Robinhood Day Trading Risk Disclosure Statement

This Day Trading Risk Disclosure Statement applies to all margin accounts. Non-margin accounts are not subject to day trading rules. Your default account is a margin account, but you can choose to change your account type to a non-margin account in which case you cannot immediately use your proceeds from sells that have not settled to buy securities. Robinhood U.K. Ltd and Robinhood Securities, LLC (collectively, "Robinhood") DO NOT PROMOTE DAY TRADING. Investors should consider their investment objectives and risks carefully before investing. If a customer engages in day trading, the following rules apply.

Day Trading Rules

Definition

FINRA rules define a day trade as **the purchase and sale, or the sale and purchase, of the *same* security on the *same* trading day in a margin account.**

You'll be considered a "**Pattern Day Trader**" if you execute 4 or more day trades within 5 trading days, provided that the number of day trades represents more than 6% of your total trades within your margin account for that same 5 trading day period.

It is important that you fully understand what day trading is and the risks involved in day trading securities.

Minimum Account Equity

If the trading activity in your account results in your account being designated as a "Pattern Day Trader", you must close the business day with a portfolio value of at least $25,000 in order to maintain day trading privileges for the following trading day. Please note that even if you meet the $25,000 minimum equity requirement, your account will still be marked permanently as a Pattern Day Trader.

If you are marked as a Pattern Day Trader, and you do not maintain the minimum $25,000 requirement, you will not be able to continue day trading without further restrictions being imposed on your account.

If you execute a day trade while you are day trade restricted (i.e., have less than $25,000 in your account), you will only be permitted to close positions (and will not be able to open any positions) until after (i) your portfolio value satisfies the minimum $25,000 requirement and any margin calls have been covered, or (ii) 90 days have passed since your last day trade.

Day-Trading Buying Power

If your account is a Pattern Day Trader account, and you meet the $25,000 requirement, you may be eligible to use "Day-Trading Buying Power." A customer's "Day-Trading Buying Power" (also referred to as "Day Trade Limit") means the equity in the customer's account at the close of business of the previous day, less any maintenance margin requirement as established by Robinhood or FINRA, multiplied by up to four for equity trades.

Trading in excess of your Day-Trading Buying Power will result in a day-trading call which must be met promptly. Until you satisfy the day-trading call, or the call expires, you won't be permitted to place further day trades regardless of your account equity.

Day-Trading Risks

As noted above, Robinhood does not promote day trading. You should consider the following (non-exhaustive) list of risks and warnings before engaging in a day-trading strategy. For purposes of this disclosure, a "day-trading strategy" means an overall trading strategy characterised by the regular transmission by a customer of intra-day orders to effect both purchase and sale transactions in the same security or securities.

Day trading can be extremely risky. Day trading generally is not appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund day -trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. Further, certain evidence indicates that an investment of less than $50,000 will significantly impair the ability of a day trader to make a profit. Of course, an investment of $50,000 or more will in no way guarantee success.

Be cautious of claims of large profits from day trading. You should be wary of advertisements or other statements that emphasise the potential for large profits in day trading. Day trading can also lead to large and immediate financial losses.

Day trading requires knowledge of securities markets. Day trading requires in-depth knowledge of the securities markets and trading techniques and strategies. In attempting to profit through day trading, you must compete with professional, licensed traders employed by securities firms. You should have appropriate experience before engaging in day trading.

Day trading requires knowledge of a firm's operations. You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a stock suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to system failures.

Day trading will generate substantial commissions, even if the per trade cost is low. Day trading involves aggressive trading, and generally you will pay commissions on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming that a trade costs $16 and an average of 29 transactions are conducted per day, an investor would need to generate an annual profit of $111,360 just to cover commission expenses.
At Robinhood you have the opportunity to trade stocks on a zero-commission basis. Contract fees apply when trading options. Implicit third party costs (e.g. market spreads), exchange and regulatory fees may also apply. Please refer to the Fee Schedule for details.

Day trading on margin or short selling may result in losses beyond your initial investment. When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day-trading strategy also may lead to extraordinary losses, because you may have to purchase a stock at a very high price in order to cover a short position.
At Robinhood we do not allow for short-selling.

Please click here to read FINRA's investor guidance, which provides information about day trading margin requirements.