



**COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE ACTION NO. 2023-AH-0007**

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

ROBINHOOD FINANCIAL LLC

RESPONDENT

CONSENT ORDER

PARTIES

1. The Kentucky Department of Financial Institutions (hereinafter, the “Department”) is responsible for administering the provisions of Kentucky Revised Statutes (KRS) Chapter 292, the Securities Act of Kentucky, as well as any applicable rules, regulations and orders entered pursuant to the Act.

2. Robinhood Financial LLC (“Robinhood”), CRD# 165998, is a registered broker-dealer organized in Delaware and with a principal place of business at 500 Colonial Center Parkway, Suite 100, Lake Mary, FL 32746, and has been registered in the Commonwealth of Kentucky as a broker-dealer since January 6, 2014.

STATEMENT OF FACTS

3. A multistate task force—coordinated among members of the North American Securities Administrators Association (“NASAA”), with the Alabama Securities Commission serving as lead state regulator—conducted an investigation into Robinhood’s management of its retail market activities and the company’s significant operational issues from approximately October 1, 2019 to March 2021, including: platform outages; deficiencies in supervision of options, margin trading eligibility, and

approval processes; and deficiencies in Robinhood's operational structure for controls and customer service.

4. From October 1, 2019, to March 31, 2020, Robinhood acquired approximately 51,840 new Kentucky customers, approved approximately 6,138 Kentucky customers for option trading, and approved approximately 677 Kentucky customers for margin trading.

5. As of March 31, 2020, Robinhood had approximately 153,183 Kentucky customers.

A. Platform Outages

6. In December 2014, Robinhood launched commission-free, self-directed trading through its mobile application to retail customers with no account minimums. Robinhood's dramatic customer growth strained the firm's platform infrastructure and its ability to properly address customer needs.

7. In March 2020, Robinhood's mobile and website platform experienced multiple outages that had a negative impact on the customer's ability to submit orders and communicate effectively with customer support. During the outages, customers were generally not able to enter buy or sale orders and did not have the ability to take advantage of security price fluctuations.

8. From March 2020 through June 2020, due to the outages, thousands of customers nationwide contacted Robinhood concerning inability to execute transactions.

9. Since March 2020, Robinhood has implemented changes to customer support and functionality of the mobile platform. Some of these changes were implemented pursuant to an investigation by the Financial Industry Regulatory Authority ("FINRA") and agreed upon in the resulting Letter of Acceptance, Waiver, and Consent dated June 22, 2021 (the "FINRA AWC").

B. Options and Margin Approval

10. Robinhood provides two types of option accounts to its customers: "Level 2" and "Level 3." A Level 2 account provides customers the ability to trade basic option contracts, which include cash

secured puts and covered call contracts. A Level 3 account provides customers with the ability to participate in more advanced strategies, such as option spreads.

11. Robinhood further provides customers the ability to maintain a margin account to borrow funds from Robinhood to execute transactions, utilizing the cash and securities in the customer's account as collateral.

12. Robinhood customers applied for option trading and margin trading through an automated process that reviews information provided by the applicant such as account equity, employment status, liquid net worth, income, risk tolerance, investment experience, and investment objective.

13. Robinhood relied upon an algorithm that nearly instantaneously approved or denied the customers' option or margin trading application.

14. Robinhood did not have any designated registered principals or other staff that manually assisted in the review process for option and margin trading to verify each applicant's self-reported information.

15. Robinhood's automated account approval process allowed for customers that were denied option and margin trading to re-submit and be approved by utilizing different responses to the eligibility questions.

16. In April 2020, Robinhood began a monthly review of all option trading customers to identify and address inconsistencies with the information that was provided during the application process.

17. In May 2021, Robinhood began conducting a weekly inspection of its option customers to verify proper approval for those accounts was achieved. The inspection process included a process that identified accounts that did not fit the eligibility parameters and those accounts were downgraded accordingly.

