer relationships	12,000	10
Trade names	600	3
Total	$ 34,600	

The overall weighted average useful life of the identified amortizable intangible assets acquired is five years. The estimated fair values of the intangible assets acquired approximate the amounts a market participant would pay for these intangible assets as of August 13, 2021. We used the replacement cost method to estimate the fair value of developed technology and the relief from royalty method to estimate the fair value of trade names. A multi-period excess earnings method was used to estimate the fair value of customer relationships.

Tangible net assets were valued at their respective carrying amounts as of the acquisition date, as these amounts approximated fair value.

During the fourth quarter of 2021, we recorded an immaterial measurement period adjustment to other non-current liabilities with a corresponding decrease to goodwill, based on facts and circumstances in existence as of the effective date of the acquisition.

Results of operations of Say Technologies were included in our results since the date of acquisition and were not material for the year ended December 31, 2021. Pro forma results of operations for Say Technologies have not been presented as the effect of this acquisition was not material.

NOTE 4: GOODWILL AND INTANGIBLE ASSETS

Goodwill

The carrying amount of goodwill for the period indicated was as follows:

(in thousands)	Carrying Amount
As of December 31, 2020	$ —
Additions due to business combinations	100,521
As of December 31, 2021	$ 100,521

Substantially all of the additions related to the Say Technologies acquisition as disclosed in Note 3 and the remainder related to other immaterial business acquisitions. There was no impairment of goodwill during the year ended December 31, 2021. We had no goodwill as of December 31, 2020.

Intangible Assets

The components of intangible assets, net as of December 31, 2021 were as follows:

(in thousands, except years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Remaining Useful Life - Years
Finite-lived intangible assets				
Developed technology	$ 23,100	$ (2,829)	$ 20,271	2.58
Customer relationships	12,000	(460)	11,540	9.62
Trade names	600	(76)	524	2.62
Domain names	163	(43)	120	11.63
Indefinite-lived intangible assets	1,652	—	1,652	N/A
Total	$ 37,515	$ (3,408)	$ 34,107	

As of December 31, 2021, the estimated future amortization expense of finite-lived intangible assets was as follows:

(in thousands)	Intangible Assets
2022	$ 9,104
2023	9,104
2024	6,218
2025	1,210
2026	1,210
Thereafter	5,609
Total	$ 32,455

Amortization expense of intangible assets was $3.4 million for the year ended December 31, 2021. There was no impairment of intangible assets during the year ended December 31, 2021.

NOTE 5: REVENUES

Disaggregation of Revenues

The following table presents our revenue disaggregated by revenue source:

	Year ended December 31,		
(in thousands)	**2019**	**2020**	**2021**
Transaction-based revenues:			
Options	$ 110,656	$ 440,070	$ 688,899
Cryptocurrencies	9,487	26,708	419,382
Equities	50,688	251,200	287,734
Other	—	2,155	6,335
Total transaction-based revenues	170,831	720,133	1,402,350
Net interest revenues:			
Securities lending	6,380	98,165	137,153
Margin interest	19,104	66,781	131,823
Interest on segregated cash and securities	36,281	13,401	4,023
Other interest revenue	9,865	3,972	4,181
Interest expenses related to credit facilities	(991)	(4,882)	(20,218)
Total net interest revenues	70,639	177,437	256,962
Other revenues	36,063	61,263	155,831
Total net revenues	$ 277,533	$ 958,833	$ 1,815,143

Contract Balances

Contract receivables are recognized when we have an unconditional right to invoice and receive payment under a contract and are derecognized when cash is received. Transaction-based revenue receivables due from market makers are reported in receivables from brokers, dealers, and clearing organizations while other revenue receivables due from our relationship with a third-party investor communications company are reported in other current assets on the consolidated balance sheets.

The table below sets forth contract receivables balances for the periods indicated:

	December 31,	
(in thousands)	**2020**	**2021**
Beginning of the period	$ 20,577	$ 111,871
End of the period	111,871	83,207
Increase (decrease) in contract receivables during the period	$ 91,294	$ (28,664)

The increase between the beginning and ending balance of our contract receivables for the year ended December 31, 2020 primarily results from the growth of our business over the period. The decrease for the year ended December 31, 2021 primarily results from lower transaction-based revenues for equities and options for the month of December 2021 as compared to the month of December 2020.

Timing differences between our performance and counterparties' payments also contributed to the change during the periods presented.

Contract liabilities consist of unearned subscription revenue, are recognized when users remit contractual cash payments in advance of the time we satisfy our performance obligations under the contract, and are recorded as other current liabilities on the consolidated balance sheets.

The table below sets forth contract liabilities balances for the period indicated:

	December 31,	
(in thousands)	**2020**	**2021**
Beginning of the period	$ 954	$ 2,060
End of the period	2,060	3,211
Increase in contract liabilities during the period	$ 1,106	$ 1,151

We recognized all revenue from amounts included in the opening contract liabilities balances in the years ended December 31, 2020 and 2021. The difference between the beginning and ending balance of our contract liability balances primarily results from the increase in subscription users and the timing difference between our performance and payments from the users.

NOTE 6: ALLOWANCE FOR CREDIT LOSSES

The following table summarizes the allowance for credit losses, which primarily relate to unsecured balances of receivables from Fraudulent Deposit Transactions and losses on margin borrowings, for the periods indicated:

	Year ended December 31,		
(in thousands)	**2019**	**2020**	**2021**
Beginning balance	$ 6,013	$ 17,122	$ 34,092
Provision for credit losses	11,109	59,134	78,337
Write-offs	—	(42,164)	(72,213)
Ending balance	$ 17,122	$ 34,092	$ 40,216

During the years ended December 31, 2019, 2020, and 2021, the provision for credit losses related to unsecured balances of receivables from users was $11.1 million, $58.0 million and $77.1 million while the remaining balances were related to other receivables. As of December 31, 2019, 2020, and 2021, the ending allowance for credit losses related to unsecured balances of receivables from users was $17.1 million, $33.5 million, and $38.4 million while the remaining balances were related to other receivables.

During the year ended December 31, 2020, we implemented our policy to write-off unsecured balances when the balance becomes outstanding for over 180 days or when we otherwise deem the balance to be uncollectible. Previously, we did not have sufficient historical information to provide a reasonable basis upon which to write off balances.

NOTE 7: INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments

We invest in marketable debt securities which are classified as available-for-sale. We elected the fair value option on our available-for-sale debt securities and carry them at fair value with adjustments to fair

value presented in other expense (income), net in our consolidated statements of operations. Investments on the consolidated balance sheet consisted of the following:

	December 31, 2021			
(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Debt securities:				
Asset-backed securities	$ 5,082	$ —	$ (4)	$ 5,078
Commercial paper	13,717	—	—	13,717
Corporate bonds	7,392	—	(8)	7,384
Government bonds	1,012	—	(2)	1,010
Total investments	$ 27,203	$ —	$ (14)	$ 27,189

We did not hold any investments as of December 31, 2020. All of our debt securities as of December 31, 2021 had a stated contractual maturity or redemption date within one year.

Fair Value of Financial Instruments

Financial assets and liabilities measured at fair value on a recurring basis as of the date indicated below were presented on our consolidated balance sheets as follows:

	December 31, 2020			
(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents:				
Money market funds	$ 1,026,034	$ —	$ —	$ 1,026,034
Cash and securities segregated under federal and other regulations:				
U.S. Treasury securities	134,994	—	—	134,994
User-held fractional shares	802,483	—	—	802,483
Other current assets:				
Equity securities - securities owned	3,222	—	—	3,222
Total financial assets	$ 1,966,733	$ —	$ —	$ 1,966,733
Liabilities				
Accounts payable and accrued expenses:				
Equity securities - referral program liability	$ 695	$ —	$ —	$ 695
Fractional share repurchase obligations	802,483	—	—	802,483
Total financial liabilities	$ 803,178	$ —	$ —	$ 803,178

(in thousands)	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents:				
Money market funds	$ 4,003,552	$ —	$ —	$ 4,003,552
Investments:				
Asset-backed securities	—	5,078	—	5,078
Commercial paper	—	13,717	—	13,717
Corporate bonds	—	7,384	—	7,384
Government bonds	1,010	—	—	1,010
User-held fractional shares	1,834,479	—	—	1,834,479
Other current assets:				
Equity securities - securities owned	13,611	—	—	13,611
Total financial assets	$ 5,852,652	$ 26,179	$ —	$ 5,878,831
Liabilities				
Accounts payable and accrued expenses:				
Equity securities - referral program liability	$ 97	$ —	$ —	$ 97
Fractional shares repurchase obligations	1,834,479	—	—	1,834,479
Total financial liabilities	$ 1,834,576	$ —	$ —	$ 1,834,576

During the year ended December 31, 2021, we did not have any transfers in or out of Level 3 assets or liabilities.

Convertible Notes and Warrant Liability

In February 2021, we issued two tranches of convertible notes (the “convertible notes”) and granted to each purchaser of the Tranche I convertible notes a warrant to purchase equity securities (the “warrant liability”). We elected the fair value option for both tranches of the convertible notes as we believe it best reflects their underlying economics. Under the fair value option, the convertible notes were initially measured at their issuance date estimated fair value and subsequently remeasured at their estimated fair value at the end of each reporting period. Upon the closing of the IPO, all of our outstanding convertible notes and warrants were reclassified from liability to equity. See Note 11 for further information.

For the year ended December 31, 2021, we recorded expense due to changes in fair value of $1.92 billion for the convertible notes in our consolidated statements of operations, none of which was attributable to the change in the instrument-specific credit risk. We have elected to present the component related to accrued interest in the change in fair value of convertible notes and warrant liability.

For the year ended December 31, 2021, due to changes in fair value, we recorded $127.1 million for the warrant liability in our consolidated statements of operations.

The following table sets forth a summary of the changes in the estimated fair value of our convertible notes and warrant liability:

(in thousands)	Convertible notes	Warrant liability
Beginning of period, January 1, 2021	$ —	$ —
Issued during the period	3,299,031	252,944
Change in fair value	1,918,565	127,092
Reclassifications to equity	(5,217,596)	(380,036)
End of period, December 31, 2021	$ —	$ —

NOTE 8: INCOME TAXES

The components of income (loss) before income taxes were as follows:

	Year ended December 31,		
(in thousands)	2019	2020	2021
Domestic	$ (104,690)	$ 14,773	$ (3,685,936)
Foreign	(2,897)	(943)	1,504
Income (loss) before income taxes	$ (107,587)	$ 13,830	$ (3,684,432)

The components of the provision for (benefit from) income taxes were as follows:

	Year ended December 31,		
(in thousands)	2019	2020	2021
Current:			
Federal	$ (58)	$ 2,780	$ (249)
State	(295)	3,801	4,990
Foreign	—	—	—
Total current tax expense (benefit)	(353)	6,581	4,741
Deferred:			
Federal	—	—	(1,084)
State	—	—	(1,525)
Foreign	(665)	(200)	(132)
Total deferred tax expense (benefit)	(665)	(200)	(2,741)
Total provision for (benefit from) income taxes	$ (1,018)	$ 6,381	$ 2,000

The reconciliation of federal statutory income tax to our provision for (benefit from) income taxes was as follows:

(in thousands)	Year ended December 31, 2019	2020	2021
Federal tax benefit at statutory rate	$ (22,593)	$ 2,905	$ (773,731)
State tax benefit, net of federal benefit	(5,491)	(862)	(131,494)
Foreign rate differential	(57)	(2)	(448)
Share-based compensation	(1,221)	(2,654)	17,338
Tender offer compensation	4,229	3,607	1,640
Research and development credits	(2,104)	(10,489)	(48,111)
Non-deductible regulatory settlements	—	21,000	10,920
Non-deductible change in convertible notes and warrant	—	—	429,588
Permanent differences	—	526	322
Other	905	52	367
Change in valuation allowance	25,314	(7,702)	495,609
Total provision for (benefit from) income taxes	$ (1,018)	$ 6,381	$ 2,000

Significant components of our deferred tax assets and liabilities consist of the following:

(in thousands)	Year ended December 31, 2020	2021
Deferred tax assets:		
Accruals and other liabilities	14,849	$ 24,319
Lease liabilities	13,794	39,909
Tax credit carryforwards	9,058	81,457
Net operating loss carryforwards	3,141	251,202
Share-based compensation	3,123	134,723
Other	3,386	21,411
Total deferred tax assets	47,351	553,021
Deferred tax liabilities:		
Right of use assets	(12,551)	(34,182)
Depreciation and amortization	(6,965)	(22,977)
Total deferred tax liabilities	(19,516)	(57,159)
Valuation allowance	(26,909)	(494,902)
Net deferred tax assets	$ 926	$ 960

The following is a reconciliation of the beginning and ending amount of the deferred tax asset valuation allowance:

(in thousands)	Year ended December 31, 2019	2020	2021
Balance at beginning of period	$ 9,631	$ 35,207	$ 26,909
Charged/(credited) to net income	25,576	(8,298)	470,691
Charges utilized/(write-offs)	—	—	(2,698)
Balance at end of period	$ 35,207	$ 26,909	$ 494,902

The realization of tax benefits of net deferred assets is dependent upon future levels of taxable income, of an appropriate character, in the periods the items are expected to be deductible or taxable.

Based on all available evidence for the year ending December 31, 2021, we believe it is more likely than not that the tax benefits of the remaining U.S. federal and state net deferred tax assets may not be realized, and accordingly, the net deferred tax assets have been fully offset by a valuation allowance. The valuation allowance increased by approximately $468.0 million for the year ended December 31, 2021.

As of December 31, 2021, we have $944.3 million of U.S. federal, $823.9 million of state, and $5.1 million of non-U.S. net operating loss carryforwards available to reduce future taxable income. Of the U.S. federal net operating loss carryforwards, $1.0 million will begin to expire in 2037 and the $943.3 million will carryforward indefinitely. Our state net operating losses begin to expire in 2022, while our non-U.S. net operating losses do not expire. We have U.S. federal tax credit carryforwards of $80.8 million that will begin to expire in 2040, if not utilized, and state tax credit carryforwards of $2.2 million that will begin to expire in 2026 and $52.4 million that do not expire.

Utilization of the net operating loss and credit carryforwards may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of net operating losses and tax credits before utilization.

We had unrecognized tax benefits of approximately $7.4 million and $46.2 million as of December 31, 2020 and 2021. These unrecognized tax benefits, if recognized, would not affect the effective tax rate. We record interest and penalties related to unrecognized tax benefits in income tax expenses. There were no interest or penalties during the years ended December 31, 2020 and 2021.

The reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	Year ended December 31,	
	2020	2021
Unrecognized benefit - beginning of period	$ 2,177	$ 7,420
Gross increases - current year tax positions	4,395	37,879
Gross increases - prior year tax positions	848	909
Unrecognized benefit - end of period	$ 7,420	$ 46,208

We file in U.S. federal, various state, and foreign jurisdictions. The tax years from 2013 remain open to examination by the U.S. federal and state authorities, due to carryover of unused net operating losses and tax credits. The tax years from 2018 remain open for the most significant foreign jurisdiction.

NOTE 9: PROPERTY, SOFTWARE, AND EQUIPMENT, NET

Property, software, and equipment are presented net of accumulated depreciation and amortization and summarized as follows:

	Year ended December 31,	
(in thousands)	**2020**	**2021**
Tenant improvements	$ 18,945	$ 64,313
Internally developed software	16,992	31,142
Computer equipment	9,203	23,731
Furniture and fixtures	8,024	21,927
Construction in progress	9,756	44,343
Total	62,920	185,456
Less: accumulated depreciation and amortization	(17,086)	(39,037)
Property, software, and equipment, net	$ 45,834	$ 146,419

Depreciation expense of property and equipment was $2.1 million, $5.7 million, and $15.3 million for the years ended December 31, 2019, 2020, and 2021.

Amortization expense of internally developed software was $3.3 million, $4.2 million, and $6.8 million for the years ended December 31, 2019, 2020, and 2021.

NOTE 10: OFFSETTING ASSETS AND LIABILITIES

Certain financial instruments are eligible for offset on our consolidated balance sheets under GAAP. Our securities borrowing and lending agreements are subject to master netting arrangements and collateral arrangements and meet the GAAP guidance to qualify for offset. A master netting arrangement with a counterparty creates a right of offset for amounts due to and from that same counterparty that is enforceable in the event of a default or bankruptcy. Our policy is to recognize amounts subject to master netting arrangements on a gross basis on the consolidated balance sheets. Substantially all securities borrowing and lending agreements have an open contractual term and may be terminated upon notice by either party except for one of these agreements, which has a contractual term of 30 days with a daily minimum commitment of $25 million.

Our assets and liabilities subject to master netting arrangements are as follows:

(in thousands)	December 31, 2020	December 31, 2021
Assets	**Securities borrowed**	
Gross amount of securities borrowed	$ 372	$ 345
Gross amount offset on the consolidated balance sheets	—	—
Amounts of assets presented on the consolidated balance sheets[1]	372	345
Gross amount of securities borrowed not offset on the consolidated balance sheets:		
Securities borrowed	372	345
Security collateral received	(361)	(329)
Net amount	$ 11	$ 16
Liabilities	**Securities loaned**	
Gross amount of securities loaned	$ 1,921,118	$ 3,651,035
Gross amount of securities loaned offset on the consolidated balance sheets	—	—
Amounts of liabilities presented on the consolidated balance sheets	1,921,118	3,651,035
Gross amount of securities loaned not offset on the consolidated balance sheets:		
Securities loaned	1,921,118	3,651,035
Security collateral pledged	(1,787,819)	(3,426,766)
Net amount	$ 133,299	$ 224,269

(1) Securities borrowed are included in receivables from brokers, dealers, and clearing organizations on the consolidated balance sheets.

We also obtain securities under margin agreements on terms which permit us to pledge and/or transfer securities to others. As of December 31, 2020 and 2021, we were permitted to re-pledge securities with a fair value of $4.63 billion and $9.21 billion under the margin agreements and $0.4 million and $0.3 million under the securities lending agreements. As of December 31, 2021, we re-pledged $220.1 million of the permitted amount with clearing organizations to meet deposit requirements.

NOTE 11: FINANCING ACTIVITIES AND OFF-BALANCE SHEET RISK

Revolving Credit Facilities

In September 2019, we entered into a $400.0 million committed and secured line of credit with a maturity date of September 25, 2020 (the “September 2019 Credit Facility”). In June 2020, we amended the September 2019 Credit Facility and increased the aggregate committed and secured revolving line of credit amount to $550.0 million with a maturity date of June 5, 2021. This line of credit was primarily collateralized by users’ securities held as collateral for users’ margin loans. Interest for this line of credit was determined at the time a loan was initiated and the applicable interest rate under this line of credit was calculated as a per annum rate equal to 1.25% plus the federal funds rate at the applicable time. There were no outstanding borrowings under the September 2019 Credit Facility at December 31, 2020. We were obligated to pay a commitment fee calculated as a per annum rate equal to 0.35% on any unused amount of the credit facility quarterly in arrears. The September 2019 Credit Facility was terminated in April 2021.

In October 2019, we entered into a $200.0 million committed and unsecured revolving line of credit with a syndicate of banks maturing in October 2023 (the “October 2019 Credit Facility”). In October 2020,

we amended the October 2019 Credit Facility and, among other things, increased the aggregate committed and unsecured revolving line of credit amount to $600.0 million with a maturity date of October 29, 2024. In April 2021, we further increased the aggregate credit amount available under the October 2019 Credit Facility to $625.0 million. Loans under the October 2019 Credit Facility bear interest, at our option, at a per annum rate of either (a) the Eurodollar Rate plus 1.00% or (b) the Alternative Base Rate. The Eurodollar Rate is equal to the Eurodollar Base Rate, which is derived from London Interbank Offered Rate ("LIBOR"), multiplied by the Statutory Reserve Rate at the applicable time. The Alternative Base Rate is the greatest of (i) the prime rate then in effect, (ii) the Federal Reserve Bank of New York rate then in effect plus 0.50% and (iii) the Eurodollar Rate at such time for a one month interest period plus 1.00%. If LIBOR is unavailable or if we and the administrative agent elect, the Eurodollar Rate will be replaced by a rate calculated with reference to the Secured Overnight Financing Rate as set forth in the October 2019 Credit Facility agreement or an alternate benchmark rate selected by us and the administrative agent. There were no outstanding borrowings under the October 2019 Credit Facility at December 31, 2020 and 2021. We are obligated to pay a commitment fee calculated as a per annum rate equal to 0.10% on any unused amount of the October 2019 Credit Facility quarterly in arrears.

In April 2021, we entered into a $2.18 billion committed and secured revolving line of credit, subject to certain borrowing base limitations, with a maturity date of April 15, 2022 (the "April 2021 Credit Facility"). Borrowings from the April 2021 Credit Facility must be specified to be Tranche A, Tranche B, Tranche C, or a combination thereof. Tranche A loans are secured by users' securities purchased on margin and are used primarily to finance margin loans. Tranche B loans are secured by the right to the return from NSCC Margin Deposits and cash and property in a designated collateral account and used for the purpose of satisfying NSCC Deposit Requirements. Tranche C loans are secured by the right to the return of eligible funds from any reserve account of Robinhood and cash and property in a designated collateral account and used for the purpose of satisfying reserve requirements under Rule 15c3-3 of the Exchange Act. Interest for this line of credit is determined at the time a loan is initiated and the applicable interest rate is calculated as a per annum rate equal to 1.25% for Tranche A loans and 2.50% for Tranche B and Tranche C loans, plus the Short-Term Funding Rate at the applicable time. The Short-Term Funding Rate is equal to the greatest of (i) the Eurodollar Rate for a one month interest period on such day, which equals to the Eurodollar Base Rate that is derived from LIBOR, multiplied by the Statutory Reserve Rate at the applicable time, (ii) the Federal Funds Effective Rate, and (iii) the Overnight Bank Funding Rate in effect on such day. There were no outstanding borrowings under the April 2021 Credit Facility at December 31, 2021. We are obligated to pay a commitment fee calculated as a per annum rate equal to 0.50% on any unused amount of the April 2021 Credit Facility quarterly in arrears.

