RHF–RHS Day Trading Risk Disclosure

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This Day Trading Risk Disclosure Statement is being provided to you in the event you have a margin account. Robinhood Financial and Robinhood Securities (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
Day trading refers to buying then selling or selling short then buying the same security on the same day. Just purchasing a security, without selling it later that same day, would not be considered a day trade.

Customers are generally considered to be “Pattern Day Traders” if they execute four or more stock and/or options day trades within a five business day period.

Minimum Account Equity

If the trading activity in your account results in a “Pattern Day–Trader” designation, you must maintain at least $25,000 in start of day account equity in order to maintain day trading privileges.

If a call to bring the account equity to the minimum amount is issued for your account, the account will be prohibited from performing day trades.

If a day trade is performed while a call to bring the account equity to the minimum amount is issued, the account will be restricted to closing transactions only until the account equity satisfies the minimum requirement or 90 days has passed from the last day trading activity.

Day–Trading Buying Power

If a customer’s account meets or exceeds the minimum Pattern Day Trade equity requirement, it may be eligible to use “Day–Trading Buying Power”. “Day–Trading Buying Power” means the equity in a customer’s account at the close of business of the previous day, less any maintenance margin requirement as established by Robinhood or the Financial Industry Regulatory Authority (“Maintenance Margin Requirement”), 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 the day-trading call is met, your account will be restricted to Day-Trading Buying Power of the equity in your account as of the close of business of the previous day less the Maintenance Margin Requirement multiplied by two for equity securities. If the day-trading margin call is not met by the fifth business day from the date the margin deficiency occurs, the account will be further restricted to trading only on a cash available basis for 90 days or until the call is met.

Violations of these rules may result in a 90-day restriction being placed on your account. As a consequence of this restriction, you may not be able to place trades.

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