C. Operational Compliance

18. The FINRA AWC described numerous operational and compliance-system failures, resulting in violations of FINRA rules:

- a. Robinhood failed to have a reasonably designed customer identification program;¹
- b. Robinhood failed to supervise technology critical to providing customers with core broker- dealer services;²
- c. Robinhood failed to exercise due diligence before approving options accounts;³
- d. Robinhood failed to report all customer complaints to FINRA;⁴ and
- e. Robinhood negligently misrepresented the risks associated with Options spread transactions and the actions the firm would take with those positions on its customers' behalf.⁵

¹ FINRA AWC 5 (June 22, 2021)(“From June 2016 to November 2018, Robinhood failed to establish or maintain a customer identification program that was appropriate for the firm’s size and business. The firm approved more than 5.5 million new customer accounts during that period, relying on a customer identification system that was largely automated and suffered from flaws. For example, even though Robinhood received alerts flagging certain applications as potentially fraudulent-including applications where the customer’s purported Social Security number belonged to a person who was deceased-Robinhood’s customer identification system “override” those alerts and approved the applications without any review. In all, Robinhood approved more than 90,000 accounts from June 2016 to November 2018 that had been flagged for potential fraud without further manual review”).

² FINRA AWC 4 (June 22, 2021)(“From January 2018 to February 2021, Robinhood failed to reasonably supervise the operation and maintenance of its technology, which, as a FinTech firm, Robinhood relies upon to deliver core functions, including accepting and executing customer orders. Instead, Robinhood outsourced the operation and maintenance of its technology to its parent company, Robinhood Markets, Inc. (RHM)- which is not a FINRA member firm-without broker-dealer oversight. Robinhood experienced a series of outages and critical system failures between 2018 and late 2020, which, in turn, prevented Robinhood from providing its customers with basic broker-dealer services, such as order entry and execution”).

³ FINRA AWC 3 (June 22, 2021)(“Since Robinhood began offering option trading to customers in December 2017, the firm has failed to exercise due diligence before approving customers to trade options. Although the firm’s written supervisory procedures assign registered options principals the responsibility of approving accounts for options trading, the firm, in practice, has relied on computer algorithms-known at Robinhood as “option account approval bots”-with only limited oversight by firm principals”).

⁴ FINRA AWC 5 (June 22, 2021)(“Between January 2018 and December 2020, Robinhood failed to report to FINRA tens of thousands of customer complaints that it was required to report under FINRA Rule 4530, including complaints that Robinhood provided customers with false or misleading information and that customers suffered losses as a result of the firm’s outages and systems failures”).

⁵ FINRA AWC 9 (June 22, 2021)(“From January 2018 to March 2021, Robinhood made misrepresentations and omissions of material fact about options spread transactions. First, Robinhood misstated the risk of loss associated with options spread transactions, and second, the firm provided customers with false information about the actions the firm would take as those spreads on the expiration date. As a result of these negligent misrepresentations and omissions, at least 630 customers incurred losses totaling over \$5.73 million”).

D. Customer Support

19. From July 1, 2018, through June 30, 2020, Robinhood did not establish, maintain, or enforce a reasonable supervisory system to provide customer support. Robinhood was experiencing substantial customer and revenue growth, and towards the end of the period, struggled to adequately support the volume of incoming customer inquiries. This was particularly relevant following several firmwide platform outages.

20. Robinhood's initial acknowledgements were, during the period, provided through automated email responses. Subsequent responses, provided primarily through email and chat, were sometimes delayed and not issue responsive. Robinhood sometimes utilized multiple customer support agents to respond to an ongoing ticket and the responses did not always fully address the customer's concerns. Robinhood's reliance on automated and bulk emails to resolve certain customer support inquiries did not always meet customers' individual needs and expectations. Robinhood should have been aware through its monitoring that some customers were not receiving adequate customer support.

21. In December 2020, Robinhood rolled out an option for phone support but continued to utilize email responses for a significant number of inquiries. Furthermore, Robinhood failed to accurately project a sufficient number customer service representatives to adequately handle customer needs in 2020.

22. Robinhood did not provide customers clear and accurate disclosures concerning certain option and margin issues. Robinhood did not notify customers of long running errors involving certain account display information. Additionally, Robinhood did not provide customers realistic expectations around its customer support capabilities, telling customers that Robinhood would respond to email requests within one to three days, though the company sometimes failed to do so.

23. To date, Robinhood has paid over \$87 million to compensate customers through settlements, including payment of restitution as part of the FINRA AWC; contributing to a Fair Fund related to a settlement with the U.S. Securities and Exchange Commission; and settling a class action and other direct lawsuits.