All of the agreements for the September 2019 Credit Facility, October 2019 Credit Facility, and April 2021 Credit Facility contain customary covenants restricting our ability to incur debt, incur liens, and undergo certain fundamental changes. We were in compliance with all covenants under these facilities as of December 31, 2020 and 2021, as applicable.

Convertible Notes and Warrant Liability

Convertible Notes

In February 2021, we issued two tranches of convertible notes, consisting of $2.53 billion aggregate principal amount of Tranche I convertible notes and $1.02 billion aggregate principal amount of Tranche II convertible notes. Interest on the convertible notes accrued at 6% per annum, compounding semi-annually in arrears, and was payable in kind. The convertible notes did not have a maturity date.

In the event of a public offering of our common stock to the public in an IPO on a nationally-recognized exchange in the United States, resulting in at least $500 million of gross proceeds to us (a "Qualifying IPO") before the 12 month anniversary of the convertible notes issuance date, the convertible notes were to automatically convert into shares of our Class A common stock at a conversion price equal

to the lower of (i) 70% of the cash price per share paid by investors in the Qualifying IPO and (ii) $38.29 (in the case of the Tranche I convertible notes) or $42.12 (in the case of the Tranche II convertible notes).

As our IPO was a Qualifying IPO, upon completion, the aggregate outstanding principal and accrued interest of the convertible notes converted into 137.3 million shares of Class A common stock at a conversion price of $26.60 per share.

Warrant Liability

We granted to each purchaser of the Tranche I convertible notes a warrant, equal to 15% of the aggregate proceeds invested by such purchaser, to purchase a variable number of equity securities. In aggregate, the maximum purchase amount of all warrants is $379.8 million with a strike price that was to equal the lower of (i) 70% of the price per share in the Qualifying IPO and (ii) $38.29.

As our IPO was a Qualified IPO, upon completion, the warrants became exercisable for 14.3 million shares of Class A common stock at a strike price of $26.60. As a result, the warrant liability was reclassified to additional paid-in capital, as the warrants are now exercisable for a fixed number of shares.

Off-Balance Sheet Risk

In the normal course of business, we engage in activities involving settlement and financing of securities transactions. User securities transactions are recorded on a settlement date basis, which is generally two business days after the trade date for equities and one business day after the trade date for options. These activities may expose us to off-balance sheet risk in the event that the other party to the transaction is unable to fulfill its contractual obligations. In such events, we may be required to purchase financial instruments at prevailing market prices in order to fulfill our obligations.

NOTE 12: MEZZANINE EQUITY, COMMON STOCK AND STOCKHOLDERS' (DEFICIT) EQUITY

Redeemable Convertible Preferred Stock

The following table is a summary of redeemable convertible preferred stock as of December 31, 2020:

(in thousands, except share data and per share amounts)

Series	Shares Authorized	Shares Issued and Outstanding	Per Share Liquidation Preference	Liquidation Amount	Per Share Initial Conversion Price	Carrying Value of Stock, Net of Issuance Costs
A	131,913,460	131,913,460	$ 0.1954	$ 25,777	$ 0.1954	$ 16,139
B	80,263,020	80,263,020	0.6354	50,999	0.6354	50,999
C	43,788,180	43,788,180	2.5121	110,000	2.5121	109,870
D	35,774,761	35,774,761	10.1450	362,935	10.1450	362,670
E	29,887,357	29,887,357	12.4827	373,075	12.4827	372,733
F	48,000,000	48,000,000	12.5000	600,000	12.5000	599,284
G	44,406,442	43,116,119	15.5000	668,300	15.5000	668,044
	414,033,220	412,742,897		$ 2,191,086		$ 2,179,739

In February 2021, we authorized 244.3 million shares of Series G-1 redeemable convertible preferred stock in connection with our convertible notes. No shares of Series G-1 were issued or outstanding immediately prior to our IPO.

Immediately prior to our IPO, all outstanding shares of redeemable convertible preferred stock were converted into shares of our Class A common stock on a one-to-one basis and their carrying value of $2.18 billion was reclassified into stockholders' equity. As such, there were no shares of redeemable convertible preferred stock authorized or issued and outstanding as of December 31, 2021.

Preferred Stock

Pursuant to our Charter, our board of directors may issue shares of our preferred stock in one or more series and, subject to the applicable law of the State of Delaware, our board of directors may set the powers, rights, preferences, qualifications, limitations and restrictions of such preferred stock. As of December 31, 2021, no terms of the preferred stock were designated, and no shares of preferred stock were outstanding.

Common Stock

Voting Rights

We have three classes of common stock: Class A, Class B, and Class C. Holders of our Class A common stock are entitled to one vote per share on all matters to be voted upon by our stockholders, holders of our Class B common stock are entitled to 10 votes per share on all matters to be voted upon by our stockholders and, except as otherwise required by applicable law, holders of our Class C common stock are not entitled to vote on any matter to be voted upon by our stockholders. The holders of our Class A common stock and Class B common stock vote together as a single class, unless otherwise required by our Charter or applicable law.

Conversion of Class B Common Stock

Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. All Class B common stock will automatically convert (as a class) into Class A common stock upon the earliest of (i) the date and time specified by the affirmative vote of the holders of at least 80% of the then-outstanding shares of Class B common stock, voting separately as a class, (ii) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the date on which the number of then-outstanding shares of Class B common stock represents less than 5% of the aggregate number of shares of Class A common stock and Class B common stock then outstanding, (iii) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the date that (A) each founder is no longer providing services to our Company as an officer, employee, or consultant and (B) each founder is not a director of our Company as a result of a voluntary resignation by such founder from our board of directors or as a result of a written request or agreement by such founder not to be renominated as a director of our Company at an annual or special meeting of stockholders, (iv) nine months after the death or total disability of both founders (subject to a delay of up to 18 months as may be approved by a majority of our independent directors), or (v) August 2, 2036, the date that is 15 years from the completion of our IPO (the “Final Conversion Date”).

Shares of Class B common stock will also automatically convert into shares of Class A common stock upon sale or transfer except for certain permitted transfers described in our Charter. In addition, each share of Class B common stock held by a stockholder who is a natural person, or held by permitted transferees or permitted entities of such natural person (each as described in our Charter) will automatically convert into shares of Class A common stock nine months following the death or total disability of such natural person (subject to a delay of up to 18 months as may be approved by a majority of our independent directors). Notwithstanding the foregoing, in the event such natural person is a founder, to the extent (i) a person designated by such founder and approved by a majority of the

independent directors then in office or (ii) the other founder, in each case, has or shares voting control over the shares of Class B common stock held by the deceased or disabled founder, such shares will be treated as being held of record by such person or other founder and will not convert into shares of Class A common stock as a result of such founder's death or total disability.

Conversion of Class C Common Stock

Upon the conversion or exchange of all outstanding shares of our Class B common stock into shares of Class A common stock, each outstanding share of Class C common stock will convert automatically into one share of Class A common stock on the date or time fixed by our board of directors.

Dividend Rights

Subject to the rights of any holders of our preferred stock, the holders of our common stock will be entitled to receive ratable dividends, if any, as may be declared from time to time by our board of directors out of funds legally available for the payment of dividends.

Right to Receive Liquidation Distributions

If we liquidate, dissolve or wind up, after all liabilities and, if applicable, the holders of each series of our preferred stock have been paid in full, the holders of our common stock will be entitled to share ratably in all remaining assets.

No Preemptive or Similar Rights

Our common stock has no preemptive or conversion rights or other subscription rights. No redemption or sinking fund provisions are applicable to our common stock. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock that we may designate and issue in the future.

Warrants

As of December 31, 2021, warrants outstanding consisted of warrants to purchase 14.3 million shares of Class A common stock with a strike price of $26.60 per share. The warrants expire on February 12, 2031. The warrants can be exercised with cash or net shares settled at the holder's option. In aggregate, the maximum purchase amount of all warrants is $379.8 million. No warrants were exercised during 2021.

Equity Incentive Plans

Amended and Restated 2013 Stock Plan and 2020 Equity Incentive Plan

Our Amended and Restated 2013 Stock Plan, as amended (the "2013 Plan"), and our 2020 Equity Incentive Plan, as amended (the "2020 Plan"), provided for share-based awards to eligible participants, granted as incentive stock options ("ISOs"), non-statutory stock options ("NSOs"), restricted stock units ("RSUs"), stock appreciation rights ("SARs") or restricted stock awards ("RSAs"). Options could be granted with an exercise price per share not less than the fair market value at the date of grant. Options granted generally vest over a four-year term from the date of grant, at a rate of 25% after one year, then monthly on a straight-line basis thereafter. Generally, options granted are exercisable for up to ten years from the date of grant. RSUs granted generally vest quarterly on a straight-line basis and expire seven years from the date of grant. Our 2013 Plan was terminated in connection with adoption of our 2020 Plan, and our 2020 Plan was terminated in connection with the adoption of our 2021 Plan (defined below) but any awards outstanding under our 2013 Plan and 2020 Plan remain in effect in accordance with their terms. Any shares that were or otherwise would become available for grant under the 2013 Plan or 2020

Plan will be available for grant under the 2021 Plan. No new awards may be granted under our 2013 Plan or 2020 Plan.

2021 Omnibus Incentive Plan

In June 2021, our board of directors and our stockholders approved and adopted our 2021 Omnibus Incentive Plan (the "2021 Plan"). Our 2021 Plan became effective on July 27, 2021, immediately prior to the date on which the SEC declared effective our IPO registration statement, for which the final prospectus was dated July 28, 2021 and filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act of 1933 on July 30, 2021 (the "IPO Prospectus"). Our 2021 Plan provides for the grant of share-based awards (such as options, including ISOs and NSOs, SARs, RSAs, RSUs, performance units, and other equity-based awards) and cash-based awards.

The aggregate number of shares available for grant under the 2021 Plan was equal to approximately 14% of the number of shares of our common stock (of all classes) outstanding immediately upon the closing of the IPO. Thereafter, any shares subject to awards under the 2013 Plan, the 2020 Plan, or the 2021 Plan that expire or terminate or are forfeited to or repurchased or withheld for taxes by the Company will again become available under the 2021 Plan. In addition, the number of shares available under the 2021 Plan will automatically increase on the first day of each calendar year beginning on January 1, 2022 and ending with (and including) January 1, 2031. Such annual increase will be equal to the lesser of (i) 5% of the outstanding shares of all classes of our common stock on the last day of the immediately preceding calendar year and (ii) such number of shares determined by our board of directors.

As of December 31, 2021, an aggregate of 316.7 million shares had been authorized for issuance under the 2013 Plan, 2020 Plan, and 2021 Plan since inception, of which 71.0 million shares had been issued under the plans since inception, 122.9 million shares were reserved for issuance upon the exercise or settlement of outstanding equity awards under the plans, and 122.8 million shares remained available for new grants under the 2021 Plan. On January 1, 2022, an additional 43.2 million shares became available for grant under the 2021 Plan pursuant to its annual evergreen feature.

Stock Option Activity

A summary of stock option activity for the year ended December 31, 2021 is as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted- Average Remaining Life	Total Intrinsic Value *(in thousands)*
Balance at December 31, 2020	21,543,828	$ 2.19	6.52	$ 304,590
Granted during the period	—	—		
Exercised during the period	(6,706,616)	2.06		
Cancelled and forfeited during the period	(309,744)	4.52		
Balance at December 31, 2021	14,527,468	$ 2.20	5.37	$ 226,000
Options vested and expected to vest at December 31, 2021	14,527,468	$ 2.20	5.37	$ 226,000
Options exercisable at December 31, 2021	13,521,686	$ 1.87	5.23	$ 214,813

The weighted-average grant date fair value of options granted during the years ended December 31, 2019 and 2020 was $2.31 and $3.64. No options were granted during 2021. The fair value of each stock

option was estimated on the grant date using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year ended December 31,		
	2019	2020	2021
Dividend yield	0 %	0 %	N/A
Risk-free interest rate	2.29 %	0.61 %	N/A
Expected volatility	31.20 %	36.69 %	N/A
Expected term (years)	6.03	6.04	N/A

The total intrinsic value of options exercised during 2019, 2020, and 2021 was $29.0 million, $45.0 million, and $178.7 million. The total grant-date fair value of options that vested for each of the periods presented was immaterial.

Time-Based RSUs

We have granted Time-Based RSUs that vest upon the satisfaction of a time-based service condition. The awards become eligible to vest based on continuous employment by each recipient through the vesting date, which is considered a service condition. Prior to our IPO, our outstanding Time-Based RSUs vested based upon the satisfaction of both a time-based service condition and a performance-based condition, namely the occurrence of a liquidity event, such as the IPO. The following table summarizes the activity related to our Time-Based RSUs for the year ended December 31, 2021:

	Number of RSUs	Weighted- average grant date fair value
Unvested at December 31, 2020	47,711,649	$ 10.84
Granted in acquisitions [1]	124,934	50.63
Granted (other than in acquisitions)	33,044,671	38.26
Vested	(27,881,049)	19.57
Forfeited	(3,572,135)	23.36
Unvested at December 31, 2021	49,428,070	$ 31.78

(1) Represents replacement RSUs granted in connection with our acquisition of Say Technologies. Per the terms of the merger agreement with Say Technologies, certain unvested outstanding RSUs held by Say Technologies employees were canceled and replaced with RSUs under our 2021 Plan.

The fair value of Time-Based RSUs that vested on the IPO date was $780.7 million. The fair value of all other Time-Based RSUs that vested during 2021 was $273.5 million as of the respective vesting dates. No Time-Based RSUs vested during 2020 or 2019.

Market-Based RSUs

We granted 27.7 million market-based RSUs to our co-founders, Mr. Tenev and Mr. Bhatt, during the year ended December 31, 2019 that were modified in May 2021 (the “2019 Market-Based RSUs”). The awards become eligible to vest based on (i) achievement of share price targets considered market vesting conditions (approximately 5.6 million, 8.3 million, and 13.8 million RSUs vest upon achievement of share price targets of $30.45, $50.75, and $101.50, respectively, with the stock price targets initially measured based on our IPO price and, for all RSUs that did not vest upon IPO, measured based on the average of our Class A common stock’s volume weighted average trading price for each trading day during any 60 consecutive trading days), and (ii) continuous employment by each recipient through the vesting date, which is considered a service condition. Once the number of 2019 Market-Based RSUs eligible to vest has been determined based on the satisfaction of the 2019 Market-Based RSU share price target (the

"Eligible 2019 Market-Based RSUs"), half of those Eligible 2019 Market-Based RSUs will immediately vest and be settled and the remaining half vest according to a quarterly time-based vesting condition, which is satisfied based on three-month service periods retroactive to August 1, 2018 through August 1, 2024, subject to continued service on each such vesting date during that period.

A total of approximately 5.6 million of the 2019 Market-Based RSUs became Eligible 2019 Market-Based RSUs in connection with our IPO. Of these, a total of 4.0 million vested immediately upon our IPO and the remainder will be subject to vesting in equal installments on each August 1, November 1, February 1, and May 1 through August 1, 2024.

Prior to the modification, any tranche of 2019 Market-Based RSUs that had not achieved its share price target upon IPO would have been forfeited. The modification allows the awards to continue to be measured against the same price targets as were outlined in the original 2019 grant though December 31, 2025. The amendment to the 2019 Market-Based RSUs was determined to be a modification of a market condition, therefore, we estimated the pre-modification and post-modification fair value of the awards to determine the incremental fair value generated by the modification. To value the awards, we used a model based on multiple stock price paths developed through the use of a Monte Carlo simulation that incorporates into the valuation the possibility that the price targets might not be satisfied. If the price targets are met sooner than the derived service period, we will adjust our share-based compensation expense to reflect the cumulative expense associated with the vested award. The 2019 Market-Based RSUs had a weighted-average grant date fair value of $0.29 per RSU. Upon modification, the weighted-average incremental fair value of the 2019 Market-Based RSUs was $21.01 per RSU.

In May 2021, we granted 35.5 million additional market-based RSUs to Mr. Tenev and Mr. Bhatt (the "2021 Market-Based RSUs" and together with the 2019 Market-Based RSUs, "Market-Based RSUs") with a weighted-average grant date fair value of $22.68 per RSU. These awards vest based on (i) achievement of share price targets, considered a market condition, over a period of 8 years from issuance (4.5 million will vest upon achievement of each of the $120 and $150 share price targets, and 5.3 million will vest upon achievement of each of the $180, $210, $240, $270, and $300 share price targets, in each case, measured using the average of the volume weighted average trading price for each trading day during any 60 consecutive trading days), and (ii) continuous employment by each recipient through the vesting date, which is considered a service condition. We estimated the grant date fair value of the 2021 Market-Based RSUs using a model based on multiple stock price paths developed through the use of a Monte Carlo simulation that incorporates into the valuation the possibility that the price targets might not be satisfied. If the price targets are met sooner than the derived service period, we will adjust our share-

based compensation expense to reflect the cumulative expense associated with the vested award. As of December 31, 2021, none of the 2021 Market-Based RSUs had vested based on share price targets.

The following table summarizes the activity related to our Market-Based RSUs for the year ended December 31, 2021:

	Number of RSUs	Weighted- average grant date fair value
Unvested at December 31, 2020	27,663,658	$ 0.29
Granted	35,520,000	22.68
Vested	(4,264,814)	2.34
Forfeited	—	—
Unvested at December 31, 2021	58,918,844	$ 23.50

The fair value of Market-Based RSUs that vested on the IPO date was $153.3 million. The fair value of all other Market-Based RSUs that vested during 2021 was $8.1 million as of the respective vesting dates. No Market-Based RSUs vested during 2020 or 2019.

2021 Employee Share Purchase Plan

In June 2021, our board of directors and our stockholders approved and adopted the 2021 Employee Share Purchase Plan (the “ESPP”). Our ESPP became effective on July 27, 2021, immediately prior to the effective date of the IPO Prospectus. The purpose of the ESPP is to enable eligible employees to purchase shares of our common stock at a discount through payroll deductions of up to 15% of their eligible compensation up to the statutory maximum. The first ESPP purchase occurred in November 2021, and subsequent purchases will occur in May and November each year. The purchase price is equal to 85% of the fair market value of a share of our common stock on the first date of an offering or the date of purchase, whichever is lower. The ESPP has an automatic rollover feature, whereby employees begin a new 12-month offering period if the fair value of the Company’s common stock on a purchase date is less than that on the original offering date.

The aggregate number of shares reserved for issuance under the ESPP was equal to approximately 2% of the number of shares of our common stock (of all classes) outstanding upon the closing of the IPO. The number of shares available under our ESPP will automatically increase on the first day of each calendar year beginning on January 1, 2022 and ending with (and including) January 1, 2031. Such annual increase will be equal to the lesser of (i) 1% of the outstanding shares of all classes of our common stock on the last day of the immediately preceding calendar year and (ii) such number of shares determined by the board of directors. No more than 200.0 million shares of common stock may be issued under our ESPP.

In November 2021, 0.3 million shares were purchased under the ESPP at a weighted-average price of $24.64. The fair value of each stock option was estimated on the grant date using the Black-Scholes option pricing model. As of December 31, 2021, approximately 16.7 million shares remained available for issuance under the ESPP. On January 1, 2022, an additional 8.6 million shares became authorized for issuance under the ESPP pursuant to its annual evergreen feature.

Share-Based Compensation

The following table presents share-based compensation in our consolidated statements of operations for the periods indicated:

	Year ended December 31,		
(in thousands)	2019	2020	2021
Brokerage and transaction	$ 427	$ 227	$ 7,527
Technology and development	9,499	18,024	609,307
Operations	139	61	20,261
Marketing	85	613	49,731
General and administrative	16,517	5,405	885,427
Total	$ 26,667	$ 24,330	$ 1,572,253

Included in the table above, we recorded share-based compensation expense of $1.05 billion related to Time-Based RSUs, $501.2 million related to Market-Based RSUs, and $5.9 million related to the ESPP for the year ended December 31, 2021. No share-based compensation was recorded in 2019 or 2020 related to Time-Based RSUs, Market-Based RSUs, or the ESPP. The tax benefits recognized in the consolidated statements of operations for share-based compensation were not material during the years ended December 31, 2019, 2020, and 2021.

We capitalized share-based compensation expense related to internally developed software of $0.7 million, $0.6 million, and $34.8 million for years 2019, 2020, and 2021.

In the year ended December 31, 2019, subsequent to the sale of our Series E redeemable convertible preferred stock, certain employees sold shares of common stock to new and existing stockholders in a tender offer (the “2019 Tender Offer”). The 2019 Tender closed on September 9, 2019, when existing employees sold 5.4 million shares of our common stock for an aggregate purchase price of $67.6 million. As the share price paid in the 2019 Tender was in excess of fair value and a portion of the purchasers were existing stockholders, we recorded share-based compensation expense of $18.7 million for the year ended December 31, 2019.

In the year ended December 31, 2020, subsequent to the sale of our Series G redeemable convertible preferred stock, certain employees sold shares of common stock to new and existing stockholders in a tender offer (the “2020 Tender Offer”). The 2020 Tender closed on November 13, 2020, when existing employees sold 1.4 million shares of our common stock for an aggregate purchase price of $21.5 million. With the 2020 Tender Offer, we believe that we had established a pattern of cash settlement of immature shares and stock options only during a very discrete set of circumstances in which we opened a tender offer in conjunction with a preferred stock financing. As such, during the 2020 Tender Offer period, we recorded a liability equal to the fair value of the maximum number of options representing immature shares that could have been redeemed in the tender offer. To the extent that this liability exceeded amounts previously recognized in equity, the excess was recognized as additional share-based compensation expense. Following the closing of the 2020 Tender Offer, the remaining liability of $18.6 million was reclassified to additional paid-in capital. We recorded share-based compensation expense of $17.2 million in connection with this tender offer in the year ended December 31, 2020.

In March 2021, we modified certain Time-Based RSUs of approximately 500 employees to remove the one-year vesting cliff, considered to be an improbable to improbable modification. The modified RSUs were revalued at the modification date, and the modified grant date fair value of the awards of $39.75 per share was used to calculate share-based compensation expense.

As of December 31, 2021, there was $1.91 billion of unrecognized share-based compensation expense that is expected to be recognized over a weighted-average period of 2.49 years. Scheduled

vesting for awards outstanding as of December 31, 2021, is as follows:

(in thousands, except for number of shares)

	Number of Shares[1]	Expense
2022	19,332,903	$ 861,709
2023	15,860,370	537,829
2024	11,864,093	324,060
2025	3,880,099	166,052
2026	—	20,675
Total	50,937,465	$ 1,910,325

(1) Excludes future ESPP shares and Market-Based RSUs for which the share price target has not been met as we cannot forecast the vesting of these shares.

The above schedule excludes an estimate for forfeitures, which are recognized as they occur, and future equity grants.

NOTE 13: NET INCOME (LOSS) PER SHARE

We present net income (loss) per share using the two-class method required for multiple classes of common stock. The rights, including the liquidation and dividend rights, of the holders of Class A common stock and Class B common stock are identical, except with respect to voting. As the liquidation and dividend rights are identical for Class A common stock and Class B common stock, the undistributed earnings are allocated on a proportionate basis and the resulting income (loss) per share will, therefore, be the same for both Class A common stock and Class B common stock on an individual or combined basis.

The following table presents the calculation of basic and diluted income (loss) per share:

	Year ended December 31,		
(in thousands, except per share data)	2019	2020	2021
Net income (loss)	$ (106,569)	$ 7,449	$ (3,686,432)
Less: allocation of earnings to participating securities	—	4,601	—
Net income (loss) attributable to common stockholders	$ (106,569)	$ 2,848	$ (3,686,432)
Weighted-average common stock outstanding - basic	221,664,610	225,748,355	492,381,190
Dilutive effect of stock options and unvested shares	—	19,249,033	—
Weighted-average common stock outstanding - diluted	221,664,610	244,997,388	492,381,190
Net income (loss) per share attributable to common stockholders:			
Basic	$ (0.48)	$ 0.01	$ (7.49)
Diluted	$ (0.48)	$ 0.01	$ (7.49)

The following potential common shares were excluded from the calculation of diluted net income (loss) per share because their effect would have been anti-dilutive or issuance of such shares is contingent upon the satisfaction of certain conditions that were not satisfied by the end of the period:

	Year ended December 31,		
	2019	2020	2021
Redeemable convertible preferred stock	321,626,778	412,742,897	—
RSUs	51,687,872	75,375,307	108,359,188
Stock options	27,613,830	60,082	14,527,468
Unvested shares	749,943	8,423	15,126
Warrants	—	—	14,278,034
ESPP shares	—	—	246,179
Total anti-dilutive securities	401,678,423	488,186,709	137,425,995

NOTE 14: RELATED PARTY TRANSACTIONS

Related party transactions may include any transaction between entities under common control or with a related party. We have defined related parties as members of our board of directors, executive officers, principal owners of our outstanding stock, and any immediate family members of each such related party, as well as any other person or entity with significant influence over our management or operations and any other affiliates.

In February 2021, we issued two tranches of convertible notes and granted to each purchaser of the Tranche I convertible notes a warrant to purchase equity securities, see Note 11 for further information. Two of the Tranche I investors were related parties prior to the completion of our IPO. Their respective aggregate outstanding principal and accrued interest of their convertible notes automatically converted into shares of Class A common stock upon the closing of our IPO. $2.0 billion of the gross proceeds received from the issuance was contributed to RHS in February 2021. Pursuant to the SEC Uniform Net Capital Rule, capital contributed to RHS is included in its net capital calculation and may not be withdrawn for one year from the time of contribution. This restriction lapsed in February 2022, however, no capital has been returned to the parent company as of the date of filing this Annual Report.

NOTE 15: LEASES

Our operating leases are comprised of office facilities, with the most significant leases relating to our corporate headquarters in Menlo Park and our office in New York City. Our leases have remaining terms of 1 to 11 years, and many leases include one or more options to renew. We do not assume renewals in our determination of the lease term unless the renewals are deemed to be reasonably assured at lease commencement. We do not have any finance leases.

As of December 31, 2020 and 2021, we had $49.2 million and $129.4 million of operating right-of-use assets included as non-current assets and $54.1 million and $151.1 million of operating lease liabilities: $6.1 million and $22.4 million included as other current liabilities and $48.0 million and $128.7 million as other non-current liabilities on the consolidated balance sheets.

As of December 31, 2021, we have an executed operating lease that had not yet commenced for office facilities that is expected to be commenced in the first quarter of 2022. Under the terms of the lease, we will have the right to construct tenant improvements to the underlying asset upon commencement.

The components of lease expense were as follows:

	Year ended December 31,		
(in thousands)	2019	2020	2021
Fixed operating lease expenses	$ 5,422	$ 11,420	$ 23,750
Variable operating lease expenses	1,078	3,009	5,376
Short-term lease expenses	1,188	1,222	1,428
Total lease expenses	$ 7,688	$ 15,651	$ 30,554

Fixed operating lease expenses primarily consist of monthly base rent amounts due. Variable operating lease expenses are primarily related to payments made to our landlords for common area maintenance, property taxes, insurance, and other operating expenses.

Other information related to our operating leases was as follows:

	December 31,	
	2020	2021
Weighted-average remaining lease term	5.41 years	7.29 years
Weighted-average discount rate	7.02 %	6.27 %

Cash flows related to leases were as follows:

	Year ended December 31,		
(in thousands)	2019	2020	2021
Operating cash flows:			
Payments for operating lease liabilities	$ 4,755	$ 12,781	$ 6,047
Supplemental cash flow data:			
Lease liabilities arising from obtaining right-of-use assets	$ 14,816	$ 25,958	$ 96,555

Future minimum lease payments under non-cancellable operating leases (with initial lease terms in excess of one year) as of December 31, 2021 are as follows:

(in thousands)	
2022	$ 32,646
2023	34,821
2024	33,355
2025	32,436
2026	23,724
Thereafter	102,000
Total undiscounted lease payments	258,982
Less: imputed interest	(42,046)
Less: lease incentives	(12,682)
Less: leases executed but not yet commenced	(53,185)
Total lease liabilities	$ 151,069

NOTE 16: COMMITMENTS & CONTINGENCIES

We are subject to contingencies arising in the ordinary course of our business, including contingencies related to legal, regulatory, non-income tax and other matters. We record an accrual for loss contingencies at management's best estimate when we determine that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. If the reasonable estimate is a range and no amount within that range is considered a better estimate than any other amount, an accrual is recorded based on the bottom amount of the range. Amounts accrued for contingencies in the aggregate were $57.6 million and $84.8 million as of December 31, 2020 and 2021. In our opinion, an adequate accrual had been made as of December 31, 2021 to provide for the probable losses of which we are aware and for which we can reasonably estimate an amount.

Legal and Regulatory Matters

The securities industry is highly regulated and many aspects of our business involve substantial risk of liability. In past years, there has been an increasing incidence of litigation involving the brokerage industry, including class action suits that generally seek substantial damages. Damages may include, in some cases, punitive damages. Compliance and trading problems that are reported to federal and state regulators, exchanges, or other SROs by dissatisfied users are investigated by such regulatory bodies, and, if pursued by such regulatory bodies or such users, may rise to the level of arbitration or disciplinary action. We are also subject to periodic regulatory audits and inspections.

Like other brokerage firms, we have been named as a defendant in lawsuits and from time to time we have been threatened with, or named as a defendant in arbitrations and administrative proceedings. The outcomes of these matters are inherently uncertain and some may result in adverse judgments or awards, including penalties, injunctions, or other relief, and we may also determine to settle a matter because of the uncertainty and risks of litigation.

With respect to matters discussed below for which no accrual has been made or which have a potential loss in excess of amounts accrued, we believe, based on current knowledge, that any losses or ranges of losses (in excess of amounts accrued, if applicable) as of December 31, 2021 that are reasonably possible and can be reasonably estimated will not, in the aggregate, have a material adverse effect on our business, financial position, operating results, or cash flows. However, for many of the matters disclosed below, particularly those in early stages, we cannot reasonably estimate the reasonably possible loss (or range of loss), if any. In addition, the ultimate outcome of legal proceedings involves judgments, estimates, and inherent uncertainties and cannot be predicted with certainty. Any judgment entered against us, or any adverse settlement, could materially and adversely impact our business, financial condition, operating results, and cash flows. We might also incur substantial legal fees, which are expensed as incurred, in defending against legal and regulatory claims.

Described below are certain pending matters in which there is at least a reasonable possibility that a material loss could be incurred. We intend to continue to defend these matters vigorously.

Best Execution, Payment for Order Flow, and Sources of Revenue Matters

Beginning in December 2020, multiple putative securities fraud class action lawsuits were filed against RHM, RHF, and RHS. Five cases were consolidated in the United States District Court for the Northern District of California. An amended consolidated complaint was filed in May 2021, alleging violations of Section 10(b) of the Exchange Act and various state law causes of action based on claims that we violated the duty of best execution and misled putative class members by publishing misleading statements and omissions in customer communications relating to the execution of trades and revenue sources (including PFOF). Plaintiffs seek damages, restitution, disgorgement, and other relief. In February 2022, the court granted Robinhood's motion to dismiss the amended consolidated complaint without prejudice.

March 2020 Outages

A consolidated putative class action lawsuit relating to service outages on our stock trading platform on March 2-3, 2020 and March 9, 2020 (the "March 2020 Outages") is pending in the United States District Court for the Northern District of California. The lawsuit generally alleges that putative class members were unable to execute trades during the March 2020 Outages because our platform was inadequately designed to handle customer demand and we failed to implement appropriate backup systems. The lawsuit includes, among other things, claims for breach of contract, negligence, gross negligence, breach of fiduciary duty, unjust enrichment and violations of certain California consumer protection statutes. The lawsuit generally seeks damages, restitution, and/or disgorgement, as well as declaratory and injunctive relief. Plaintiffs' motion for class certification, which we oppose, and our motion for summary judgment in favor of Robinhood are currently pending.

In September 2021, approximately 400 jointly-represented customers initiated an arbitration of individual claims against us arising out of the March 2020 Outages and other alleged system outages. Robinhood is contesting the claims, and a hearing has been scheduled for September 2022.

Options Trading and Related Customer Communications and Displays

The SEC's Examinations Division conducted an examination and identified deficiencies, to which RHF responded, with respect to account takeovers, identity theft in connection with new account opening, processes for approving or rejecting certain accounts for options trading, and customer support response times. Certain state regulatory authorities are conducting investigations regarding RHF's options trading and related customer communications and displays and options trading approval process. RHF is cooperating with the regulators' requests. FINRA also conducted an investigation and reached a settlement, described below, with RHF regarding the same options trading issues.

FINRA Multi-Matter Settlement

On June 30, 2021, RHF resolved with FINRA, on a no admit, no deny basis, certain investigations and examinations, including investigations into systems outages, RHF's options product offering, and margin-related communications with customers, among others. The resolution did not address all the matters FINRA is investigating, including those relating to the Early 2021 Trading Restrictions (as defined below), account takeovers and anti-money laundering issues, RHS's fractional share trade reporting, customer support procedures, or customer arbitration agreements. RHF and RHS have continued to cooperate with FINRA on these matters. The resolution involved the following components: (i) charges of violations of FINRA rules; (ii) a fine of $57.0 million; (iii) customer restitution of approximately $12.6 million; (iv) a censure; and (v) engagement of an independent consultant. In July 2021, we paid the $57.0 million penalty in cash. As of December 31, 2021, we had paid all of the customer restitution.

RHC Anti-Money Laundering, Cybersecurity, and Other Issues

In July 2020, the NYDFS issued a report of its examination of RHC citing a number of "matters requiring attention" focused primarily on anti-money laundering and cybersecurity-related issues. The matter was subsequently referred to the NYDFS's Consumer Protection and Financial Enforcement Division for investigation. In March 2021, the NYDFS informed RHC of alleged violations of applicable (i) anti-money laundering and New York Banking Law requirements, including the failure to maintain and certify a compliant anti-money laundering program, (ii) notification provisions under RHC's Supervisory Agreement with the NYDFS, and (iii) cybersecurity and virtual currency requirements, including deficiencies in our policies and procedures regarding risk assessment, lack of an adequate incident response and business continuity plan, and deficiencies in our application development security. RHC and the NYDFS have reached a settlement in principle with respect to these allegations, subject to final documentation, in connection with which, among other things, RHC expects to pay a monetary penalty and engage a monitor.

Additionally, in April 2021, the California Attorney General's Office issued an investigative subpoena to RHC, seeking documents and answers to interrogatories about RHC's trading platform, business and operations, application of California's commodities regulations to RHC, and other matters. RHC is cooperating with this investigation. We cannot predict the outcome of this investigation or any consequences that might result from it.

Account Takeovers

In November 2020, FINRA Enforcement commenced an investigation into RHF concerning account takeovers, or circumstances under which an unauthorized actor successfully logs into a customer account, as well as anti-money laundering and cybersecurity issues. Since February 2021, RHF has received requests for documents and information from the SEC's Enforcement Division in connection with its investigation into account takeovers and, more recently, suspicious activity report filings and issues related to the Electronic Funds Transfer Act. Additionally, state regulators, including the New York Attorney General's Office, have opened inquiries into RHM, RHF, and RHC related to account takeovers. We are cooperating with these investigations and inquiries. The SEC's Examinations Division also conducted an examination and identified deficiencies, to which RHF responded, with respect to, among other things, account takeovers and identity theft in connection with new account opening.

In January 2021, Siddharth Mehta filed a putative class action in California state court against RHF and RHS, purportedly on behalf of approximately 2,000 Robinhood customers whose accounts were allegedly accessed by unauthorized users. RHF and RHS removed this action to the United States District Court for the Northern District of California. Plaintiff generally alleges that RHF and RHS breached commitments made and duties owed to customers to safeguard customer data and assets and seek monetary damages and injunctive relief. The matter is currently in the discovery stage.

Massachusetts Securities Division Matter

In December 2020, the Enforcement Section of the Massachusetts Securities Division ("MSD") filed an administrative complaint against RHF, which stems from an investigation initiated by the MSD in July 2020. The complaint alleges three counts of Massachusetts securities law violations regarding alleged unethical and dishonest conduct or practices, failure to supervise, and failure to act in accordance with the Massachusetts fiduciary duty standard, which became effective on March 6, 2020 and had an effective enforcement date beginning September 1, 2020. Among other things, the MSD alleges that our product features and marketing strategies, outages, and options trading approval process constitute violations of Massachusetts securities laws. MSD subsequently filed an amended complaint that seeks, among other things, injunctive relief (a permanent cease and desist order), censure, restitution, disgorgement, appointment of an independent consultant, an administrative fine, and revocation of RHF's license to operate in Massachusetts. If RHF were to lose its license to operate in Massachusetts, we would not be able to acquire any new customers in Massachusetts, and we expect that our current customers in Massachusetts would be unable to continue utilizing any of the services or products offered on our platform (other than closing their positions) and that we may be forced to transfer such customers' accounts to other broker-dealers. Additionally, revocation of RHF's Massachusetts license could trigger similar disqualification or proceedings to restrict or condition RHF's registration by other state regulators. A revocation of RHF's license to operate in Massachusetts would result in RHF and RHS being subject to statutory disqualification by FINRA and the SEC, which would then result in RHF needing to obtain relief from FINRA subject to SEC review in order to remain a FINRA member and RHS possibly needing relief from FINRA or other SROs.

In April 2021, RHF filed a complaint and motion for preliminary injunction and declaratory relief in Massachusetts state court seeking to enjoin the MSD administrative proceeding and challenging the legality of the Massachusetts fiduciary duty standard. In May 2021, the state court denied RHF's motion for a preliminary injunction, finding that RHF would not suffer irreparable harm if MSD proceeded with the pending administrative action, but determined that RHF may seek a declaration that the disputed regulation is unlawful without first exhausting its remedies in the administrative action. In September

2021, the parties filed cross-motions for partial judgment on the pleadings and a hearing was held on those motions in December 2021.

Text Message Litigation

In August 2021, Cooper Moore filed a putative class action against RHF alleging that RHF initiated or assisted in the transmission of commercial electronic text messages to Washington State residents without their consent in violation of Washington state law. The complaint seeks statutory and treble damages, injunctive relief, and attorneys' fees and costs. The case is currently pending in the U.S. District Court for the Western District of Washington. RHF has filed a motion to dismiss the complaint.

Early 2021 Trading Restrictions Matters

Beginning on January 28, 2021, due to increased deposit requirements imposed on RHS by the NSCC in response to unprecedented market volatility, particularly in certain securities, RHS temporarily restricted or limited its customers' purchase of certain securities, including GameStop Corp. and AMC Entertainment Holdings, Inc., on our platform (the "Early 2021 Trading Restrictions").

A number of individual and putative class actions related to the Early 2021 Trading Restrictions were filed against RHM, RHF, and RHS, among others, in various federal and state courts. In April 2021, the Judicial Panel on Multidistrict Litigation entered an order centralizing the federal cases identified in a motion to transfer and coordinate or consolidate the actions filed in connection with the Early 2021 Trading Restrictions in the United States District Court for the Southern District of Florida (the "MDL"). The court subsequently divided plaintiffs' claims against Robinhood into three tranches: federal antitrust claims, federal securities law claims, and state law claims. In July 2021, plaintiffs filed consolidated complaints seeking monetary damages in connection with the federal antitrust and state law tranches. The federal antitrust complaint asserted one violation of Section 1 of the Sherman Act; the state law complaint asserted negligence and breach of fiduciary duty claims. In August 2021, we moved to dismiss both of these complaints. In September 2021, plaintiffs filed an amended complaint asserting state law claims of negligence, breach of fiduciary duty, tortious interference with contract and business relationship, civil conspiracy, and breaches of the covenant of good faith and fair dealing and implied duty of care. In November 2021, the court dismissed the federal antitrust complaint without prejudice, and plaintiffs for the federal securities tranche filed a complaint alleging violations of Sections 9(a) and 10(b) of the Exchange Act. In January 2022, we moved to dismiss the federal securities law complaint, and plaintiffs filed an amended complaint in connection with the federal antitrust tranche. In January 2022, the court dismissed the state law complaint with prejudice. In February 2022, Robinhood moved to dismiss the amended complaint filed in connection with the federal antitrust tranche.

RHM, RHF, RHS, and our Co-Founder and CEO, Vladimir Tenev, among others, have received requests for information, and in some cases, subpoenas and requests for testimony, related to investigations and examinations of the Early 2021 Trading Restrictions from the United States Attorney's Office for the Northern District of California ("USAO"), the U.S. Department of Justice, Antitrust Division, the SEC's Division of Enforcement, FINRA, the New York Attorney General's Office, other state attorneys general offices, and a number of state securities regulators. Also, a related search warrant was executed by the USAO to obtain Mr. Tenev's cell phone. There have been several inquiries based on specific customer complaints. We have also received requests from the SEC's Division of Examinations and Division of Enforcement and FINRA related to employee trading in certain securities that were subject to the Early 2021 Trading Restrictions, including GameStop Corp. and AMC Entertainment Holdings, Inc., during the week of January 25, 2021. These matters include requests related to whether any employee trading in these securities may have occurred after the decision to impose the Early 2021 Trading Restrictions and before the public announcement of the Early 2021 Trading Restrictions on January 28, 2021. The SEC's Division of Examinations concluded their examinations related to the Early 2021 Trading Restrictions. In February 2021, SEC staff notified us of their findings to which we are in the process of responding. FINRA has also requested information about policies, procedures, and supervision related to employee trading generally. In addition, we have received information and testimony requests from

certain committees and members of the U.S. Congress and Mr. Tenev, among others, has provided testimony with respect to the Early 2021 Trading Restrictions. We are cooperating with these investigations and examinations.

Registration Requirements for Member Personnel

In July 2021, RHF received a FINRA investigative request seeking documents and information related to its compliance with FINRA registration requirements for member personnel, including related to the FINRA non-registration status of Mr. Tenev and Co-Founder and Chief Creative Officer Mr. Bhatt. Robinhood is cooperating with the investigation.