STATUTORY AUTHORITY

24. KRS 292.322(1) and (2) state,

- (1) There is hereby created in the State Treasury a trust and revolving fund designated as the “securities fraud prosecution and prevention fund.”
- (2) The commissioner may designate that all or a portion of the civil fines imposed for violations of this chapter or administrative regulations, or orders issued pursuant to this chapter, be deposited into the fund established in subsection (1) of this section.

25. KRS 292.336(4) states,

- (a) The commissioner may conduct examinations, within or outside this state, of each broker-dealer, issuer agent, or investment adviser at such times and in such scope as he or she determines.
- (b)
 1. Examinations of each broker-dealer, issuer agent, or investment adviser may be made without prior notice to the broker-dealer, issuer agent, or investment adviser.
 2. The expense reasonably attributable to any examination shall be paid by the broker-dealer, issuer agent, or investment adviser whose business is examined, but the expense so payable shall not exceed an amount which the commissioner by administrative regulation prescribes.
- (c) For the purpose of avoiding unnecessary duplication of examinations, the commissioner, insofar as he or she deems it practicable in administering this subsection, may cooperate with securities administrators of other states, the United States Securities and Exchange Commission, and any national securities exchange or national securities association registered under the Securities Exchange Act of 1934, 15 U.S.C. secs. 78a et seq.

26. KRS 292.336(8) states,

The commissioner may promulgate administrative regulations to prescribe rules for the conduct of business by broker-dealers and investment advisers which he or she finds appropriate in the public interest and for the protection of investors.

27. KRS 292.500 states, in pertinent part,

(1) The administration of the provisions of this chapter shall be under the Department of Financial Institutions.

...

(4) No administrative regulation, form, or order may be promulgated, amended, or repealed unless the commissioner finds that the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provision of this chapter. In promulgating administrative regulations and forms, the commissioner may cooperate with the securities administrators of the other states and the Securities and Exchange Commission with a view to effectuating the policy of this statute to achieve maximum uniformity in the form and content of registration statement, applications, notice filings, and reports whenever practicable.

...

(14) The commissioner may impose civil fines against any person who violates any provision of this chapter or any rule or order or voluntary agreement entered into under this chapter. The fine shall not exceed twenty thousand dollars (\$20,000) per violation, except when the violation is directed at or results in monetary damage to one (1) or more individuals who are sixty (60) years of age or older, the commissioner may impose an additional fine not to exceed twenty thousand dollars (\$20,000) per violation. Each act or transaction which violates this chapter or administrative regulation, or orders or agreements entered into under this chapter, shall constitute a separate violation. Any employer or principal shall be jointly and severally liable for fines imposed in connection with the conduct of employees or agents.

(15) The commissioner is authorized to designate that the fines imposed for violations of this chapter or administrative regulation, or any order or voluntary agreement entered into pursuant to this chapter, be deposited into the securities fraud prosecution and prevention fund established in KRS 292.322.

(16) In addition to any fines imposed under subsection (14) of this section, the commissioner may also assess the costs of any investigation, including attorney's fees incurred as a result of bringing enforcement actions under the provisions of this chapter and costs of holding any hearing as a result of an enforcement action. Costs and attorney's fees may only be imposed if there has been a final determination that a violation has occurred, and in an amount reasonably related to the costs of investigation and enforcement for those violations only. Costs and attorney's fees may be included as part of an agreement in settlement of an enforcement action.

(17) If fines, fees, or costs imposed under this section are not paid, then the commissioner may notify the Department of Revenue, which may institute an action in the name of the Commonwealth of Kentucky in the Franklin Circuit Court, or any other court of competent jurisdiction, for the recovery of the fines, fees, or costs.

(18) The remedies provided by this section are not exclusive and may be sought and employed in any combination to enforce the provisions of this chapter. The remedies set

forth in this section shall not prohibit or restrict the commissioner from participating in any way whatsoever with respect to any joint examination, investigation, enforcement action, settlement, or other legal or regulatory action with securities administrators of other jurisdictions, the Securities and Exchange Commission, any self-regulatory organization, or any national securities exchange or national securities association registered under the Securities Exchange Act of 1934, 15 U.S.C. secs. 78a et seq. Accordingly, the commissioner may, at any time and in his or her sole discretion, share or cause to be shared by any employee of the department any information gained pursuant to an examination, investigation, filing, or from any other source, with other governmental agencies, jurisdictions, or governmental or self-regulating organizations or entities, to the extent the commissioner, in his or her sole discretion, deems that the sharing of information is or will be reasonably necessary or useful to the department or other agency in carrying out its regulatory responsibilities.

(19) The following materials, documentation, and other information are deemed to have been confidentially disclosed to the department and to be confidential information under the Kentucky Open Records Act and, specifically, the provisions of KRS 61.878(1)(b), to the extent described in this subsection and except as provided further in administrative regulation:

(a) Any materials, documentation, or other information provided to or otherwise obtained by the department during the course of a routine compliance examination of any broker-dealer, agent, investment adviser, or investment adviser representative;

(b) Any materials, documentation, or other information that is part of an ongoing investigation; and

(c) Any materials, documentation, or other information provided to or otherwise obtained by the department from any other regulatory or governmental body, including but not limited to any other state securities regulator, the Securities and Exchange Commission, any self-regulatory organization, any state or federal criminal agency, and any criminal prosecutorial body, and which the other body expressly deems to be confidential.

(20) (a) The confidential information specified in subsection (19)(a) and (b) of this section may be released when required in a proper legal proceeding in which a subpoena and protective order ensuring confidentiality has been issued by the tribunal.

(b) The confidential information specified in subsection (19)(c) of this section must be obtained from the entity which provided the information.

28. 808 KAR 10:390, Section 1(3) states,

Pursuant to KRS 292.500(18), the commissioner may disclose confidential information if the requirements established in this section are met.

...

(3) Except as necessary for the office to enforce the provisions of KRS Chapter 292, a consumer complaint or other information relative to an investigation or examination shall remain confidential pursuant to the provisions of KRS 292.500(19) and exempt from public disclosure after the documents would otherwise lose their confidential status pursuant to the provisions of subsection (1) or (2) of this section, if the public disclosure would:

- (a) Jeopardize the integrity of another active investigation, examination or proceeding;
- (b) Reveal the name, address, telephone number, Social Security number, or other identifying number or information of a complainant, customer, or account holder;
- (c) Disclose the identity of a confidential source;
- (d) Disclose investigative techniques or procedures; or
- (e) Reveal a trade secret.

29. 808 KAR 10:030, Section 4(1) states,

Section 4. Written Supervisory Procedures. (1) Broker-dealers.

(a) Each broker-dealer shall establish, maintain and enforce written procedures that:

1. Are reasonably designed to detect and prevent violations of:

- a. KRS Chapter 292, 808 KAR Chapter 10, and orders issued under that chapter;
- b. The rules promulgated by the Securities and Exchange Commission pursuant to 15 U.S.C. 78w; and
- c. If the broker-dealer is a member of a self-regulatory organization as defined in 15 U.S.C. 78c(a)(26), the rules of the self-regulatory organization pursuant to 15 U.S.C. 78s(b); and

2. Include the procedures adopted by the broker-dealer to comply with the requirements of Section 3 of this administrative regulation.

(b) The broker-dealer shall keep a copy of the procedures required by paragraph (a) of this subsection in each office where an agent transacts business in securities.

CONCLUSIONS OF LAW

30. In contravention of 808 KAR 10:030, Section 4(1) Robinhood failed to exercise due diligence when ascertaining essential facts about a customer's financial situation and investment objectives in the context of reviewing an application for options or margin trading.

31. In contravention of 808 KAR 10:030, Section 4(1), Robinhood failed to maintain and implement adequate supervisory systems for its technology and failed to exercise due diligence in ascertaining essential facts about Kentucky customers, qualifications for options and margin trading. Robinhood also negligently misrepresented risks associated with multi-leg spread options.