IPO Litigation

In December 2021, Philip Golubowski filed a putative class action in the U.S. District Court for the Northern District of California against RHM, the officers and directors who signed Robinhood's IPO offering documents, and Robinhood's IPO underwriters. Plaintiff's claims are based on alleged false or misleading statements in Robinhood's IPO offering documents allegedly in violation of Sections 11 and 12(a) of the Securities Act. Plaintiff seek compensatory damages, rescission of shareholders' share purchases, and an award for attorneys' fees and costs. In February 2022, certain alleged Robinhood stockholders submitted applications seeking appointment by the court to be the lead plaintiff to represent the putative class in this matter. Pursuant to the Private Securities Litigation Reform Act of 1995, the deadline for the court to appoint a lead putative class plaintiff is March 17, 2022.

In January 2022, Robert Zito filed a complaint derivatively on behalf of Robinhood against Robinhood's directors at the time of its IPO in the U.S. District Court for the District of Delaware. Plaintiff alleges claims for breach of fiduciary duties, waste of corporate assets, unjust enrichment, and violations of Section 10(b) of the Exchange Act. Plaintiff's claims are based on allegations of false or misleading statements in Robinhood's IPO offering documents, and plaintiff seeks an award of damages and restitution to the Company, injunctive relief, and an award for attorney's fees and costs.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the

end of the period covered by this Annual Report, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

The Annual Report on Form 10-K does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by the rules of the SEC for newly public companies.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud might occur without being detected.

ITEM 9B. OTHER INFORMATION

On February 24, 2022, our board of directors amended and restated our Bylaws, effective immediately, to clarify the calculation of "majority of votes cast" by stockholders set forth in Section 1.6 of the Bylaws.

A copy of the amended and restated Bylaws is filed as an exhibit to this Annual Report.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to our Proxy Statement for the 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2021.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to our Proxy Statement for the 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2021.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to our Proxy Statement for the 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2021.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to our Proxy Statement for the 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2021.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated by reference to our Proxy Statement for the 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2021.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1. The following consolidated financial statements of Robinhood Markets Inc. and subsidiaries are filed as part of this Annual Report on Form 10-K under Part II, Item 8:

- Reports of Independent Registered Public Accounting Firm on Consolidated Financial Statements
- Consolidated Balance Sheets as of December 31, 2021 and 2020
- Consolidated Statements of Income for the Years Ended December 31, 2021, 2020 and 2019
- Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2021, 2020, and 2019
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2021, 2020 and 2019
- Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2021, 2020 and 2019
- Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

All schedules are omitted because of the absence of conditions under which they are required or because information called for is shown in the consolidated financial statements and notes thereto in Part II, Item 8 of this Annual Report on Form 10-K.

3. Exhibits:

The information required by this Item is set forth in the Exhibit Index that precedes the signature page of this Annual Report.

ITEM 16. FORM 10-K SUMMARY

None.

EXHIBIT INDEX

The documents listed below are filed (or furnished, as noted) as exhibits to this Annual Report on Form 10-K:

Exhibit Number	Description	Incorporated by Reference			Filed Herewith
		Form*	Filing Date	Exhibit	
3.1	Amended and Restated Certificate of Incorporation of Robinhood Markets, Inc., dated August 2, 2021 (our "Charter")	8-K	2021-08-02	3.1	
3.2	Amended and Restated Bylaws of Robinhood Markets, Inc., dated February 24, 2022 (our "Bylaws")				X
4.1	Form of Class A Common Stock Certificate of Robinhood Markets, Inc.	S-1/A	2021-07-19	4.1	
4.2	Form of ten-year Warrant to Purchase Stock of Robinhood Markets, Inc., issued to multiple investors on February 12, 2021	S-1	2021-07-01	4.2	
4.3	Description of Robinhood Securities Registered Under Section 12 of the Exchange Act				X
10.1	Form of Indemnification Agreement between Robinhood Markets, Inc. and, separately, each of its directors and executive officers (other than Jan Hammer and Scott Sandell)	S-1/A	2021-07-19	10.1	
10.2	Form of Indemnification Agreement between Robinhood Markets, Inc. and, separately, each of Jan Hammer and Scott Sandell	S-1/A	2021-07-19	10.2	
10.3†	Underwriting Agreement, dated July 28, 2021, between Robinhood Markets, Inc., as the issuer, and Goldman Sachs & Co. LLC and J.P. Morgan Securities LLC, as representatives of the several underwriters named therein	10-Q	2021-08-18	10.3	
10.4†	Credit Agreement, dated as of April 16, 2021, by and among Robinhood Securities, LLC, the lenders thereto, JPMorgan Chase Bank N.A. as administrative agent, joint bookrunner and joint lead arranger, BMO Harris Bank N.A., as syndication agent, and BMO Capital Markets Corp. as joint bookrunner and joint lead arranger	S-1	2021-07-01	10.14	
10.5+	Offer Letter between Robinhood Markets, Inc. and Jason Warnick, dated November 8, 2018	S-1	2021-07-01	10.6	
10.6†+	Offer Letter between Robinhood Markets, Inc. and Daniel Gallagher, as amended and restated on December 15, 2020	S-1	2021-07-01	10.7	
10.7†+	Offer Letter between Robinhood Markets, Inc. and Paula Loop, dated May 14, 2021	S-1	2021-07-01	10.8	
10.8†+	Offer Letter between Robinhood Markets, Inc. and Jonathan Rubinstein, dated May 14, 2021	S-1	2021-07-01	10.9	
10.9†+	Offer Letter between Robinhood Markets, Inc. and Robert Zoellick, dated May 14, 2021	S-1	2021-07-01	10.10	

10.10	Exchange Agreement, dated July 26, 2021 between Robinhood Markets, Inc. Baiju Bhatt, Vladimir Tenev, and certain of his related entities	10-Q	2021-08-18	10.8	
10.11	Form of Equity Exchange Right Agreement, entered into on July 26, 2021 between Robinhood Markets, Inc. and, separately, (a) Baiju Bhatt and (b) Vladimir Tenev	S-1/A	2021-07-19	10.13	
10.12	Voting Agreement, dated July 26, 2021, among Robinhood Markets, Inc., Baiju Bhatt, Vladimir Tenev, and certain related entities	10-Q	2021-08-18	10.10	
10.13(a)†+	Robinhood Markets, Inc. 2020 Equity Incentive Plan, as amended on June 18, 2020 and form grant notices and award agreements thereunder	S-1	2021-07-01	10.2	
10.13(b)+	Second Amendment to the Robinhood Markets, Inc. 2020 Equity Incentive Plan, dated March 10, 2021	S-1	2021-07-01	10.4	
10.13(c)+	Third Amendment to the Robinhood Markets, Inc. 2020 Equity Incentive Plan, dated May 26, 2021	S-1	2021-07-01	10.5	
10.13(d)+	Form of 2021 Market-Based RSU Award, dated May 26, 2021, between Robinhood Markets, Inc. and, separately (a) Baiju Bhatt and (b) Vladimir Tenev	S-1	2021-07-01	10.17	
10.13(e)+	Form of RSU Agreement for Non-Employee Directors (including the Notice of Grant) under the 2020 Plan	S-1	2021-07-01	10.18	
10.14(a)†+	Robinhood Markets, Inc. Amended and Restated 2013 Stock Plan and form grant notices and award agreements thereunder	S-1	2021-07-01	10.3	
10.14(b)+	Form of Notice of Time-Based Restricted Stock Unit Award and Restricted Stock Unit Agreement under the Robinhood Markets, Inc. Amended and Restated 2013 Stock Plan for Vladimir Tenev and Baiju Bhatt	S-1	2021-07-01	10.15	
10.14(c)+	Form of 2019 Market-Based RSU Award, as amended and restated on May 26, 2021, between Robinhood Markets, Inc. and, separately (a) Baiju Bhatt and (b) Vladimir Tenev	S-1	2021-07-01	10.16	
10.15(a)+	Robinhood Markets, Inc. 2021 Omnibus Incentive Plan (the "2021 Plan")	S-8	2021-07-29	99.1	
10.15(b)+	Form of Restricted Stock Unit Agreement for Employees and Non-Employee Directors (including the Notices of Grant) under the 2021 Plan	10-Q	2021-08-18	10.16	
10.15(c)+	Form of Fully Vested Stock Award Agreement for Non-Employee Directors (including the Notice of Grant) under the 2021 Plan	10-Q	2021-08-18	10.17	
10.15(d)+	Form of Option Agreement for Employees and Non-Employee Directors (including the Notices of Grant) under the 2021 Plan				X
10.16(a)+	Robinhood Markets, Inc. 2021 Employee Share Purchase Plan (the "ESPP")	S-8	2021-07-29	99.2	

10.16(b)+	Forms of ESPP Subscription Agreement and Notice of Withdrawal	10-Q	2021-08-18	10.19	
10.17+	Robinhood Markets, Inc. Change in Control and Severance Plan for Key Employees	S-1/A	2021-07-19	10.22	
21.1	Subsidiaries of Robinhood Markets, Inc.				X
23.1	Consent of Ernst & Young LLP				X
24.1	Power of Attorney (included in signature pages hereto)				X
31.1	CEO Certification pursuant to Section 302 of the Sarbanes-Oxley Act				X
31.2	CFO Certification pursuant to Section 302 of the Sarbanes-Oxley Act				X
32.1‡	CEO Certification pursuant to Section 906 of the Sarbanes-Oxley Act				X
32.2‡	CFO Certification pursuant to Section 906 of the Sarbanes-Oxley Act				X
101.INS	iXBRL (Inline eXtensible Business Reporting Language) Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				X
101.SCH	iXBRL Taxonomy Extension Schema Document				X
101.CAL	iXBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	iXBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	iXBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	iXBRL Taxonomy Extension Presentation Linkbase Document.				X
104	Cover Page Interactive Data File (contained in Exhibit 101)				X

* File number is 001-40691 except that the S-1 (and S-1/A) file number is 333-257602 and the S-8 file number is 333-258250.

\+ Indicates a management contract or compensatory plan.

† Certain schedules and exhibits have been omitted pursuant to Rule 601(a)(5) of Regulation S-K under the Securities Act. A copy of any omitted schedule or exhibit will be furnished to the SEC upon request.

‡ The certifications attached as Exhibits 32.1 and 32.2 that accompany this Annual Report on Form 10-K are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Robinhood Markets, Inc. under the Securities Act or the Exchange Act, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly signed this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Menlo Park, California, on February 24, 2022.

Robinhood Markets, Inc.

By:	/s/ Vladimir Tenev
Name:	Vladimir Tenev
Title:	Co-Founder, Chief Executive Officer and President

By:	/s/ Jason Warnick
Name:	Jason Warnick
Title:	Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Vladimir Tenev and Jason Warnick, jointly and severally, his or her attorney-in-fact, with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

	Signature	Title	Date
By:	/s/ Vladimir Tenev Vladimir Tenev	Co-Founder, Chief Executive Officer and President and Director	February 24, 2022
By:	/s/ Jason Warnick Jason Warnick	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 24, 2022
By:	/s/ Baiju Bhatt Baiju Bhatt	Director	February 24, 2022
By:	/s/ Paula Loop Paula Loop	Director	February 24, 2022
By:	/s/ Jonathan Rubinstein Jonathan Rubinstein	Director	February 24, 2022
By:	/s/ Scott Sandell Scott Sandell	Director	February 24, 2022
By:	/s/ Robert Zoellick Robert Zoellick	Director	February 24, 2022
By:	/s/ Dara Treseder Dara Treseder	Director	February 24, 2022
By:	/s/ Frances Frei Frances Frei	Director	February 24, 2022

Exhibit 3.2

AMENDED AND RESTATED BYLAWS OF

ROBINHOOD MARKETS, INC.

Effective as of February 24, 2022

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ARTICLE I

STOCKHOLDERS' MEETINGS

Section 1.1 Place of Meetings. The Board of Directors of the Corporation (the "Board of Directors") or the Chair of the Board of Directors may designate the place of meeting for any annual or special meeting of the stockholders or may designate that the meeting be held by means of remote communication. If no designation is so made, the place of meeting shall be the principal executive offices of the Corporation.

Section 1.2 Annual Meetings. The annual meeting of the stockholders shall be held on such date and at such time and place as the Board of Directors may designate. At such annual meeting, the stockholders shall elect directors in accordance with the requirements of the Amended and Restated Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") and transact such other business as may properly be brought before the meeting.

Section 1.3 Special Meetings. Subject to the rights of the holders of any preferred stock ("Preferred Stock") with respect to such series of Preferred Stock, special meetings of the stockholders may only be called by or at the direction of (i) the Chair of the Board of Directors, (ii) the Lead Independent Director, if any, (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors that the Corporation would have if all vacancies or unfilled directorships were filled (the "Whole Board") or (iv) the Chair of the Board of Directors or the Secretary of the Corporation upon a written request by or on behalf of stockholders of the Corporation holding at least twenty-five percent (25%) of the voting power of all shares of capital stock of the Corporation then entitled to vote on the matter or matters brought before such meeting. Any such request by stockholders shall (A) be delivered to, or mailed to and received by, the Secretary at the principal executive offices of the Corporation, (B) be signed and dated by each stockholder, or a duly authorized agent of each such stockholder, requesting such meeting, (C) set forth the purpose or purposes of the meeting and (D) include the information required by Section 1.14(c), as applicable, and a representation by such stockholder(s) that (1) not later than ten (10) days after the record date for any such special meeting, it will provide such information as of the record date for such special meeting to the extent not previously provided, and (2) not later than five (5) days prior to the date for such special meeting or any adjournment, rescheduling or postponement thereof, it shall further update and supplement the information so that such information shall be true and correct as of the date that is ten (10) days prior to such special meeting or any adjournment, rescheduling or postponement thereof. Notwithstanding the foregoing, a special meeting requested by stockholders shall not be held if: (i) the stated business to be brought before the special meeting is not a proper subject for stockholder action under applicable law, the Certificate of Incorporation or these Bylaws of the Corporation (these "Bylaws"), (ii) the Board of Directors has called or calls for an annual meeting of stockholders to be held within ninety (90) days after the request for the special meeting is delivered to or received by the Secretary of the Corporation and the Board of Directors determines in good faith that the business of such annual meeting includes (among any other matters properly brought before the annual meeting) an item of business (other than the election of directors) that is identical or substantially similar (a "Similar Item") to an item of business included in such request, (iii) the business conducted at the most recent annual meeting, or at any special meeting held within one (1) year prior to receipt of such request, included (among any other matters properly brought before such meeting) a Similar Item or (iv) such request is delivered between the sixty-first (61st) day and the three-hundred-sixty- fifth (365th) day after the earliest date of signature on an effective request for a special meeting that has

been delivered to the Chair of the Board of Directors or the Secretary of the Corporation relating to a Similar Item. A stockholder may revoke a request for a special meeting at any time by written revocation delivered to, or mailed to and received by, the Secretary of the Corporation. If, at any time after receipt by the Secretary of the Corporation of a proper request for a special meeting of stockholders, there are no longer valid requests from stockholders holding in the aggregate at least the requisite number of shares entitling the stockholders to request the calling of a special meeting, whether because of revoked requests or otherwise, the Board of Directors, in its discretion, may cancel the special meeting (or, if the special meeting has not yet been called, may direct the Chair of the Board of Directors or the Secretary of the Corporation not to call such a meeting).

Section 1.4 Notice. Notice of an annual or special meeting shall be given to each stockholder entitled to vote thereat not less than ten (10) days nor more than sixty (60) days prior to the meeting. The date, place, if any, and time of the meeting, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, shall be stated in the notice of such meeting delivered or mailed to stockholders. If mailed, such notice shall be deemed to be given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. If notice is given by electronic transmission, such notice shall be deemed to be given in accordance with and at the times provided in the General Corporation Law of the State of Delaware (the "DGCL"). Such further notice shall be given as may be required by applicable law. Meetings may be held without notice if all stockholders entitled to vote thereat are present, or if notice is waived by those not present in accordance with Section 6.4.

Section 1.5 Quorum; Adjournments; Postponement. The holders of stock representing a majority of the voting power of all shares of stock issued and outstanding and entitled to vote at a meeting of stockholders, present in person or represented by proxy, shall be requisite for and shall constitute a quorum of all meetings of the stockholders, except as otherwise provided by applicable law, by the Certificate of Incorporation or by these Bylaws; provided that, where a separate vote by a class or series is required, a majority of the voting power of the outstanding shares of such class or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter, except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws. In the absence of a quorum, holders of stock representing a majority of the voting power of all shares present in person or represented by proxy at the meeting, or the chair of the meeting, may adjourn any annual or special meeting of stockholders, from time to time, until a quorum shall be present or represented, to reconvene at the same or some other place. Furthermore, the chair of the meeting may adjourn any annual or special meeting of stockholders, from time to time, to reconvene at the same or some other place, whether or not a quorum is present or represented. Except as required by applicable law, no notice of the adjourned meeting need be given if the time and place thereof, if any, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting. Any previously scheduled meeting of stockholders may be postponed, canceled or rescheduled by the Board of Directors at any time, before or after the notice for such meeting has been sent to the stockholders, and the Corporation shall publicly announce such postponement, cancellation or rescheduling.

Section 1.6 Proxies; Voting.

(a) At each meeting of the stockholders of the Corporation, every stockholder having the right to vote may authorize another person to act for him or her by proxy. Such authorization must be in writing and executed by the stockholder or his or her authorized officer, director, employee or agent. To the extent permitted by applicable law, a stockholder may authorize another person or persons to act for him or her as proxy by transmitting or authorizing the transmission of an electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission; provided that the electronic transmission either sets forth or is submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder. A copy, facsimile transmission or other reliable reproduction of a writing or transmission authorized by this Section 1.6 may be substituted for or used in lieu of the original writing or electronic transmission for any and all purposes for which the original writing or transmission could be used; provided that such copy, facsimile transmission or other reproduction shall be a complete reproduction of the entire original writing or transmission. No proxy authorized hereby shall be voted or acted upon more than three (3) years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing a subsequent duly executed proxy with the Secretary of the Corporation no later than the time designated in the order of business for so delivering such proxies. No ballot, proxies or votes nor any revocations thereof or changes thereto shall be accepted after the time set for the closing of the polls pursuant to Section 1.10 unless the Court of Chancery of the State of Delaware upon application of a stockholder shall determine otherwise. Each proxy shall be delivered to the inspectors of election prior to or at the meeting.

(b) Except as otherwise provided by applicable law, the Certificate of Incorporation, these Bylaws or the applicable rules of any securities exchange on which the Corporation's securities are listed, if a quorum exists at any meeting of stockholders, stockholders shall have approved any matter (other than the election of directors, which is addressed in Section 1.6(c)) if (i) a majority of votes cast on such matter by stockholders present in person or represented by proxy at the meeting and entitled to vote on such matter are in favor of such matter and (ii) where a separate vote by a class or series or classes or series is required, a majority of the votes cast on such matter by stockholders of such class or series or classes or series present in person or represented by proxy at the meeting and entitled to vote on such matter are in favor of such matter. For purposes of this Section 1.6(b), a majority of votes cast shall mean that the number of votes cast "for" a matter exceeds 50% of the number of votes cast with respect to that matter. Votes cast shall include votes against the matter and shall exclude abstentions and broker non-votes with respect to that matter, but abstentions and broker non-votes will be considered for purposes of establishing a quorum.

(c) Except as set forth below, and subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, if a quorum exists at any meeting of stockholders, stockholders shall have approved the election of a director if a majority of the votes cast at any meeting for the election of such director are in favor of such election. For purposes of this Section 1.6(c), a majority of votes cast shall mean that the number of votes cast "for" a director's election exceeds fifty percent (50%) of the number of votes cast with respect to that director's election. Votes cast shall include any votes against that director's election and any directions to withhold authority with respect to that director's election and shall exclude abstentions and broker non-votes

with respect to that director's election, but abstentions and broker non-votes will be considered for purposes of establishing a quorum. Notwithstanding the foregoing, in the event of a "contested election" of directors, directors shall be elected by the vote of a plurality of the votes cast at any meeting for the election of directors at which a quorum is present and broker non-votes and abstentions will be considered for purposes of establishing a quorum but will not have an effect on the result of the vote. For purposes of this Section 1.6(c), a "contested election" shall mean any election of directors in which the number of candidates for election as directors exceeds the number of directors to be elected, with the determination thereof being made by the Secretary. If, prior to the time the Corporation mails its initial proxy statement in connection with such election of directors, one or more notices of nomination are withdrawn such that the number of candidates for election as director no longer exceeds the number of directors to be elected, the election shall not be considered a contested election, but in all other cases, once an election is determined to be a contested election, directors shall be elected by the vote of a plurality of the votes cast.

(d) If a nominee for director who is an incumbent director is not elected and no successor has been elected at such meeting, the director shall promptly tender his or her irrevocable resignation to the Board of Directors in accordance with the agreement contemplated by Section 2.16, such resignation to be effective upon acceptance by the Board of Directors as set forth in this Section 1.6(d). The Nominating and Corporate Governance Committee shall make a recommendation to the Board of Directors as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board of Directors shall act on the tendered resignation, taking into account the Nominating and Corporate Governance Committee's recommendation. The Nominating and Corporate Governance Committee in making its recommendation, and the Board of Directors in making its decision, may each consider any factors or other information that it considers appropriate and relevant. The director who tenders his or her irrevocable resignation shall not participate in the recommendation of the Nominating and Corporate Governance Committee or the decision of the Board of Directors with respect to his or her irrevocable resignation. If such incumbent director's irrevocable resignation is not accepted by the Board of Directors, such director shall continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal. If a director's irrevocable resignation is accepted by the Board of Directors pursuant to these Bylaws, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board of Directors, in its sole discretion, may fill any resulting vacancy pursuant to the provisions of Section 2.3 or may decrease the size of the Board of Directors pursuant to the provisions of Section 2.3.