32. In contravention of 808 KAR 10:030, Section 4(1), Robinhood failed to establish, maintain, and enforce written procedures to set forth the prompt review and written approval of the handling of customer complaints and failed to report "tens of thousands" of complaints to FINRA. This failure extends to the following findings by the Department:

- a. Robinhood failed to establish and maintain supervisory procedures reasonably designed to achieve compliance with securities laws and regulations,
- b. Robinhood failed to maintain adequate oversight of its trading technology resulting in significant platform outages during times of historic market volatility, as well as significant periodic outages.
- c. Robinhood failed to maintain an adequate customer response system while experiencing platform outages,
- d. Robinhood failed to provide reasonable customer support,
- e. Robinhood failed to maintain and implement adequate supervisory systems over its customer support, and

33. Based on the foregoing Statement of Facts and Conclusions of Law, the Department finds

that Robinhood's conduct harmed Kentucky consumers.

AGREEMENT AND ORDER

1. To resolve this matter without litigation or other adversarial proceedings, the Department and Robinhood agree to compromise and settle all claims arising from the above-referenced factual background in accordance with the terms set forth herein and as specified in the Settlement Term Sheet. The Settlement Term Sheet was executed on October 2022 by the Alabama Securities Commission—on behalf of participating NASAA jurisdictions, with all participating states and territories identified in Appendix A to the Settlement Term Sheet—and by Robinhood.

2. In the interest of economically and efficiently resolving the violations described herein, it is hereby **AGREED** and **ORDERED**:

Settlement

3. Robinhood neither admits nor denies the statement of facts and violations contained in this Order;

4. Robinhood shall pay a civil fine in the amount of **two hundred thousand dollars (\$200,000.00)** for the violations described herein, pursuant to the following additional terms:

5. The civil fine shall be due and payable within thirty (30) days of the entry of this Order;

6. Pursuant to KRS 292.322(2), the Commissioner designates \$20,000.00 of Robinhood's \$200,000 civil fine payment to be deposited into Department's securities fraud prosecution and prevention fund;

7. All payments under this Order shall be in the form of an ACH payment made via secure website, pursuant to instructions provided to Respondents, or by a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Securities Division, 2023-AH-0007, 500 Mero Street, Frankfort, Kentucky 40601;

8. In consideration of the settlement, the Department will conclude the investigation and any civil or administrative actions that could be commenced pursuant to state securities law for the specific violations resolved herein, solely as it relates to Robinhood. Nothing in this Order shall be construed to create, waive, release, or limit any private right of action, including any claims retail customers have or may have on an individual or class basis under state or federal laws against any person or entity. The Department will not seek additional monetary penalties or remedies from Robinhood relating to the specific failures and deficiencies identified by the multistate task force in the course of this investigation and limited exclusively to the specific violations identified in this Order.

9. Nothing herein shall be construed as limiting any state regulator's ability to investigate Robinhood for violations not resolved herein or to respond to and address any consumer complaints made with respect to Robinhood.

10. Nothing herein shall be construed as having relieved, modified, or in any manner affected Robinhood's ongoing obligation to comply with all federal, state, or local statutes, rules, and regulations applicable to Robinhood.

11. If, after this Order is executed, Robinhood fails to comply with any of the terms set forth herein or any representation by Robinhood herein is discovered to be incorrect or misleading in any manner, any applicable state regulator may enforce this Order and may reinstitute the actions and investigations referenced in the Order.

12. Any violations of the Order, as issued, may constitute grounds for further sanctions against Robinhood for such violations.

13. Robinhood agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any administrative monetary penalty that Robinhood shall pay pursuant to this Order. Robinhood understands and acknowledges that these provisions are not intended to imply that the Department would agree that any other amounts Robinhood shall pay pursuant to this Order may be reimbursed or indemnified, whether pursuant to an insurance policy or otherwise,

under applicable law or may be the basis for any tax deduction or tax credit with regard to any state, federal or local tax.

Remediation and Further Undertakings

14. As part of the FINRA AWC, Robinhood engaged a third-party consultant to complete a comprehensive review of Robinhood's compliance with areas identified as deficient in the FINRA AWC, including Robinhood's procedures for option trading account approval, and recommended modifications or supplements to Robinhood's processes, controls, policies, systems, procedures, and training. Robinhood shall provide access to any non-privileged report, exhibits, documents, or subsequent reports generated from the third-party consultant's review. This report shall be considered by the Department as an investigatory record for purposes of KRS 292.500(19) and may be protected from disclosure under any applicable provisions arising therefrom under the Kentucky Open Records Act and its interaction with KRS 292.500(19) and 808 KAR 10:390, Section 1(3). Robinhood shall provide the Department with a written attestation that the firm fully complied with the independent third-party consultant's recommendations or has otherwise maintained measures as or more effective at addressing the purpose of the recommendations within one-year of the entry and execution date of this Order.

15. Robinhood represents that it has done substantial work to enhance its customer service program since March 2020. Robinhood has substantially increased available customer service resources, including by hiring additional staff and expanding the avenues for customer support. The Customer Experience team includes customer support agents, operational leaders who oversee and manage customer support on a day-to-day basis, quality control reviewers, and account security specialists.

16. In June 2021, Robinhood reorganized the customer support structure by support categories to optimize its customer support function. Support categories include Advanced Brokerage (options and margin); Core Brokerage (equities and ACATS); Customer Safety and Privacy (account information, login

issues, and security operations); Accounts (onboarding, documents, taxes, data and charts, deactivation, referrals and usability); and Funding (withdrawals, deposits, and bank linking). Only Robinhood licensed representatives staff the Advanced Brokerage and Core Brokerage groups;

17. Robinhood represents that it now offers customers multiple methods to submit complaints, make inquiries and receive support, including email support, live 24/7 voice support, and live 24/7 chat support;

Voice Support

18. Robinhood launched its voice support program in December 2020 and gradually increased its availability. By October 2021, voice support was available 24/7 for all customer support inquiries, including but not limited to inquiries regarding options, potential account takeovers, account restrictions, equities, margin, withdrawals, cash management, cybersecurity, fraud, bank-linking, and cryptocurrency. Robinhood's 24/7 voice customer support offers live phone support to customers 24 hours a day, 7 days a week. Customers can request phone support via a call-back option in the Robinhood app or website and will receive a notification when they are next in line for a call. Robinhood has an internal target of calling customers within 30 minutes of submission of their request;

Chat Support

19. In July 2022, Robinhood added 24/7 chat support for all customer support inquiries;

Customer Support Metrics

20. Robinhood represents that it currently tracks a number of metrics regarding customer response times and focuses on median response time and a metric called "P85 response time," which is the time it takes to respond to 85% of support requests. Notably, for customers requesting voice support, although not required by regulation, Robinhood has consistently met its target of calling customers back within 30 minutes. Robinhood represents that its current practice is to track pending unresolved customer

support inquiries and maintain records of customer correspondence and contacts, including failures of customer service to respond to inquiries;

21. Robinhood represents that its Customer Experience team uses several internal data dashboards to monitor customer support-related metrics. Senior management, including the Vice President of Operations Shared Services (who oversees customer support), and Robinhood Market, Inc.'s Chief Brokerage Officer, is kept apprised of these metrics on a regular basis as well as on an ad hoc basis.

Remedial Undertakings

22. Robinhood will maintain reasonable and effective policies and procedures governing the supervision of its customer support function, including but not limited to accurate disclosures to customers regarding available customer support. As part of customer support supervision, regular, appropriate and timely reports shall be made to the Vice President of Customer Experience, who is also a member of Robinhood's Board of Managers.

23. Robinhood will maintain records of customer complaints and correspondence, including complaints and correspondence concerning failure of customer service response to inquiries, in accordance with all applicable regulatory requirements.

24. Robinhood has or will establish additional reimbursement policies or procedures for evaluating whether retail customers have suffered losses related to deficiencies in the supervision of customer support or from other system issues or from the deficiencies laid out in the FINRA AWC. Robinhood is not aware of any customers impacted by the underlying deficiencies in the FINRA AWC who have not already been evaluated for remediation.