(e) So long as the Certificate of Incorporation provides for more or less than one vote for any share on any matter, every reference in these Bylaws to the voting of a majority or other proportion or number of shares of stock shall refer to a majority or such other proportion or number of votes of such stock.

Section 1.7 Inspectors of Election. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election, which inspector or inspectors may, but does not need to, include individuals who serve the Corporation in other capacities, to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the chair of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict

impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall perform the actions required by Section 231(b) of the DGCL or any successor provision thereto. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

Section 1.8 List of Stockholders Entitled to Vote. At least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting, arranged in alphabetical order, with the post office address of each such stockholder, and the number of shares held by each, shall be prepared by the Secretary. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting, during ordinary business hours at the Corporation's headquarters or on a reasonably accessible electronic network; provided that the information required to gain access to such list is provided with the notice of the meeting, and shall be produced and kept at the time and place of meeting during the whole time thereof and be subject to the inspection of any stockholder who may be present. The original or duplicate stock ledger shall be provided at the time and place of each meeting and shall be the only evidence as to the identity of the stockholders entitled to examine the list of stockholders or to vote in person or by proxy at such meeting.

Section 1.9 Organization. Meetings of stockholders shall be presided over by the Chair of the Board of Directors, or in his or her absence, by a chair designated by the Board of Directors, or in the absence of such designation, by the Lead Independent Director, or in his or her absence or if he or she has not been appointed, by a chair chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence, the chair of the meeting may appoint any person to act as secretary of the meeting.

Section 1.10 Conduct of Meetings. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at or prior to such meeting by the chair of the meeting. The Board of Directors of the Corporation may adopt by resolution such rules or regulations for the conduct of meetings of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chair of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chair, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chair of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chair of the meeting shall permit; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The chair of any meeting shall determine all matters relating to the conduct of the meeting, including, without limitation, determining whether any nomination or other item of business has been properly brought before the meeting in accordance with these Bylaws, and if the chair of the meeting should so determine and declare that any nomination or other item of business has not been properly brought before the meeting, then such nomination shall be disregarded and such business shall not be transacted at such meeting. Business conducted at a special meeting requested by stockholders shall be limited to the matters described in the request for such a meeting

delivered pursuant to Section 1.3; provided that nothing herein shall prohibit the Board of Directors from submitting any matter to the stockholders at any such special meeting. If none of the stockholders who submitted the request for a special meeting appears or otherwise sends a qualified representative to present the business proposed to be conducted at such meeting, the chair of such meeting need not present such business for a vote of stockholders at such meeting. Unless and to the extent determined by the Board of Directors or the chair of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

Section 1.11 Fixing Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date, (i) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting; and (ii) in the case of any other action, shall not be more than sixty (60) days prior to such other action. If no record date is fixed, (A) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the date next preceding the day on which the meeting is held; and (B) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 1.12 Stockholder Action by Written Consent. Subject to the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock and except as provided in the Certificate of Incorporation, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

Section 1.13 Order of Business.

(a) *Annual Meeting of Stockholders.* At any annual meeting of the stockholders, only such nominations of individuals for election to the Board of Directors shall be made, and only such other business shall be conducted or considered, as shall have been properly brought before the meeting. For nominations to be properly made at an annual meeting, and proposals of other business to be properly brought before an annual meeting, nominations and proposals of other business must be: (i) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly made at the annual meeting by or at the direction of the Board of Directors or (iii) otherwise properly requested to be brought before the annual meeting by a stockholder of the Corporation in accordance with these Bylaws. For nominations of individuals for election to the Board of Directors or proposals of other business to be properly requested by a stockholder to be made at an annual meeting, a stockholder must (A) be a stockholder of record at the time of giving of notice of such annual meeting by or at the direction of the Board of Directors and at the

time of the annual meeting, (B) be entitled to vote at such annual meeting and (C) comply with the procedures set forth in these Bylaws as to such business or nomination. Subject to Section 1.14, the immediately preceding sentence shall be the exclusive means for a stockholder to make nominations or other business proposals (other than matters properly brought under Rule 14a-8 under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and included in the Corporation's notice of meeting) before an annual meeting of stockholders.

(b) *Special Meetings of Stockholders*. At any special meeting of the stockholders, only such business shall be conducted or considered as shall have been properly brought before the meeting. To be properly brought before a special meeting, proposals of business must be (i) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly made at the special meeting by or at the direction of the Board of Directors or (iii) otherwise properly requested to be brought before the special meeting by a stockholder of the Corporation in accordance with Section 1.3; provided, however, that nothing herein shall prohibit the Board of Directors from submitting additional matters to stockholders at any such special meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (A) by or at the direction of the Board of Directors or (B) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (x) is a stockholder of record at the time of giving of notice of such special meeting and at the time of the special meeting, (y) is entitled to vote at the meeting and (z) complies with the procedures set forth in these Bylaws as to such nomination. Subject to Section 1.14, this Section 1.13(b) shall be the exclusive means for a stockholder to make nominations or other business proposals (other than matters properly brought under Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting) before a special meeting of stockholders.

(c) *General*. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, the chair of any annual or special meeting shall have the power to determine whether a nomination or any other business proposed to be brought before any stockholder meeting was made or proposed, as the case may be, in accordance with these Bylaws and, if any proposed nomination or other business is not in compliance with these Bylaws, to declare that no action shall be taken on such nomination or other proposed business and such nomination shall be disregarded or such other proposed business shall not be conducted.

Section 1.14 Advance Notice of Stockholder Proposal.

(a) *Annual Meeting of Stockholders.* Without qualification or limitation, subject to Section 1.14(c)(iv), for any nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to Section 1.13(a), the stockholder must have given timely notice thereof (including, without limitation, in the case of nominations, the completed and signed questionnaire, representation and agreement required by Section 2.16), and timely updates and supplements thereof, in each case in proper form, in writing to the Secretary, and such other business must otherwise be a proper matter for stockholder action.

To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day and not later than the close of business on the ninetieth (90th) day prior to the first anniversary of the preceding year's annual meeting;

provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to the date of such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than one hundred (100) days prior to the date of such annual meeting, the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment, rescheduling or postponement of an annual meeting, or the public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above.

Notwithstanding anything in the immediately preceding paragraph to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased by the Board of Directors, and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 1.14(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten (10) days prior to the meeting or any adjournment, rescheduling or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than ten (10) days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than the fifth (5th) day prior to the date for the meeting or any adjournment, rescheduling or postponement thereof in the case of the update and supplement required to be made as of ten (10) days prior to the meeting or any adjournment, rescheduling or postponement thereof. The obligation to update and supplement as set forth in this paragraph or any other section of these Bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or under any other provision of these Bylaws or enable or be deemed to permit a stockholder who has previously submitted notice hereunder or under any other provision of these Bylaws to amend or update any proposal or to submit any new proposal, including, without limitation, by changing or adding nominees, matters, business or resolutions proposed to be brought before a meeting of the stockholders.

(b) *Special Meeting of Stockholders.* Without qualification or limitation, subject to Section 1.14(c)(iv), for any business to be properly requested to be brought before a special meeting of stockholders by a stockholder pursuant to Section 1.13(b), the stockholder must have given timely notice thereof and timely updates and supplements thereof, in each case in proper form, in writing to the Secretary and such business must otherwise be a proper matter for stockholder action.

Subject to Section 1.14(c)(iv), in the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any stockholder may nominate an individual or individuals (as the case may

be) for election to such position(s) as specified in the Corporation's notice of meeting; provided that the stockholder gives timely notice thereof (including, without limitation, the completed and signed questionnaire, representation and agreement required by Section 2.16), and timely updates and supplements thereof, in each case in proper form, in writing to the Secretary.

To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to the date of such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to the date of such special meeting or, if the first public announcement of the date of such special meeting is less than one hundred (100) days prior to the date of such special meeting, the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and, if applicable, of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall any adjournment, rescheduling or postponement of a special meeting of stockholders, or the public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting and as of the date that is ten (10) days prior to the meeting or any adjournment, rescheduling or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than ten (10) days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than the fifth (5th) day prior to the date for the meeting or any adjournment, rescheduling or postponement thereof in the case of the update and supplement required to be made as of ten (10) days prior to the meeting or any adjournment, rescheduling or postponement thereof. The obligation to update and supplement as set forth in this paragraph or any other Section of these Bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or under any other provision of these Bylaws or enable or be deemed to permit a stockholder who has previously submitted notice hereunder or under any other provision of these Bylaws to amend or update any proposal or to submit any new proposal, including, without limitation, by changing or adding nominees, matters, business or resolutions proposed to be brought before a meeting of the stockholders.

(c) *Disclosure Requirements.* To be in proper form, a stockholder's notice pursuant to Section 1.3, Section 1.13 or this Section 1.14 must include the following, as applicable:

(i) As to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal, as applicable, is being made, a stockholder's notice must set forth: (A) the name and address of (1) each such person, (2) any holder of record of the stockholder's shares as they appear on the Corporation's books and (3) each of their respective affiliates or associates or others acting in concert therewith (each person referred to in the foregoing clauses (2) and (3), a "Stockholder Associated Person"), (B) (1) the class and number of all shares of capital stock of the Corporation that are owned, directly or indirectly, by (x) each such person (beneficially and of record) and (y) each Stockholder Associated Person and (2) the name of each nominee holder of shares of stock of the Corporation owned but not of record by such person or any Stockholder

Associated Person, the date such person or Stockholder Associated Person acquired each such share of capital stock of the Corporation and the number of such shares of stock of the Corporation held by each such nominee holder, (C) a description of any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived, in whole or in part, from the value of any class or series of shares of the Corporation, or any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Corporation, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Corporation, including, without limitation, due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Corporation, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the Corporation, through the delivery of cash or other property, or otherwise, and without regard to whether any such person or any Stockholder Associated Person may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (any of the foregoing, a "Derivative Instrument") directly or indirectly owned beneficially by any such person or any Stockholder Associated Person , (D) a description of any transaction, agreement, arrangement or understanding with respect to such nomination or business, as applicable, between or among any such person, any Stockholder Associated Person, and any other person (including their names) in connection with the proposal of such nomination or business, as applicable, and any material interest of any such person or any Stockholder Associated Person in such nomination or business, as applicable, including, without limitation, the contemplated benefit therefrom to such person or Stockholder Associated Person, (E) a description of any agreement, arrangement, understanding, relationship or otherwise, including, without limitation, any repurchase or similar so-called "stock borrowing" agreement or arrangement, involving any such person or any Stockholder Associated Person, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of shares of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such person or Stockholder Associated Person with respect to any class or series of shares of the Corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of shares of the Corporation (any of the foregoing, a "Short Interest"), (F) any rights to dividends on the shares of the Corporation owned beneficially by any such person or any Stockholder Associated Person that are separated or separable from the underlying shares of the Corporation, (G) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which any such person or any Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (H) any performance-related fees (other than an asset-based fee) to which any such person or any Stockholder Associated Person is entitled based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including, without limitation, any such interests held by members of the

immediate family sharing the same household of such person or Stockholder Associated Person, (I) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Corporation held by any such person or any Stockholder Associated Person, (J) any direct or indirect interest of any such person or any Stockholder Associated Person in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case and without limitation, any employment agreement, collective bargaining agreement or consulting agreement), (K) all information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) or an amendment pursuant to Rule 13d-2(a) if such a statement were required to be filed under the Exchange Act and the rules and regulations promulgated thereunder by any such person or any Stockholder Associated Person, if any, (L) a representation that each such person is a holder of record or beneficial owner of shares of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice or propose such business, as applicable, (M) a representation as to whether any such person intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the nominee or approve such proposed business, as applicable, and/or otherwise to solicit proxies from stockholders in support of the nomination or proposed business, as applicable, (N) a representation that each such person shall provide any other information reasonably required by the Corporation to determine if such notice is in proper form and (O) any other information relating to each such person and Stockholder Associated Person, if any, that would be required to be disclosed in a proxy statement and form of proxy or other filings required to be made in connection with the solicitation of proxies for, as applicable, the proposed business or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(ii) If the notice includes any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, a stockholder's notice must, in addition to the matters set forth in Section 1.14(c)(i), also set forth, with respect to each such business matter: (A) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and (B) the text of the proposal or business (including, without limitation, the text of any resolutions proposed for consideration and, in the event that such proposal or business includes a proposal to amend these Bylaws or the Certificate of Incorporation, the text of the proposed amendment);

(iii) As to each individual, if any, whom the stockholder proposes to nominate for election or reelection to the Board of Directors, a stockholder's notice must, in addition to the matters set forth in Section 1.14(c)(i), also set forth, with respect to each such individual: (A) all information relating to such individual that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including, without limitation, such individual's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and (B) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any

other material relationships, between or among such stockholder, such beneficial owner, if any, and any Stockholder Associated Persons, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and

(iv) As to each individual, if any, whom the stockholder proposes to nominate for election or reelection to the Board of Directors, a stockholder's notice must, in addition to the matters set forth in Section 1.14(c)(i) and Section 1.14(c)(iii), also include a completed and signed questionnaire, representation and agreement required by Section 2.16. In addition to the information required pursuant to this paragraph or any other provision of these Bylaws, the Corporation may require any proposed nominee to furnish any other information (A) that may reasonably be required by the Corporation to determine whether the proposed nominee would be independent under the rules and listing standards of the securities exchanges upon which the stock of the Corporation is listed or traded, any applicable rules of the U.S. Securities and Exchange Commission or any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Corporation's directors (collectively, the "Independence Standards"), (B) that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee, or (C) that may reasonably be required by the Corporation to determine the eligibility of such nominee to serve as a director of the Corporation. Notwithstanding anything to the contrary, only persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible for election as directors.

(d) *Other*.

(i) For purposes of these Bylaws, "public announcement" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(ii) Notwithstanding the provisions of these Bylaws, a stockholder shall also comply with all applicable requirements of state law and the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in these Bylaws; provided, however, that any references in these Bylaws to state law and the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit the separate and additional requirements set forth in these Bylaws with respect to nominations of directors or proposals of any other business to be considered.

(iii) Nothing in these Bylaws shall be deemed to affect any rights (A) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (B) of the holders of any series of Preferred Stock if and to the extent provided for under applicable law, the Certificate of Incorporation or these Bylaws. Subject to Rule

14a-8 under the Exchange Act, nothing in these Bylaws shall be construed to permit any stockholder, or give any stockholder the right, to include or have disseminated or described in the Corporation's proxy statement any nomination of a director or directors or any other business proposal.

ARTICLE II

DIRECTORS

Section 1.1 Duties and Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authorities expressly conferred upon the Board of Directors by these Bylaws, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders.

Section 1.2 Number; Election; Term. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively in accordance with the Certificate of Incorporation. The election and term of directors of the Corporation shall be as provided in the Certificate of Incorporation.

Section 1.3 Vacancies and Newly Created Directorships. Subject to applicable law and the rights of the holders of any one or more series of Preferred Stock then outstanding, newly created directorships and any vacancy on the Board of Directors shall be filled only to the extent and in the manner provided in the Certificate of Incorporation.

Section 1.4 Removal. Subject to the rights of holders of any outstanding series of Preferred Stock with respect to the removal of directors, any or all directors of the Corporation may be removed from office only to the extent and in the manner provided in the Certificate of Incorporation.

Section 1.5 Resignation. Any director may resign at any time upon written or electronically transmitted notice to the Secretary of the Corporation. Except for resignations tendered pursuant to Section 1.6(d), any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice and, unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective.

Section 1.6 Place of Meetings; Records. The directors may hold their meetings either within or without the State of Delaware and keep the books of the Corporation outside of the State of Delaware at such places as they may from time to time determine.

Section 1.7 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place either within or without the State of Delaware as shall from time to time be determined by the Board of Directors.

Section 1.8 Special Meetings. Special meetings of the Board of Directors may be called by the Chair of the Board of Directors (or by any officer designated by the Chair of the Board of Directors), the Lead Independent Director, if any, or a majority of the Whole Board by the mailing of notice to each director at least forty-eight (48) hours before the meeting or by notifying each director of the meeting at least twenty-four (24) hours prior thereto either personally, by telephone or by electronic transmission; special

meetings may be called on like notice by the Chair of the Board of Directors (or by any officer designated by the Chair of the Board of Directors) or the Lead Independent Director on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 1.9 Organization. At each meeting of the Board of Directors or any committee thereof, the Chair of the Board of Directors or the chair of such committee, as the case may be, or, in his or her absence or if there be none, the Lead Independent Director, or in his or her absence or if he or she has not been appointed, a director chosen by a majority of the directors present, shall act as chair. Except as provided below, the Secretary shall act as secretary at each meeting of the Board and of each committee thereof. In case the Secretary shall be absent from any meeting of the Board of Directors or of any committee thereof, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and all the Assistant Secretaries, the chair of the meeting may appoint any person to act as secretary of the meeting. Notwithstanding the foregoing, the members of each committee of the Board of Directors may appoint any person to act as secretary of any meeting of such committee and the Secretary or any Assistant Secretary of the Corporation may, but need not if such committee so elects, serve in such capacity.

Section 1.10 Quorum. At all meetings of the Board, the presence of a majority of the Whole Board shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by applicable law, by the applicable rules of any securities exchange upon which the stock of the Corporation is listed or traded, by the Certificate of Incorporation or by these Bylaws.

Section 1.11 Committees. The Board of Directors may, by resolution passed by a majority of the Whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Each member of a committee must meet the requirements for membership, if any, imposed by applicable law or by the applicable rules of any securities exchange upon which the stock of the Corporation is listed or traded. Any committee, to the extent permitted by applicable law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation as the Board of Directors may by resolution duly delegate to it except as prohibited by applicable law, and may authorize the seal of the Corporation to be affixed to all papers that may require it. Each committee shall keep regular minutes and report to the Board of Directors as and when required. Notwithstanding anything to the contrary contained in this Article II, the resolution of the Board of Directors establishing any committee of the Board of Directors or the charter of any such committee may establish requirements or procedures relating to the membership, governance or operation of such committee that are different from, or in addition to, those set forth in these Bylaws and, to the extent that there is any inconsistency between these Bylaws and any such resolution or charter, the terms of such resolution or charter shall control. Nothing herein shall limit the authority of the Board of Directors to appoint other committees consisting in whole or in part of persons who are not directors of the Corporation to carry out such functions as the Board may designate. Unless otherwise provided for in any resolution of the Board of Directors designating a committee pursuant to this Section 2.11, (i) a quorum for the transaction of business of such committee shall be a majority of the authorized number of members of such committee and (ii) the act of a majority of the members of such committee present at any meeting of such committee at which there is a quorum shall be

the act of the committee (except as otherwise specifically provided by applicable law, by the Certificate of Incorporation or by these Bylaws).

Section 1.12 Presence at Meeting. Members of the Board of Directors or any committee designated by the Board may participate in the meeting of the Board or committee by means of conference telephone or similar communications equipment by means of which all persons in the meeting can hear each other and participate. The ability to participate in a meeting in the above manner shall constitute presence at such meeting for purposes of a quorum and any action thereat.

Section 1.13 Action Without Meetings. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, or by electronic transmission. Any person (whether or not then a director) may provide, whether through instruction to an agent or otherwise, that a consent to action will be effective at a future time (including, without limitation, a time determined upon the happening of an event), no later than sixty (60) days after such instruction is given or such provision is made and such consent shall be deemed to have been given for purposes of this Section 2.13 at such effective time so long as such person is then a director and did not revoke the consent prior to such time. Any such consent shall be revocable prior to its becoming effective.

Section 1.14 Compensation. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 1.15 Compliance with Procedures. If the chair of any meeting of stockholders relating to the election of directors determines that a nomination of any candidate for election as a director was not made in accordance with the applicable provisions of these Bylaws, such nomination shall be void. Notwithstanding anything in these Bylaws to the contrary, unless otherwise required by applicable law, if a stockholder intending to make a nomination at an annual or special meeting pursuant to Section 1.14 does not provide the notice and information required under Section 1.14 to the Corporation (including, without limitation, providing the updated information required by Section 1.14 by the deadlines specified therein), or the stockholder (or a qualified representative of such stockholder) does not appear at the meeting to present the nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Corporation.

Section 1.16 Submission of Questionnaire; Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 1.14) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (a) is not and will not become a party to (i) any transaction, agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (ii) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation,

with such person's fiduciary duties under applicable law, (b) is not and will not become a party to any transaction, agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, (c) in such person's individual capacity and on behalf of any person or entity on whose behalf, directly or indirectly, the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with, applicable law and all applicable publicly disclosed corporate governance, conflict of interest, corporate opportunities, confidentiality and stock ownership and trading policies and guidelines of the Corporation, (d) will abide by the requirements of Section 1.6(d) and (e) consents to being named as a nominee in the Corporation's proxy statement pursuant to Rule 14a-4(d) under the Exchange Act and any associated proxy card of the Corporation and agrees to serve if elected as a director.

ARTICLE III

OFFICERS

Section 1.1 Election; Term of Office; Appointments. The elected officers of the Corporation, which shall be elected by the Board of Directors, shall be a Chief Executive Officer, a President, a Chief Financial Officer, a Treasurer, a Secretary and such other officers as the Board of Directors from time to time may deem proper. All officers elected by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article III. Such officers shall also have such powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof. The Board of Directors (or any committee thereof) may from time to time elect, or the Chair of the Board of Directors, the Chief Executive Officer or President may appoint, such other officers (including, without limitation, one or more Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Secretaries, Assistant Treasurers, Controllers and Assistant Controllers) and such agents, as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in these Bylaws or as may be prescribed by the Board or such committee or by the Chair of the Board of Directors, the Chief Executive Officer or President, as the case may be. Officers of the Corporation shall hold office until their successors are chosen and qualify in their stead or until their earlier death, resignation or removal, and shall perform such duties as from time to time shall be prescribed by these Bylaws and by the Board and, to the extent not so provided, as generally pertain to their respective offices. Two (2) or more offices may be held by the same person.

Section 1.2 Removal and Resignation. Any officer elected or appointed by the Board of Directors may be removed from office with or without cause at any time by the affirmative vote of a majority of the Whole Board, unless otherwise provided by resolution of the Board of Directors. Any officer or agent appointed by the Chair of the Board of Directors, the Chief Executive Officer or the President may be removed from office with or without cause at any time by such person, unless otherwise provided by resolution of the Board of Directors, or by the affirmative vote of a majority of the Whole Board. Any officer may resign at any time upon written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective.

Section 1.3 Vacancies. A newly created elected office and a vacancy in any elected office because of death, resignation, or removal may be filled by the Board of Directors. Any vacancy in an office appointed by the Chair of the Board of Directors, the Chief Executive Officer or the President because of death, resignation, or removal may be filled by the Chair of the Board of Directors, the Chief Executive Officer or the President, as applicable, or by the Board of Directors.

Section 1.4 Chair of the Board of Directors. The Chair of the Board of Directors shall be elected by the Board of Directors. The Board of Directors may determine whether the Chair of the Board of Directors is an executive Chair or non-executive Chair. Unless otherwise determined by the Board of Directors, an executive Chair shall be deemed to be an officer of the Corporation. The Board of Directors may at any time and for any reason designate another director to serve as Chair of the Board of Directors and may determine whether any Chair of the Board of Directors shall be or cease to be an executive Chair. The Chair of the Board of Directors shall preside at all meetings of the stockholders and of the Board of Directors and shall perform such duties and exercise such powers as from time to time shall be prescribed by these Bylaws or by the Board of Directors.

Section 1.5 President and/or Chief Executive Officer. The President or Chief Executive Officer, in the absence of the Chair of the Board of Directors or the Lead Independent Director, if any, shall preside at meetings of the stockholders and of the Board of Directors. The President and Chief Executive Officer shall have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President and Chief Executive Officer shall have the power to execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by applicable law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these Bylaws, the Board of Directors or the President or Chief Executive Officer. The President and Chief Executive Officer shall have such authority and perform such duties in the management of the Corporation as from time to time shall be prescribed by the Board of Directors and, to the extent not so prescribed, the President and Chief Executive Officer shall have such authority and perform such duties in the management of the Corporation, subject to the control of the Board, as generally pertain to the office of President or Chief Executive Officer, respectively.

Section 1.6 Chief Financial Officer. The Chief Financial Officer shall be responsible for the overall management of the financial affairs of the Corporation. The Chief Financial Officer shall render a statement of the Corporation's financial condition and an account of all transactions whenever requested by the Board of Directors, by the Chair of the Board of Directors or by the Chief Executive Officer or President. The Chief Financial Officer shall perform such other duties as may be prescribed by these Bylaws or as may be assigned to him or her by the Board of Directors, by the Chair of the Board of Directors or by the Chief Executive Officer or President, and, except as otherwise prescribed by the Board of Directors, he or she shall have such powers and duties as generally pertain to the office of Chief Financial Officer.

Section 1.7 Executive Vice Presidents, Senior Vice Presidents and Vice Presidents. Executive Vice Presidents, Senior Vice Presidents, Vice Presidents and such other officers/titles as established from time to time shall perform such duties as from time to time shall be prescribed by these Bylaws, by the Board of Directors, by the Chair of the Board of Directors or by the Chief Executive Officer or President, and, except as

otherwise prescribed by the Board of Directors, they shall have such powers and duties as generally pertain to such office.

Section 1.8 Secretary. The Secretary or person appointed as secretary at all meetings of the Board of Directors and of the stockholders shall record all votes and the minutes of all proceedings in a book to be kept for that purpose, and he or she shall perform like duties for the committees of the Board of Directors when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors, if required. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest to the affixing by such officer's signature. The Secretary shall see that all books and records pertaining to meetings and proceedings of the Board of Directors (and any committee thereof) and of the stockholders required by applicable law to be kept or filed are properly kept or filed, as the case may be. The Secretary shall perform such other duties as may be prescribed by these Bylaws or as may be assigned to him or her by the Board of Directors, Chair of the Board of Directors or the Chief Executive Officer or President, and, except as otherwise prescribed by the Board of Directors, he or she shall have such powers and duties as generally pertain to the office of Secretary.

Section 1.9 Treasurer. The Treasurer shall have responsibility for the Corporation's funds and securities. He or she shall perform such other duties as may be prescribed by these Bylaws or as may be assigned to him or her by the Chair of the Board of Directors, the President or Chief Executive Officer, the Chief Financial Officer or the Board of Directors, and, except as otherwise prescribed by the Board of Directors, he or she shall have such powers and duties as generally pertain to the office of Treasurer.

ARTICLE IV

STOCK

Section 1.1 Stock. The shares of the Corporation shall be represented by certificates in such form as the appropriate officers of the Corporation may from time to time prescribe or shall be uncertificated. If shares shall be represented by certificates, then such certificates shall be numbered and registered, shall exhibit the holder's name and the number of shares, and shall be signed in the name of the Corporation by any two (2) authorized officers of the Corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue. At all times that the Corporation's stock is listed on a U.S. national securities exchange, the shares of the stock of the Corporation shall comply with all direct registration system eligibility requirements established by such exchange, including, without limitation, any requirement that shares of the Corporation's stock be eligible for issue in book-entry form. All issuances and transfers of shares of the Corporation's stock shall be entered on the books of the Corporation with all information necessary to comply with such direct registration system eligibility requirements, including the name and address of the person to whom the shares of stock are issued, the number of shares of stock issued and the date of issue. The Board of Directors shall have the power and authority to make such rules and regulations as it may deem necessary or

proper concerning the issue, transfer and registration of shares of stock of the Corporation in both the certificated and uncertificated forms.

Section 1.2 Lost, Stolen or Destroyed Certificates. No new certificate for shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board of Directors or any financial officer of the Corporation may in its or his or her discretion require. A new certificate may be issued without requiring any bond when, in the judgment of the Board of Directors or such financial officer, it is proper to do so.

Section 1.3 Transfers of Stock. Transfers of shares of the stock of the Corporation shall be made upon the books of the Corporation (i) in the case of certificated shares of stock, upon presentation of such certificates by the registered holder in person or by a duly authorized attorney, or upon presentation of proper evidence of succession, assignment or authority to transfer such shares of stock, and upon surrender of the appropriate certificate(s), or (ii) in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered owner of such uncertificated shares, or from a duly authorized attorney or from an individual presenting proper evidence of succession, assignment or authority to transfer the stock. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 1.4 Holder of Record. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the exclusive holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by applicable law.

Section 1.5 Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

Section 1.6 Dividends. The Board of Directors may from time to time declare, and the Corporation may pay, dividends on the outstanding shares of capital stock of the Corporation, subject to the requirements of applicable law and the provisions of the Certificate of Incorporation. Such dividends may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

ARTICLE V

INDEMNIFICATION

Section 1.1 Right to Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law, as the same exists or may

hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was, at any time during which this Article V is in effect (whether or not such person continues to serve in such capacity at the time any indemnification or advancement of expenses pursuant hereto is sought or at the time any Proceeding relating thereto exists or is brought), a director or officer of the Corporation or by reason of the fact that such person, at the request of the Corporation, is or was serving any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity (a "Covered Person").

Section 1.2 Prepayment of Expenses. The Corporation shall pay the reasonable expenses (including, without limitation, attorneys' fees) incurred by any Covered Person of the Corporation in defending any Proceeding in advance of its final disposition, except where such Covered Person pleads guilty or *nolo contendere* in a criminal proceeding (excluding traffic violations and other minor offenses); provided, however, that the payment of such expenses shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it shall ultimately be determined that such person is not entitled to be indemnified.

Section 1.3 Claims. If a claim for indemnification or payment of expenses (including, without limitation, attorneys' fees) under this Article V is not paid in full within sixty (60) days after a written claim therefor has been received by the Corporation, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action, the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

Section 1.4 Non-Exclusivity of Rights. The rights conferred on any person by this Article V shall not be exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, these Bylaws or any agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. The Corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advancement of expenses, to the fullest extent not prohibited by applicable law.

Section 1.5 Insurance. The Corporation may purchase and maintain insurance on behalf of any Covered Person against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article V or applicable law.

Section 1.6 Certain Definitions. For purposes of this Article V, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including, without limitation, any constituent of a constituent) absorbed in a consolidation or merger that, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was, at the request of such constituent corporation, serving any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in any capacity, shall stand in the same

position under the provisions of this Article V with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article V, references to any service "at the request of the Corporation" shall include, without limitation, any service that imposes duties, or involves services, with respect to an employee benefit plan, its participants or beneficiaries.

Section 1.7 Survival of Indemnification and Advancement of Expenses. The indemnification and, subject to the discretion of the Board of Directors, advancement of expenses provided by, or granted pursuant to, this Article V or the Certificate of Incorporation shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a Covered Person and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 1.8 Other Indemnification. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

Section 1.9 Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article V, or any provision of the Certificate of Incorporation relating to a right to indemnification or to advancement of expenses, shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

Section 1.10 Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article V to Covered Persons.

ARTICLE VI

MISCELLANEOUS

Section 1.1 Delaware Office. The address of the registered office of the Corporation in the State of Delaware is 3500 South Dupont Highway, in the City of Dover, County of Kent, Delaware 19901 and the name of its registered agent at such address is Incorporating Services, Ltd.

Section 1.2 Other Offices. The Corporation may also have offices at other such places, both within and without the State of Delaware, as the Board of Directors from time to time may appoint or the business of the Corporation may require.

Section 1.3 Seal. A corporate seal, if any, shall be in the form adopted by the Board of Directors. Such seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. Such seal may be affixed by any officer of the Corporation to any instrument executed by authority of the Corporation, and such seal when so affixed may be attested by the signature of any officer of the Corporation.

Section 1.4 Notice. Whenever notice is required to be given by applicable law, the Certificate of Incorporation or these Bylaws, a written or electronically transmitted waiver by the person entitled to notice, whether before or after the time stated therein,

shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Notice to stockholders shall be given in the manner set forth in the DGCL. Notice to directors or committee members may be given personally or by means of electronic transmission.

Section 1.5 Amendments. These Bylaws may be altered, amended or repealed, or new Bylaws adopted, only to the extent and in the manner provided in the Certificate of Incorporation.

Section 1.6 Checks. All checks, drafts, notes and other orders for the payment of money shall be signed by such officer or officers or agents as from time to time may be designated by the Board of Directors or by such officers of the Corporation as may be designated by the Board of Directors to make such designation.

Section 1.7 Fiscal Year. The fiscal year of the Corporation shall be fixed, and may thereafter be changed, by the Board of Directors.

Exhibit 4.3

Robinhood Markets, Inc.
DESCRIPTION OF CAPITAL STOCK

The following summary describes the material terms of the capital stock of Robinhood Markets Inc. ("Robinhood," the "Company," "we," or "us") and provisions of our Amended and Restated Certificate of Incorporation (our "Charter") and our Amended and Restated Bylaws (our "Bylaws"). This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of our Charter and our Bylaws, each of which is included as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2021 (the "Form 10-K").

Our Capital Stock

Authorized Capital Stock

Our authorized capital stock consists of 28,910,000,000 shares of capital stock, of which:

- 21,000,000,000 shares are designated as Class A common stock, par value $0.0001 per share;
- 700,000,000 shares are designated as Class B common stock, par value $0.0001 per share;
- 7,000,000,000 shares are designated as Class C common stock, par value $0.0001 per share; and
- 210,000,000 shares are designated as preferred stock, par value $0.0001 per share.

Common Stock

Pursuant to our Charter, our board of directors has the authority, without stockholder approval except as required by the listing standards of the Nasdaq, to issue additional shares of our Class A common stock and Class C common stock. Until August 2, 2036, the date that is 15 years from the completion of our initial public offering (the "Final Conversion Date"), any issuance of additional shares of Class B common stock, subject to certain exceptions as set forth in our Charter, requires the approval of the holders of at least 80% of the outstanding shares of Class B common stock, voting as a separate class.

Voting Rights

Holders of our Class A common stock are entitled to one vote per share on all matters to be voted upon by our stockholders, holders of our Class B common stock are entitled to 10 votes per share on all matters to be voted upon by our stockholders and, except as otherwise required by applicable law, holders of our Class C common stock are not entitled to vote on any matter to be voted upon by our stockholders. The holders of our Class A common stock and Class B common stock vote together as a single class, unless otherwise required by our Charter or applicable law. Specifically, Delaware General Corporation Law (the "DGCL") could require either holders of our Class A common stock, our Class B common stock or our Class C common stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend our Charter to increase or decrease the par value of a class of stock, then that class would be required to vote separately as a class to approve the proposed amendment; and
- if we were to seek to amend our charter in a manner that alters or changes the powers, preferences or special rights of a class of stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.

In addition, under our Charter, until the Final Conversion Date, approval of at least 80% of the outstanding shares of Class B common stock, voting as a separate class, is required to:

- increase the number of authorized shares of our Class B common stock;
- amend or repeal, or adopt any provision of our Charter inconsistent with, or otherwise alter, any provision of our Charter that modifies the voting, conversion, or other rights, powers, preferences, privileges or restrictions of our Class B common stock;
- reclassify any outstanding shares of our Class A common stock into shares having rights as to dividends or liquidation that are senior to our Class B common stock or the right to have more than one vote for each share thereof;
- issue any shares of our Class B common stock, including by dividend, distribution or otherwise, subject to certain exceptions as set forth in our Charter;
- authorize, or issue any shares of, any class or series of our capital stock having the right to more than one vote for each share thereof;

- treat the shares of our Class B common stock differently in any payment of dividends to the holders of shares of our common stock, any subdivision or combination of the outstanding shares of our common stock, any distribution of assets of our Company to our stockholders in connection with any liquidation, dissolution or winding-up of our Company or any conversion of each share of our common stock into other securities as a result of a merger or consolidation of our Company with or into any other entity, or any other substantially similar transaction; or

- pay dividends or other distributions payable in shares of our common stock to holders of our common stock, unless holders of our Class A common stock receive such dividend or distribution in respect of their Class A common stock in shares of our Class A common stock, holders of our Class B common stock receive such dividend or distribution in respect of their Class B common stock in shares of our Class B common stock and holders of our Class C common stock receive such dividend or distribution in respect of their Class C common stock in shares of our Class C common stock.

Unless a different vote is required by applicable law or specifically required by our Charter or Bylaws, if a quorum exists at any meeting of stockholders, stockholders shall have approved any matter (other than the election of directors, which is described below) if (i) a majority of votes cast on such matter by stockholders and (ii) where a separate vote by a class or series or classes or series is required, a majority of the votes cast on such matter by stockholders of such class or series or classes or series, in each case present in person or represented by proxy at the meeting and entitled to vote on such matter are in favor of such matter.

Subject to the rights of the holders of any series of our preferred stock to elect directors under specified circumstances, if a quorum exists at any meeting of stockholders, stockholders shall have approved the election of a director if a majority of the votes cast at any meeting for the election of such director are in favor of such election. Notwithstanding the foregoing, in the event of a "contested election" of directors, directors will be elected by the vote of a plurality of the votes cast at any meeting for the election of directors at which a quorum is present. A "contested election" means any election of directors in which the number of candidates for election as directors exceeds the number of directors to be elected, with the determination thereof being made by the secretary of Robinhood.

Conversion of Class B Common Stock

Each share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. All Class B common stock will automatically convert (as a class) into Class A common stock upon the earliest of (i) the date and time specified by the affirmative vote of the holders of at least 80% of the then-outstanding shares of Class B common stock, voting separately as a class, (ii) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the date on which the number of then-outstanding shares of Class B common stock represents less than 5% of the aggregate number of shares of Class A common stock and Class B common stock then outstanding, (iii) the date fixed by our board of directors that is no less than 61 days and no more than 180 days following the date that (A) each founder is no longer providing services to our Company as an officer, employee or consultant and (B) each founder is not a director of our Company as a result of a voluntary resignation by such founder from our board of directors or as a result of a written request or agreement by such founder not to be renominated as a director of our Company at an annual or special meeting of stockholders, (iv) nine months after the death or total disability of both founders (subject to a delay of up to 18 months as may be approved by a majority of our independent directors) or (v) the Final Conversion Date.

Shares of Class B common stock will also automatically convert into shares of Class A common stock upon sale or transfer except for certain permitted transfers described in our Charter. In addition, each share of Class B common stock held by a stockholder who is a natural person, or held by permitted transferees or permitted entities of such natural person (each as described in our Charter) will automatically convert into shares of Class A common stock nine months following the death or total disability of such natural person (subject to a delay of up to 18 months as may be approved by a majority of our independent directors). Notwithstanding the foregoing, in the event such natural person is a founder, to the extent (i) a person designated by such founder and approved by a majority of the independent directors then in office or (ii) the other founder, in each case, has or shares voting control over the shares of Class B common stock held by the deceased or disabled founder, such shares will be treated as being held of record by such person or other founder and will not convert into shares of Class A common stock as a result of such founder's death or total disability.

Conversion of Class C Common Stock

Upon the conversion or exchange of all outstanding shares of our Class B common stock into shares of Class A common stock, each outstanding share of Class C common stock will convert automatically into one share of Class A common stock on the date or time fixed by our board of directors.

Dividend Rights

Subject to the rights of any holders of our preferred stock, the holders of our common stock are entitled to receive ratably dividends, if any, as may be declared from time to time by our board of directors out of funds legally available for the payment of dividends.

Right to Receive Liquidation Distributions

If we liquidate, dissolve or wind up, after all liabilities and, if applicable, the holders of each series of our preferred stock have been paid in full, the holders of our common stock will be entitled to share ratably in all remaining assets.

No Preemptive or Similar Rights

Our common stock has no preemptive or conversion rights or other subscription rights. No redemption or sinking fund provisions are applicable to our common stock. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock that we may designate and issue in the future.

Preferred Stock

Pursuant to our Charter, our board of directors may issue shares of our preferred stock in one or more series and, subject to the applicable law of the State of Delaware, our board of directors may set the powers, rights, preferences, qualifications, limitations and restrictions of such preferred stock.

Our board of directors has the power to issue our preferred stock with voting, conversion and exchange rights that could negatively affect the voting power or other rights of our common stockholders, and our board of directors could take that action without stockholder approval. The issuance of our preferred stock could delay or prevent a change in control of Robinhood.

Founders' Voting Agreement

In connection with our initial public offering (the "IPO"), our founders (Vladimir Tenev and Baiju Bhatt) and some of their related entities (including estate planning vehicles) entered into a voting agreement, which became effective prior to the completion of our IPO (the "Founders' Voting Agreement"), to which we are also a party. Pursuant to the Founders' Voting Agreement, each of the founders and their related entities that are party to the Founders' Voting Agreement (including entities made party by joinder, "Founder Affiliates") agreed, upon the terms and subject to the conditions set forth therein, among other things: to vote all of their shares of common stock in favor of the election of each founder to, and against the removal of each founder from, our Board; to vote together in the election of other directors generally, subject to deferring to the decision of the Nominating and Corporate Governance Committee in the event of any disagreement between the founders; and to ensure that all of their shares are voted as described above, including causing their shares to be present in person or by proxy for purposes of constituting a quorum at the meeting of stockholders.

Under the Founders' Voting Agreement, certain of the Founder Affiliates have granted to the other, unrelated founder, an irrevocable voting proxy with respect to shares of the Company's common stock owned by such Founder Affiliate. Pursuant to the Founders' Voting Agreement, each founder has granted, effective upon such founder's death or permanent and total disability, a voting proxy to the other founder with respect to shares of our common stock held by such founder and over which such founder was entitled to vote (or direct the voting of) immediately prior to such founder's death or permanent and total disability. The Founders' Voting Agreement also grants to each founder and his respective Founder Affiliates a right of first offer in the event the other founder or any of his respective Founder Affiliates proposes to transfer any shares of Class B common stock in a transaction that would cause such shares of Class B common stock to convert to Class A common stock pursuant to our Charter; provided, however, that such right of first offer does not apply to the first 20 million Class B shares in the aggregate converted or transferred by each founder or his respective Founder Affiliates.

The Founders' Voting Agreement will remain in effect until all Class B shares have converted into Class A shares. A copy of this agreement is incorporated by reference as an exhibit to the Form 10-K.

Equity Exchange Right Agreements

In connection with the IPO, we entered into exchange right agreements with our founders, which became effective immediately following the effectiveness of the filing of our Charter. Pursuant to the equity exchange right agreements, each of our founders has a continuing right (an "Equity Exchange Right") but not an obligation to require us to exchange, for shares of Class B common stock, any shares of Class A common stock received by him upon the vesting and settlement of restricted stock units. The Equity Exchange Rights apply only to restricted stock units granted to our founders prior to the closing of our IPO on August 2, 2021.

Anti-Takeover Effects of Various Provisions of Delaware Law and Our Charter and Our Bylaws

Provisions of the DGCL, our Charter and our Bylaws could make it more difficult to acquire us by means of a tender offer, a proxy contest or otherwise. These provisions, summarized below, would be expected to discourage certain types of coercive takeover practices and takeover bids our board of directors may consider inadequate and to encourage persons seeking to acquire control of our Company to first negotiate with us.