Audits and Inspections

25. Robinhood shall submit to a future audit and inspection pursuant to the following terms:

a. Within two years of the date of this executed Order, at Robinhood's expense, state securities regulators may send a multistate team to examine and review compliance with the Order which may include, but are not limited to:

i. Reviewing and evaluating the effectiveness of Robinhood's remediation practices and overall supervision of customer support and

ii. Evaluating and addressing the accuracy and timeliness of Robinhood's communications and disclosures to customers regarding the level of support that they can expect to receive;

26. This multistate examination is authorized under KRS 292.336(4), requiring the production of books and records, audit, examinations, and review, and should not be interpreted to limit this authority in any way;

Construction and Default

27. Robinhood waives the right to demand a hearing at which it would be entitled to legal representation, to confront and cross-examine witnesses, and to present evidence on its behalf, or to otherwise appeal or set aside this Consent Order;

28. Robinhood consents to and acknowledges the jurisdiction of the Department over this matter and that this Consent Order is a matter of public record and may be disseminated as such;

29. This Order concludes the investigation and any other action that the Department could commence under applicable law on behalf of Kentucky as it relates to the substance of the statement of facts and violations herein, provided however, the Department may still pursue any claims arising from or relating to Robinhood's failure to comply with the terms of this Order;

30. This Order is entered into solely for the purpose of resolving the referenced investigation and is not intended to be used for any other purpose;

31. In consideration of execution of this Consent Order, Robinhood for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, the Department, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that Robinhood ever had, now has, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration;

32. This Order shall not:

a. form the basis for any disqualifications from registration as a broker-dealer, investment adviser, or issuer under the laws, rules, and regulations of any state, or for any disqualification from relying upon the securities registration exemptions or safe harbor provisions to which Robinhood or any of its affiliates may be subject under the laws, rules, and regulations of the settling states;

b. form the basis for any disqualifications under the laws of any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands; under the rules or regulations of any securities or commodities regulator of self-regulatory organizations; or under the federal securities laws, including but not limited to, § 3(a)(39) of the Securities Exchange Act of 1934, Rule 262 of Regulation A and Rules 504 and 506 of Regulation D under the Securities Act of 1933 and Rule 503 of Regulation CF; or

c. form the basis for disqualification under the FINRA rules prohibiting continuance in membership or disqualification under other SRO rules prohibiting continuance in membership;

33. Except in an action by the Department to enforce the obligations in this Order, this Order is not intended to be deemed or used as:

a. an admission of, or evidence of, the validity of any alleged wrongdoing, liability, or lack of any wrongdoing or liability; or

b. an admission of, or evidence of, any such alleged fault or omission of Robinhood in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or other tribunal;

34. This Order shall be binding upon Robinhood and its successors and assigns, as well as to successors and assigns of relevant affiliates, with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions;

35. This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Kentucky without regard to any choice of law principles;

36. This Order is not intended to state or imply willful, reckless, or fraudulent conduct by Robinhood, or its affiliates, directors, officers, employees, associated persons, or agents;

37. Robinhood enters this Order voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Department or any member, officer, employee, agent, or representative of the Department to induce Robinhood to enter this Order;

38. By signing below, the parties acknowledge they have read the foregoing Consent Order, fully understand its contents, and that they are authorized to enter into and execute this Consent Order and legally bind their respective parties; and

39. This Consent Order shall constitute the Final Order in this matter.

SO ORDERED on this the 30th day of August, 2023.

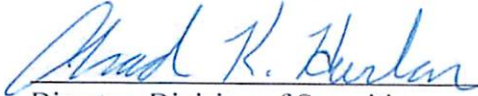


JUSTIN M. BURSE
COMMISSIONER

Consented to:

On behalf of the Department of Financial Institutions,

This 30th day of August, 2023.



Director, Division of Securities
Department of Financial Institutions

and

On behalf of Robinhood Financial LLC,

This 28th day of August, 2023.

DocuSigned by:


50C00F0-875247C...

Authorized Representative on behalf of
Robinhood Financial LLC

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Consent Order was sent on this the 31 day of August, 2023 by the method(s) described below to the follow:

Via certified mail, return receipt requested and electronic delivery:

Authorized Representative
ROBINHOOD FINANCIAL LLC
500 Colonial Center Parkway, Suite 100
Lake Mary, FL 32746
*Representative on behalf of
Robinhood Financial LLC*

Via electronic delivery:

Brandon Adcock, Staff Attorney III
DEPARTMENT OF FINANCIAL INSTITUTIONS
500 Mero Street
Frankfort, KY 40601
brandon.adcock@ky.gov
Counsel for Department of Financial Institutions

Kentucky Department of Financial Institutions

Name: Allison Reed by Victoria Ward

Title: Executive Staff Advisor