Multi-Class Structure. As described above under "—Common Stock—Voting Rights," our Charter provides for a multi-class common stock structure, as a result of which our founders will maintain, until the Final Conversion Date, significant influence over any matter requiring stockholder approval, including the election of directors, the adoption of any amendments to our Charter or the Bylaws and the approval of any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction.

Board Classification. Until the third annual meeting of stockholders following the effectiveness of our Charter, our board of directors is divided into three classes (Class I, Class II and Class III), one class of which is elected each year by our stockholders. The first term of office of the Class I directors expires at the first annual meeting of stockholders following the effectiveness of our Charter, the first term of office of the Class II directors expires at the second annual meeting of stockholders following the effectiveness of our Charter and the first term of office of the Class III directors expires at the third annual meeting of stockholders following the effectiveness of our Charter. Our Charter provides that our board of directors will be fully declassified by the third annual meeting of stockholders following the effectiveness of our Charter so that:

- at the first annual meeting of stockholders following the effectiveness of our Charter, the Class I directors will be elected for a term of office to expire at the third annual meeting of stockholders following the effectiveness of our Charter;
- at the second annual meeting of stockholders following the effectiveness of our Charter, the Class II directors will be elected for a term of office to expire at the third annual meeting of stockholders following the effectiveness of our Charter; and
- as of and after the third annual meeting of stockholders following the effectiveness of our Charter, all directors will be elected for one-year terms and will be up for election at each successive annual meeting.

During the time that our board of directors is classified, a third party may be discouraged from making a tender offer or otherwise attempting to obtain control of our Company because it is more difficult and time-consuming for stockholders to replace a majority of the directors on a classified board.

Undesignated Preferred Stock. Pursuant to our Charter, our board of directors has the power to issue preferred stock with voting, conversion and exchange rights that could negatively affect the voting power or other rights of our common stockholders, and our board of directors could take that action without stockholder approval. The issuance of our preferred stock could delay or prevent a change in control of our Company.

Board Vacancies to Be Filled by Remaining Directors and Not Stockholders. Our Charter provides that any vacancies, including any newly created directorships, on our board of directors will be filled by the affirmative vote of the majority of the remaining directors then in office, even if such directors constitute less than a quorum, or by a sole remaining director.

Special Meeting. Our Bylaws provide that special meetings of the stockholders may be called by (i) the chair of our board of directors, (ii) the lead independent director, if any, (iii) our board of directors pursuant to a resolution adopted by a majority of the total number of directors that we would have if all vacancies or unfilled directorships were filled, or (iv) subject to certain procedural requirements, the chair of our board of directors or the secretary of our Company at the written request of stockholders of record owning at least 25% of the voting power entitled to vote on the matter or matters entitled to vote at the meeting.

Our Bylaws do not permit a special meeting to be held at the request of stockholders if (i) the business to be brought before the special meeting is not a proper subject for stockholder action under applicable law, our Charter or our Bylaws, (ii) our board of directors has called for or calls for an annual meeting to be held within 90 days after the special meeting request is delivered to the secretary of our Company and our board of directors determines that the business of the annual meeting includes an item of business that is identical or substantially similar (a "Similar Item") to an item of business included in the special meeting request, (iii) the business conducted at the most recent annual meeting or any special meeting held within one year prior to the receipt of the special meeting request included a Similar Item or (iv) the special meeting request is delivered between 61 and 365 days after the earliest date of signature on a different request for a special meeting relating to a Similar Item.

Removal of Directors by Stockholders. Our Charter and our Bylaws provide that directors may be removed by stockholders (i) until our board of directors is no longer classified, only for cause by the affirmative vote of the holders of a majority of the voting power of the outstanding capital stock entitled to vote, and (ii) from and after the date our board of directors is no longer classified, with or without cause, by the affirmative vote of the holders of a majority of the voting power of the outstanding capital stock entitled to vote.

Stockholder Action. Our Charter provides that our stockholders may not take action by written consent for any matter and will only be able to take action at a duly called annual or special meeting of stockholders, except that for so long as any shares of our Class B common stock are outstanding, our Class B stockholders may take action by written consent for any action required or permitted to be taken by our Class B stockholders, voting separately as a class.

Advance Notice of Director Nominations and Stockholder Proposals. Our Bylaws contain advance notice procedures for stockholders to make nominations of candidates for election as directors or to bring other business before annual or special meetings of stockholders, as the case may be, and also specify certain requirements regarding the form, content and timing of such notice. These provisions might preclude our stockholders from making nominations for directors or bringing other business before our annual or special meetings of stockholders, as the case may be, if the specified requirements are not satisfied.

Amendments to Our Charter and Our Bylaws. Under the DGCL, provisions of our Charter may not be adopted, altered, amended or repealed by stockholder action alone. Any such adoption, alteration, amendment or repeal to any provision of our Charter requires a board resolution approved by the majority of the outstanding capital stock entitled to vote. In addition, until the Final Conversion Date, an adoption, alteration, amendment or repeal of any provision of the Charter that affects the voting, conversion or other rights, powers, preferences, privileges or restrictions of the Class B

common stock requires the approval of at least 80% of the outstanding shares of Class B common stock, voting as a separate class.

Our Charter provides that our stockholders may adopt, amend, alter or repeal any provision of our Bylaws upon the affirmative vote of the holders of a majority of the voting power of the outstanding capital stock entitled to vote. Subject to the right of stockholders as described in the immediately preceding sentence, our board of directors may also adopt, amend, alter or repeal any provision of our Bylaws.

Delaware Anti-Takeover Statute. We are subject to the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- the board of directors approved the acquisition of stock pursuant to which the person became an interested stockholder or the transaction that resulted in the person becoming an interested stockholder before the time that the person became an interested stockholder;
- upon consummation of the transaction that resulted in the person becoming an interested stockholder such person owned at least 85% of the outstanding voting stock of the corporation, excluding, for purposes of determining the voting stock outstanding, voting stock owned by directors who are also officers and certain employee stock plans; or
- the transaction is approved by the board of directors and by the affirmative vote of two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

In general, Section 203 defines a "business combination" to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder and an "interested stockholder" as a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation's outstanding voting stock. These provisions may have the effect of delaying, deferring or preventing changes in control of our Company.

No Cumulative Voting. Our Charter prohibits cumulative voting in the election of directors.

Exclusive Forum. Under our Charter, unless we consent to a different forum, (i) any derivative action or proceeding brought on our behalf, (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action or proceeding arising pursuant to, or seeking to enforce any right, obligation or remedy under, any provision of the DGCL, our Charter or our Bylaws, (iv) any action or proceeding seeking to interpret, apply, enforce or determine the validity of our Charter or our Bylaws, (v) any action or proceeding asserting a claim that is governed by the internal affairs doctrine or (vi) any action or proceeding as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware may only be brought before the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have subject matter jurisdiction, another state court sitting in the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware)), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. In addition, any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, may only be brought before the federal district courts of the United States. Nothing in our Charter precludes stockholders that assert claims under the Exchange Act from bringing such claims in any court, subject to applicable law.

Any person or entity purchasing or otherwise acquiring or holding any interest in our securities shall be deemed to have notice of and consented to these exclusive forum provisions. The enforceability of similar choice of forum provisions in other companies' charters and bylaws has been challenged in legal proceedings, and it is possible that, in connection with claims arising under federal securities laws or otherwise, a court could find the exclusive forum provision contained in our Charter to be inapplicable or unenforceable.

Limitations on Liability and Indemnification of Officers and Directors

Our Charter and our Bylaws include provisions that require us to indemnify, to the fullest extent allowable under the laws of the State of Delaware, any person who is or was a director or officer of our Company or serving at our request in any capacity at another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, as the case may be. Our Charter and our Bylaws also provide that we must indemnify and advance reasonable expenses to such persons, subject to our receipt of an undertaking from the indemnified party to repay all amounts advanced if it is determined ultimately that the indemnified party is not entitled to be indemnified. We are also expressly authorized to carry directors' and officers' insurance to protect us and our directors and officers for some liabilities.

The limitation of liability and indemnification provisions in our Charter and our Bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. However, these provisions do not limit or eliminate our rights, or those of any stockholder, to seek non-monetary relief such as an injunction or rescission if a director breaches his or her fiduciary duties. Moreover, the provisions do not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Transfer Agent and Registrar

The transfer agent and registrar for the Class A common stock is American Stock Transfer & Trust Company, LLC. The transfer agent's address is 6201 15th Avenue, Brooklyn, NY 11219.

Listing

Our Class A common stock is listed on the Nasdaq under the symbol "HOOD".

Exhibit 10.15(d)

NOTICE OF OPTION AWARD

ROBINHOOD MARKETS, INC.
2021 OMNIBUS INCENTIVE PLAN

Unless otherwise defined herein, capitalized terms used in this Notice of Option Award (this "***Notice of Grant***") shall have the same meanings ascribed to them in the Robinhood Markets, Inc. 2021 Omnibus Incentive Plan (the "***Plan***"). All references to the "Platform" in this Notice of Grant or in the Option Agreement attached hereto as Annex A (the "***Option Agreement***") shall be interpreted as the equity management software currently in use by the Company.

The Participant named below has been granted an option to purchase Shares (the "***Option***"), subject to the terms and conditions set forth in the Plan, this Notice of Grant and the Option Agreement. The Option shall be credited to a separate book-entry account maintained for the Participant on the books of the Company.

Participant Name: ***See Platform***

Address: ***See Platform***

Total Number of Shares: ***See Platform***

Exercise Price per Share: ***See Platform***

Type of Option: ***See Platform***

Grant Date: ***See Platform***

Vesting Commencement Date: ***See Platform***

Expiration Date: ***The option shall expire at 1:00 p.m. pacific time on the seventh (7th) annual anniversary of the Grant Date.***
Vesting: [Vesting schedule to be specified by the Administrator at time of grant] (each such date, a "***Vesting Date***"); provided that in each case the Participant remains continuously in active service with the Company or one of its Affiliates from the Grant Date through such Vesting Date. Employment or service for only a portion of a vesting period prior to a Vesting Date, even if a substantial portion, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided below.

Certain Limitations on Incentive Stock Options: The Option is intended to be an Incentive Stock Option or a Nonstatutory Stock Option, as designated on the Platform. The Participant and the Company acknowledge and agree that the Exercise Price is equal to at least one hundred percent (100%) of the Fair Market Value per Share on the Grant Date; provided that, if the Option is designated as an Incentive Stock Option and granted to Participant who, on the Grant Date, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company, the Exercise Price is equal to at least one hundred and ten percent (110%) of the Fair Market Value per Share on the Grant Date. If the Option is designated as an Incentive Stock Option, it shall nevertheless be deemed to be a Nonstatutory Stock Option to the extent required by the $100,000 annual limitation under

Section 422(d) of the Code or as otherwise required by Section 421 or 422 of the Code or Section 7(b) of the Plan.

Termination of Service and Post-Termination Exercise Period:

(a) Termination of Service due to Death or Disability. If, on or prior to an applicable Vesting Date, the Participant's service with the Company and its Affiliates terminates (i) due to the Participant's Disability or (ii) due to the Participant's death, then the portion of the Option that would have otherwise become vested within two years following such termination shall vest in full as of the date of such termination. Notwithstanding the foregoing, the maximum value of Awards and other awards granted pursuant to the 2020 Plan, the Company's 2013 Stock Plan or any future equity plans that may be adopted by the Company that become vested and exercisable in the event of a termination due to the Participant's Disability or death will not exceed $10 million in the aggregate, as determined by the Administrator in its sole discretion. Any portion of the Option that vests pursuant to this clause (a) shall remain exercisable for the period set forth in clause (c) below. For the avoidance of doubt, this clause (a) shall not apply to any death or Disability of the Participant occurring after the date of termination of the Participant's service for any reason.

(b) Other Termination of Service. If, prior to the final Vesting Date, the Participant's service with the Company and its Affiliates terminates for any reason other than as set forth in clause (a) above (including any termination of service by the Participant for any reason, or by the Company and its Affiliates with or without Cause), then any unvested portion of the Option shall be cancelled immediately after such termination and the Participant shall not be entitled to exercise any such unvested portion of the Option or receive any payments with respect thereto.

A transfer of the Participant's employment or service from one business group, including corporate groups, or Affiliate of the Company to another business group or Affiliate of the Company shall not be considered a termination of the Participant's service with the Company and its Affiliates. The Participant's service with the Company and its Affiliates shall be deemed to terminate as of the date the Participant is no longer actively providing services to the Company or any of its Affiliates (regardless of the reason for the termination and whether or not later found to be invalid or in breach of Applicable Laws or the terms of the Participant's employment or other service agreement, if any) and shall not, subject to Applicable Laws, be extended by any required notice period (e.g., garden leave).

(c) Post-Termination Exercise Period. Unless otherwise determined by the Administrator, if the Participant's service with the Company and its Affiliates terminates for any reason, the Participant (or the Participant's designated beneficiary, as applicable) may exercise the Option to the extent vested and exercisable on the date of such termination within the following periods: (i) three months following a termination other than as a result of the Participant's death or Disability; (ii) 12 months following a termination due to the Participant's Disability (in the case of Options intended to be Incentive Stock Options, as defined in Section 22(e) of the Code); and (iii) 12 months following a termination due to the Participant's death; provided, however, that, in no event shall the Option be exercisable after the Expiration Date.

(d) No Notification of Exercise Periods. Participant is responsible for keeping track of these exercise periods following Participant's termination of service for any reason. The Company will not provide further notice of such periods.

Leaves of Absence:

(a) Vesting May be Paused during Leaves of Absence in Accordance with Company Policy. Subject to compliance with all Applicable Laws, as determined by the Administrator in

its sole discretion, in the event the Participant takes a bona fide leave of absence that was approved by the Company or its applicable Affiliate in writing or to which the Participant is entitled by Applicable Laws (an "***Authorized Leave***"), each Vesting Date that has not occurred as of the commencement of the Authorized Leave shall be delayed if and to the extent provided in the Company's leave of absence and equity vesting policy as in effect from time to time (the "***LOA Vesting Policy***") or as otherwise approved by the Administrator, but not beyond the Expiration Date (and any portion of the Option (whether vested or unvested) that remains outstanding at the Expiration Date shall be automatically forfeited by the Participant). For the avoidance of doubt, the LOA Vesting Policy may provide that vesting continues for a fixed portion of the Authorized Leave and is paused for the remainder of the Authorized Leave (and the fixed portion of such Authorized Leave during which vesting continues may differ as between different types of leave). In addition, if the Option is designated as an Incentive Stock Option, it shall nevertheless be deemed to be a Nonstatutory Stock Option to the extent it is exercised more than three months after the Participant has been on an Authorized Leave for more than three months, unless the Participant's right to reemployment following such Authorized Leave was provided for by Applicable Laws or contract.

(b) Award Terminates at end of Authorized Leave unless Participant Returns to Work. Subject to the immediately preceding paragraph (a), for purposes of the Option, the Participant's service shall not be deemed terminated while the Participant is on an Authorized Leave. However, the Participant's service with the Company and its Affiliates shall be deemed to terminate at the end of such Authorized Leave unless the Participant promptly returns to active service. The Administrator shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Option (including whether the Participant may still be considered to be providing services while on a leave of absence).

Maximum Term: The term of this Option award ends on the Expiration Date, or such earlier date as provided in this Notice of Grant or the Option Agreement. For the avoidance of doubt, any portion of the Option (whether vested or unvested) that remains outstanding and unexercised after 1:00 p.m. pacific time on the Expiration Date shall be automatically forfeited by the Participant.

Market Standoff: The Participant agrees that in connection with any registered public offering of securities of the Company (an "***Offering***"), the Participant shall not sell or otherwise dispose of any Shares acquired under the Plan without the prior written consent of the Company or the underwriters managing such Offering, as applicable, for a period of time (not to exceed one-hundred eighty (180) days) following the pricing date of such Offering, as agreed to by the Company and such management underwriters (which restricted period may be extended in the event the Company issues an earnings release or material news or a material event relating to the Company occurs or announces that it will issue an earnings release, in each case, during the last seventeen (17) days of the restricted period), subject to all restrictions and exceptions as the Company and such managing underwriters may agree to for employee-stockholders generally. In order to enforce the foregoing, the Company shall have the right to impose, or direct any third party administering the Plan to impose, stop transfer instructions with respect to the Shares until the end of such restricted period.

Miscellaneous:

The Participant understands that this Notice of Grant is subject to the terms and conditions of both the Plan and the Option Agreement, each of which are incorporated herein by reference. The Participant has received and has had an opportunity to review the Plan, the Company's most recent prospectus that describes the Plan, and the Option Agreement and agrees to be bound by all the terms and provisions of the Plan and the Option Agreement.

By the Participant's acceptance hereof (whether written, electronic or otherwise), the Participant agrees, to the fullest extent permitted by law, that in lieu of receiving documents in paper format, the Participant accepts the electronic delivery of any documents the Company, or any third party involved in administering the Plan which the Company may designate, may deliver in connection with this grant (including the Plan, the Option Agreement, this Notice of Grant, account statements, prospectuses, prospectus supplements, annual and quarterly reports, and all other communications and information) whether via the Company's intranet or the internet site of another such third party or via email, or such other means of electronic delivery specified by the Company. Furthermore, the Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan, this Notice of Grant and the Option Agreement.

The Participant confirms acceptance of this award by clicking the "Accept" (or similar wording) button on the award acceptance screen of the Participant's Plan account at www.ETRADE.com. If the Participant wishes to reject this award, the Participant must so notify the Company's stock plan administrator in writing to stock-admin@robinhood.com no later than sixty (60) days after the Grant Date. If within such sixty (60) day period the Participant neither affirmatively accepts nor affirmatively rejects this award, the Participant will be deemed to have accepted this award at the end of such sixty (60) day period pursuant to the terms and conditions set forth in this Notice of Grant, the Option Agreement, and the Plan.

NOTICE OF OPTION AWARD
(FOR NON-EMPLOYEE DIRECTORS)

ROBINHOOD MARKETS, INC.
2021 OMNIBUS INCENTIVE PLAN

Unless otherwise defined herein, capitalized terms used in this Notice of Restricted Stock Unit Award (this "***Notice of Grant***") shall have the same meanings given to them in the Robinhood Markets, Inc. 2021 Omnibus Incentive Plan (the "***Plan***"). All references to the "Platform" in this Notice of Grant or in the Option Agreement attached hereto as Annex A (the "***Option Agreement***") shall be interpreted as the equity management software currently in use by the Company.

The Participant named below has been granted an option to purchase Shares (the "***Option***"), subject to the terms and conditions set forth in the Plan, this Notice of Grant and the Option Agreement. The Option shall be credited to a separate book-entry account maintained for the Participant on the books of the Company. For the avoidance of doubt, any references in the Option Agreement to an employer, an employment relationship or an employment agreement do not apply to the Participant and shall be interpreted accordingly.

Participant Name: ***See Platform***

Address: ***See Platform***

Total Number of Shares: ***See Platform***

Exercise Price per Share: ***See Platform***

Type of Option: ***Nonstatutory Stock Option***

Grant Date: ***See Platform***

Vesting Commencement Date: ***See Platform***

Expiration Date: ***The option shall expire at 1:00 p.m. pacific time on the tenth (10th) annual anniversary of the Grant Date.***
Vesting: [Vesting schedule to be specified by the Administrator at time of grant] (each such date, a "***Vesting Date***"); provided that in each case the Participant remains continuously in active service with the Company or one of its Affiliates from the Grant Date through such Vesting Date.

Termination of Service and Post-Termination Exercise Period: If, prior to the final Vesting Date, the Participant's service with the Company and its Affiliates terminates for any reason, then any unvested portion of the Option shall be cancelled immediately after such termination and the Participant shall not be entitled to receive any payments with respect thereto. Service for only a portion of a vesting period prior to a Vesting Date, even if a substantial portion, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of services as provided herein.

Unless otherwise determined by the Administrator, if the Participant's service with the Company and its Affiliates terminates for any reason, the Participant (or the Participant's designated beneficiary, as applicable) may exercise the Option to the extent vested and exercisable on the date of such termination within the following periods: (i) three months following a termination

other than as a result of the Participant's death or Disability; (ii) 12 months following a termination due to the Participant's Disability; and (iii) 12 months following a termination due to the Participant's death; provided, however, that, in no event shall the Option be exercisable after the Expiration Date.

Participant is responsible for keeping track of these exercise periods following Participant's termination of service for any reason. The Company will not provide further notice of such periods.

Maximum Term: The term of this Option award ends on the Expiration Date, or such earlier date as provided in this Notice of Grant or the Option Agreement. For the avoidance of doubt, any portion of the Option (whether vested or unvested) that remains outstanding and unexercised after 1:00 p.m. pacific time on the Expiration Date shall be automatically forfeited by the Participant.

Change in Control: Notwithstanding any provision contained in this Notice of Grant, the Plan or the Option Agreement to the contrary, if, prior to the applicable Vesting Date, a Change in Control occurs, the Option, to the extent unvested, shall vest and become exercisable in full.

Market Standoff: The Participant agrees that in connection with any registered public offering of securities of the Company (an "***Offering***"), the Participant shall not sell or otherwise dispose of any Shares acquired under the Plan without the prior written consent of the Company or the underwriters managing such Offering, as applicable, for a period of time (not to exceed one-hundred eighty (180) days) following the pricing date of such Offering, as agreed to by the Company and such management underwriters (which restricted period may be extended in the event the Company issues an earnings release or material news or a material event relating to the Company occurs or announces that it will issue an earnings release, in each case, during the last seventeen (17) days of the restricted period), subject to all restrictions and exceptions as the Company and such managing underwriters may agree to for director-stockholders generally. In order to enforce the foregoing, the Company shall have the right to impose, or direct any third party administering the Plan to impose, stop transfer instructions with respect to the Shares until the end of such restricted period.

Miscellaneous:

The Participant understands that this Notice of Grant is subject to the terms and conditions of both the Plan and the Option Agreement, each of which are incorporated herein by reference. Participant has received and has had an opportunity to review the Plan, the Option Agreement, and the Company's most recent prospectus that describes the Plan, and agrees to be bound by all the terms and provisions of the Plan and the Option Agreement.

By the Participant's acceptance hereof (whether written, electronic or otherwise), the Participant agrees, to the fullest extent permitted by law, that in lieu of receiving documents in paper format, the Participant accepts the electronic delivery of any documents the Company, or any third party involved in administering the Plan which the Company may designate, may deliver in connection with this grant (including the Plan, the Option Agreement, this Notice of Grant, account statements or other communications or information) whether via the Company's intranet or the internet site of another such third party or via email, or such other means of electronic delivery specified by the Company.

The Participant may confirm acceptance of this award by signing below or by clicking the "Accept" (or similar wording) button on the award acceptance screen of the Participant's Plan account at www.ETRADE.com. If the Participant wishes to reject this award, the Participant must so notify the Company's stock plan administrator in writing to

stock-admin@robinhood.com no later than sixty (60) days after the Grant Date. If within such sixty (60) day period the Participant neither affirmatively accepts nor affirmatively rejects this award, the Participant will be deemed to have accepted this award at the end of such sixty (60) day period pursuant to the terms and conditions set forth in this Notice of Grant, the Option Agreement, and the Plan.

PARTICIPANT

—

ROBINHOOD MARKETS, INC.

By: __
Name:
Title:

ANNEX A

OPTION AGREEMENT

ROBINHOOD MARKETS, INC.
2021 OMNIBUS INCENTIVE PLAN

The Participant has been granted an option to purchase Shares (the "***Option***"), subject to the terms, restrictions and conditions of the Robinhood Markets, Inc. 2021 Omnibus Incentive Plan, as amended from time to time (the "***Plan***"), the Notice of Option Award (the "***Notice of Grant***") and this Option Agreement (this "***Agreement***"). Unless otherwise defined herein, capitalized terms used in this Agreement shall have the same meanings given to them in the Plan.

1. Exercise.

(a) Procedure for Exercise. The Participant (or the Participant's representative, if applicable) may exercise the Option to the extent it is vested (for the purchase of whole Shares only) by (i) written or electronic notice, complying with the applicable procedures established by the Company, specifying the election to exercise the Option, the number of Shares for which it is being exercised and the form of payment and (ii) delivering payment, in a form permissible under Section 1(b), equal to the aggregate Exercise Price due for the number of Shares being acquired (together with any applicable withholding taxes determined under Section 2). In the event that the Option is being exercised by the Participant's representative, the notice shall be accompanied by proof (satisfactory to the Company) of the representative's right to exercise the Option.

(b) Payment of Exercise Price. The Participant authorizes the Company, the Employer and its Affiliates, or their respective agents, at their discretion, to satisfy payment of the aggregate Exercise Price by one or a combination of the following:

(i) withholding Shares that otherwise would be issued to the Participant when the Participant's Option is exercised;

(ii) withholding from proceeds of the sale of Shares, through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent);

(iii) requiring the Participant to make a payment in cash or by check; or

(iv) any other method of withholding approved by the Company and to the extent required by Applicable Laws or the Plan, approved by the Administrator;

and in each case, under such rules as may be established by the Administrator and in compliance with the Company's insider trading policy and 10b5-1 trading plan policy, if applicable.

(c) Issuance of Shares. After satisfying all requirements for exercise of the Option (or any portion thereof), including satisfying the Participant's withholding obligations in connection with the Tax-Related Items (as defined below), the Company shall cause to be issued (and evidenced in the books of the Company) the Shares for which the Option has been exercised. Such Shares shall be registered in the name of the Participant, the Participant's authorized assignee, or the Participant's legal representative. Until the issuance of the Shares has been entered into the books and records of the Company or a duly authorized transfer agent of the Company, no right to vote, receive dividends or any other right as a stockholder will exist with respect to such Shares.

2. Taxes.

(a) Responsibility for Taxes. The Participant acknowledges that, regardless of any action taken by the Company or, if different and applicable, his or her employer (the "***Employer***"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable or deemed applicable to the Participant ("***Tax-Related Items***") is and remains the Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option or the underlying Shares, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends thereon; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, he or she acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items.

(b) Tax Withholding. In this regard, the Participant authorizes the Company, the Employer and its Affiliates, or their respective agents, at their discretion, to satisfy any applicable withholding obligations or rights with respect to all Tax-Related Items by one or a combination of the following:

(i) withholding from the Participant's wages or other cash compensation payable to the Participant by the Company or its Affiliates;

(ii) withholding Shares that otherwise would be issued to the Participant when the Participant's Option is exercised;

(iii) withholding from proceeds of the sale of Shares, through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent);

(iv) requiring the Participant to make a payment in cash or by check;

(v) reducing the amount of any cash otherwise payable to the Participant with respect to the Option; or

(vi) any other method of withholding approved by the Company and to the extent required by Applicable Laws or the Plan, approved by the Administrator;

and in each case, under such rules as may be established by the Administrator and in compliance with the Company's insider trading policy and 10b5-1 trading plan policy, if applicable.

The Company may withhold or account for Tax-Related Items by considering minimum statutory withholding rates or other applicable withholding rates, including up to the maximum applicable rate for the Participant's jurisdiction(s). If the maximum applicable rate for the

Participant's jurisdiction(s) is used in connection with the withholding methods described in (ii) or (iii) above, the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in Shares. If the withholding obligation for Tax-Related Items is satisfied by withholding in Shares as described in (ii) above, for tax purposes, the Participant will be deemed to have received the full number of Shares, notwithstanding that a number of the Shares are held back solely for the purpose of satisfying the Tax-Related Items.

The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

3. Data Privacy Consent. The Participant hereby declares that he or she agrees with the data processing practices described herein and consents to the collection, processing and use of Personal Data (as defined below) by the Company and the transfer of Personal Data to the recipients mentioned herein, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described herein.

(a) ***Declaration of Consent. The Participant understands that he or she must review the following information about the processing of Personal Data by or on behalf of the Company or, if different, the Employer as described in this Agreement and any materials related to the Participant's eligibility to participate in the Plan and declare his or her consent. As regards the processing of the Participant's Personal Data in connection with the Plan, the Participant understands that the Company is the controller of his or her Personal Data.***

(b) ***Data Processing and Legal Basis. The Company collects, uses and otherwise processes certain information about the Participant for purposes of implementing, administering and managing the Plan. The Participant understands that this information may include, without limitation, the Participant's name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company or its Affiliates, details of all equity awards or any other entitlement to Shares or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor (the "Personal Data"). The legal basis for the processing of the Participant's Personal Data, where required, is the Participant's consent.***

(c) ***Stock Plan Administration Service Providers. The Participant understands that the Company transfers his or her Personal Data, or parts thereof, to E*Trade Corporate Financial Services, Inc. and E*Trade Securities LLC (collectively, "E*Trade"), an independent service provider based in the U.S., which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select different service providers and share the Participant's Personal Data with such different service providers that serve the Company in a similar manner. The Company's service providers will open an account for the Participant to receive and trade Shares acquired under the Plan and the Participant may be asked to agree on separate terms and data processing practices with the service provider, which is a condition of any ability to participate in the Plan.***

(d) ***International Data Transfers. The Company and, as of the date hereof, any third parties assisting in the implementation, administration and management of the Plan, such as E*Trade, are based in the U.S. If the Participant is located outside the U.S., the Participant's country may have enacted data privacy laws that are different from the laws of the U.S. The Company's legal basis for the transfer of Personal Data is the Participant's consent.***

(e) ***Data Retention. The Company will process the Participant's Personal Data only as long as is necessary to implement, administer and manage the Participant's participation in the Plan, or to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws. In the latter case, the Participant understands and acknowledges that the Company's legal basis for the processing of his or her Personal Data would be compliance with the relevant laws or regulations. When the Company no longer needs Personal Data for any of the above purposes, the Participant understands that the Company will remove it from its systems.***

(f) ***Voluntariness and Consequences of Denial/Withdrawal of Consent. The Participant understands that any participation in the Plan and the Participant's consent are purely voluntary. The Participant may deny or later withdraw his or her consent at any time, with future effect and for any or no reason. If the Participant denies or later withdraws his or her consent, the Company cannot offer participation in the Plan or grant equity awards to the Participant or administer or maintain such awards, and the Participant will not be eligible to participate in the Plan. The Participant further understands that denial or withdrawal of his or her consent would not affect the Participant's employment or other service relationship and that the Participant would merely forfeit the opportunities associated with the Plan.***

(g) ***Data Subject Rights. The Participant understands that data subject rights regarding the processing of personal data vary depending on Applicable Laws and that, depending on where the Participant is based and subject to the conditions set out in the Applicable Laws, the Participant may have, without limitation, the rights to (i) inquire whether and what kind of Personal Data the Company holds about the Participant and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data about the Participant that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing, (iv) request the Company to restrict the processing of the Participant's Personal Data in certain situations where the Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, and (vi) request portability of the Participant's Personal Data that he or she has actively or passively provided to the Company (which does not include data derived or inferred from the collected data), where the processing of such Personal Data is based on consent or the Participant's employment or other service relationship and is carried out by automated means. In case of concerns, the Participant also may have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, the Participant's rights, the Participant understands he or she should contact his or her local human resources representative.***

4. Rights as a Stockholder. The Participant shall not be deemed for any purpose, nor have any of the rights or privileges of, a stockholder of the Company in respect of any Shares subject to the Option unless, until and to the extent that (a) the Company shall have issued and delivered to the Participant the Shares subject to the exercised Option and (b) the Participant's name shall have been entered as a stockholder of record with respect to such Shares on the books of the Company. The Company shall cause the actions described in clauses (a) and (b) of the preceding sentence to occur promptly following satisfaction of all requirements for exercise as contemplated by Section 1, subject to compliance with Applicable Laws.

5. Incorporation by Reference, Etc. The provisions of the Plan and the Notice of Grant are hereby incorporated herein by reference. Except as otherwise expressly set forth herein or in the Notice of Grant, this Agreement and the Notice of Grant shall be construed in accordance with the provisions of the Plan and any interpretations, amendments, rules and regulations

promulgated by the Administrator from time to time pursuant to the Plan. The Administrator shall have final authority to interpret and construe the Plan, the Notice of Grant and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Participant and his or her legal representative in respect of any questions arising under the Plan or this Agreement. Without limiting the foregoing, the Participant acknowledges that the Option and any Shares acquired upon exercise of the Option are subject to provisions of the Plan under which, in certain circumstances, an adjustment may be made to the number of Shares subject to the Option, the Exercise Price and any Shares acquired upon exercise of the Option.

6. Compliance with Applicable Laws. The granting, vesting and exercise of the Option, and any other obligations of the Company under this Agreement, shall be subject to all Applicable Laws as may be required. The Administrator shall have the right to impose such restrictions on the Option as it deems reasonably necessary or advisable under applicable Federal or non-U.S. securities laws, the rules and regulations of any stock exchange or market upon which Shares are then listed or traded, and/or any blue sky, state securities or non-U.S. exchange control or other laws applicable to such Shares. It is expressly understood that the Administrator is authorized to administer, construe and make all determinations necessary or appropriate to the administration of the Plan and this Agreement, all of which shall be binding upon the Participant. The Participant agrees to take all steps the Administrator or the Company determines are reasonably necessary to comply with all applicable provisions of Federal and state securities law (and any other Applicable Laws) in exercising his or her rights under this Agreement.

7. Nature of Grant. By accepting the Option and participating in the Plan, the Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options, even if Options have been granted in the past;

(c) all decisions with respect to future Options or other grants, if any, will be at the sole discretion of the Company;

(d) the Option grant and the Participant's participation in the Plan shall not create a right to an employment or other service relationship with the Company;

(e) the Participant is voluntarily participating in the Plan;

(f) the Option and the Shares subject to the Option, and the income from and value of same, are not intended to replace any pension rights or compensation;

(g) unless otherwise agreed with the Company in writing, the Shares, and the income from and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of a Subsidiary of the Company;

(h) the Option and the Shares subject to the Option, and the income from and value of same, are not part of normal or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;

(i) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from the termination of the Participant's employment or service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or providing services, or the terms of his or her employment or other service agreement, if any), or pursuant to Section 8 of this Agreement; and

(k) neither the Company, the Employer nor any other Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Option or of any amounts due to the Participant pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise.

8. Clawback. The Option and/or the Shares acquired upon exercise of the Option shall be subject (including on a retroactive basis) to clawback, recoupment, forfeiture or similar requirements (and such requirements shall be deemed incorporated by reference into this Agreement) to the extent required by the Clawback Policy or Applicable Laws (including, without limitation, Section 304 of the Sarbanes-Oxley Act and Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act).

9. Miscellaneous.

(a) Transferability. The Option may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered (a "***Transfer***") by the Participant other than by will or by the laws of descent and distribution, pursuant to a qualified domestic relations order or as otherwise permitted under the Plan. Any attempted Transfer of the Option contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Option, shall be null and void and without effect. Additionally, the Company may require (in its sole discretion) that any Shares acquired upon exercise of the Option shall be held at a brokerage firm or on a brokerage platform specified by the Company until such Shares are disposed of by the Participant or such earlier date determined by the Company.

(b) Amendment. The Administrator at any time, and from time to time, may amend the terms of this Agreement; provided, however, that the rights of the Participant shall not be materially adversely affected without the Participant's written consent.

(c) Waiver. Any right of the Company or its Affiliates contained in this Agreement may be waived in writing by the Administrator. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or as a waiver of the same right with respect to any subsequent occasion for its exercise, or as a waiver of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a waiver of the continuation of the same breach.

(d) General Assets. All amounts credited in respect of the Option to the book-entry account under this Agreement shall continue for all purposes to be part of the general assets of the Company. The Participant's interest in such account shall make the Participant only a general, unsecured creditor of the Company.

(e) Notices. All notices, requests, consents and other communications to be given hereunder to any party shall be deemed to be sufficient if contained in a written instrument and shall be deemed to have been duly given when delivered in person, by telecopy, by nationally

recognized overnight courier, or by first-class registered or certified mail, postage prepaid, addressed to such party at the address set forth below or such other address as may hereafter be designated in writing by the addressee to the addresser:

(i) if to the Company, to:

Robinhood Markets, Inc.
85 Willow Road
Menlo Park, California 94025
United States of America
Attention: Stock Plan Administrator

(ii) if to the Participant, to the Participant's home address on file with the Company. Notices may also be delivered to the Participant through the Company's inter-office or electronic mail system, at any time he or she is employed by or providing services to the Company or any of its Affiliates.

All such notices, requests, consents and other communications shall be deemed to have been delivered in the case of personal delivery or delivery by telecopy, on the date of such delivery, in the case of nationally recognized overnight courier, on the next business day, and in the case of mailing, on the third business day following such mailing if sent by certified mail, return receipt requested.

(f) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(g) No Rights to Continued Service. Nothing contained in this Agreement will confer upon the Participant any right with respect to continuing the Participant's relationship as a Service Provider, nor will they interfere in any way with the Participant's right or the right of the Company (or any of its Affiliates) to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

(h) No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying Shares. The Participant should consult with his or her own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan.

(i) Language. The Participant acknowledges that he or she is proficient in the English language, or has consulted with an advisor who is proficient in the English language, so as to enable the Participant to understand the provisions of this Agreement and the Plan. If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

(j) Country-Specific Appendix. Notwithstanding any provisions in this Agreement, to the extent applicable, the Option grant shall be subject to any additional terms and conditions set forth in any appendix to this Agreement applicable to the Participant's country. Moreover, if the Participant relocates to a country outside the United States, additional terms and conditions for such country may apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. In such event, the appendix shall constitute part of this Agreement.

(k) Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

(l) Insider Trading/Market Abuse. The Participant acknowledges that, depending on the applicable jurisdictions, including the United States and the Participant's jurisdiction, the Participant may be subject to insider trading restrictions and/or market abuse laws which may affect his or her ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (*e.g.*, Options, restricted stock units) or rights linked to the value of Shares (*e.g.*, phantom awards, futures, Dividend Equivalents) during such times as the Participant is considered to have "inside information" regarding the Company as defined in the laws or regulations in the applicable jurisdictions. Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before he or she possessed inside information. Furthermore, the Participant could be prohibited from (a) disclosing the inside information to any third party (other than on a "need to know" basis) and (b) "tipping" third parties or causing them otherwise to buy or sell securities. Keep in mind third parties includes fellow Service Providers. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. The Participant is responsible for complying with any restrictions and should speak to his or her personal advisor on this matter.

(m) Exchange Control, Foreign Asset/Account and/or Tax Reporting. Depending upon the country to which laws the Participant is subject, the Participant have certain foreign asset/account and/or tax reporting requirements that may affect his or her ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends or Dividend Equivalents or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside the Participant's country of residence. The Participant's country may require that the Participant report such accounts, assets or transactions to the applicable authorities in his or her country. The Participant also may be required to repatriate cash received from participating in the Plan to his or her country within a certain period of time after receipt. The Participant is responsible for knowledge of and compliance with any such regulations and should speak with his or her personal tax, legal and financial advisors regarding same.

(n) Fractional Shares. In lieu of issuing a fraction of a Share, if applicable, the Company shall be entitled to pay to the Participant an amount equal to the Fair Market Value of such fractional share.

(o) Beneficiary. To the extent permitted by the Administrator, the Participant may file with the Administrator a written designation of a beneficiary on such form as may be prescribed by the Administrator and may, from time to time, amend or revoke such designation. If no beneficiary is designated (or permitted to be designated), if the designation is ineffective, or if the beneficiary dies before the balance of the Participant's benefit is paid, the balance shall be paid to the Participant's estate. Notwithstanding the foregoing, however, the Participant's beneficiary shall be determined under applicable state (or other) law if such state (or other) law does not recognize beneficiary designations under Awards of this type and is not preempted by laws which recognize the provisions of this Section 9(o).

(p) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company or any of its Affiliates and their successors and assigns, and of the

Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

(q) Limitation of Liability. The Participant agrees that any liability of the officers, the Committee, the Board and the Administrator to the Participant under this Agreement shall be limited to those actions or failure to take actions which constitute self-dealing, willful misconduct or recklessness.

(r) Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. This Agreement will be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of San Mateo County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THE PLAN OR THIS AGREEMENT.

(s) Signature and Acceptance. This Agreement shall be deemed to have been accepted and signed by the Participant and the Company as of the Grant Date upon the Participant's acceptance of the Notice of Grant (including online acceptance or deemed acceptance as set forth in the Notice of Grant).

(t) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

Exhibit 21.1

Subsidiaries of the Registrant

As of February 18, 2022, the following entities are wholly owned direct or indirect subsidiaries of Robinhood Markets, Inc.

Name of Subsidiary	State/Country of Organization
Robinhood Financial LLC	Delaware
Robinhood Securities, LLC	Delaware
Robinhood Crypto, LLC	Delaware
Robinhood Money, LLC	Delaware
Robinhood International, Inc.	Delaware
Say Technologies LLC	Delaware
Sherwood Reinsurance Company, Inc	Hawaii
Robinhood U.K. Ltd	United Kingdom
Sherwood Netherlands B.V.	Netherlands
Sherwood Netherlands II B.V.	Netherlands

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-258250) pertaining to the 2021 Omnibus Incentive Plan, the 2021 Employee Share Purchase Plan, the 2020 Equity Incentive Plan, and the Amended and Restated 2013 Stock Plan of Robinhood Markets, Inc. of our report dated February 24, 2022, with respect to the consolidated financial statements of Robinhood Markets, Inc. included in this Annual Report (Form 10-K) of Robinhood Markets, Inc. for the year ended December 31, 2021.

/s/ Ernst & Young LLP

San Jose, California
February 24, 2022

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Vladimir Tenev, certify that:

1. I have reviewed this Annual Report on Form 10-K of Robinhood Markets Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2022
/s/ Vladimir Tenev
Vladimir Tenev
Chief Executive Officer

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jason Warnick, certify that:

1. I have reviewed this Annual Report on Form 10-K of Robinhood Markets Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2022
/s/ Jason Warnick
Jason Warnick
Chief Financial Officer

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U. S. C. SECTION 1350, AS
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, I, Vladimir Tenev, hereby certify that, to the best of my knowledge, Robinhood Markets, Inc.'s Annual Report on Form 10-K for the period ended December 31, 2021 (the Report), as filed with the Securities and Exchange Commission on February 24, 2022, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Robinhood Markets, Inc.

Date: February 24, 2022

/s/ Vladimir Tenev

Vladimir Tenev

Chief Executive Officer

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U. S. C. SECTION 1350, AS
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, I, Jason Warnick, hereby certify that, to the best of my knowledge, Robinhood Markets, Inc.'s Annual Report on Form 10-K for the period ended December 31, 2021 (the Report), as filed with the Securities and Exchange Commission on February 24, 2022, fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Robinhood Markets, Inc.

Date: February 24, 2022

/s/ Jason Warnick

Jason Warnick

Chief Financial Officer