ROBINHOOD SECURITIES, LLC

STATEMENT OF FINANCIAL CONDITION

(UNAUDITED)

June 30, 2020

Robinhood Securities, LLC
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Financial Statement:

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(Unaudited)

Assets	
Cash	$ 43,880,315
Cash segregated under federal and other regulations	4,887,329,551
Receivables from users, net of allowance for doubtful accounts of $47,273,628	1,381,696,236
Receivables from brokers, dealers and clearing organizations	114,935,579
Deposits with clearing organizations	235,338,823
Securities borrowed	20,015,848
Prepaid expenses and other assets	17,832,977
Total assets	**$ 6,701,029,329**
Liabilities and member's equity	
Liabilities	
Payables to users	$ 5,295,449,565
Due to affiliated broker-dealer	58,617,841
Payables to brokers, dealers and clearing organizations	21,761,291
Securities loaned	765,497,344
Due to Parent	3,035,914
Revolving line of credit with Parent	50,000,000
Accrued expenses and other liabilities	13,079,517
Total liabilities	6,207,441,472
Commitments and contingencies (Note 12)	—
Total member's equity	493,587,857
Total liabilities and member's equity	**$ 6,701,029,329**

The accompanying notes are an integral part of this financial statement.

NOTE 1: ORGANIZATION AND NATURE OF BUSINESS

Robinhood Securities, LLC (the "Company") is a wholly owned subsidiary of Robinhood Markets, Inc. (the "Parent"). The Company is a registered clearing broker-dealer in securities under the Securities and Exchange Act of 1934. The Company is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Company clears trades for retail user accounts introduced by Robinhood Financial, LLC ("RHF") and by Robinhood U.K. Ltd. ("RHUK"), affiliated introducing broker-dealers, on a fully disclosed basis.

In March 2020, the World Health Organization declared the outbreak of the Coronavirus Disease 2019 ("COVID-19") a global pandemic. The pandemic has negatively impacted the global economy and caused significant volatility in the financial markets. In response to the pandemic, the Company has enabled nearly all of its employees to work remotely and restricted business travels. The COVID-19 pandemic has resulted in highly volatile and historic market conditions which was a factor in temporary service interruptions experienced by users in certain products and service on the Parent's platform as result of unprecedented load, record trading volumes and record account sign-ups. The Company will actively monitor the pandemic and evaluate the impact on its business and financial position. The extent of the impact will depend on a number of evolving factors and cannot be reasonably estimated currently.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statement has been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP").

Use of estimates

The preparation of the financial statement in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statement and accompanying notes. The Company bases its estimates on historical experience, and other assumptions management believes to be reasonable under the circumstances, which together form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from these estimates.

Concentration of credit risk

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument.

Cash

The Company considers all highly liquid instruments with maturity at the time of purchase of three months or less as cash equivalents. Cash at June 30, 2020, consist of interest and non-interest bearing deposits with banks. These deposits may exceed the maximum insurance coverage level provided by the Federal Deposit Insurance Corporation ("FDIC"). No cash equivalents were held as of June 30, 2020.

Cash segregated under federal and other regulations

Cash segregated under federal and other regulations consists of cash held in special reserve bank accounts for the exclusive benefit of customers as defined by Rule 15c3-3 and proprietary account of broker dealers ("PAB") pursuant to Security Exchange Act ("SEA") Rule 15c3-3. Throughout this financial statement, the term "users" is defined as customers under SEA Rule 15c3-3.

Receivables from and payables to users

Receivables from and payables to users arise from normal securities, cash, and margin transactions. These transactions are recorded on settlement date basis. Receivables from users, net, are adequately collateralized by users' marketable securities balances and are reported at their outstanding principal balance, net of an allowance for doubtful accounts. Unsecured receivables from users are immediately fully reserved for in the allowance for doubtful accounts. The Company is indemnified by RHF for losses incurred in connection with unsecured users' receivables. Unsecured users' receivables that are not collected from RHF are treated as a non-allowable asset in the Company's net capital computation. If any of the unsecured user receivables become secured or collected, the Company will pay RHF back the amount collected. Payables to users primarily consist of cash held in the users' brokerage accounts. Securities owned by users, held either as collateral for users' margin borrowing or in safekeeping, are not reflected in the Statement of Financial Condition.

Receivables from and payables to brokers, dealers and clearing organizations

Receivables from brokers, dealers and clearing organizations primarily include receivables from executing brokers for routing users' orders for execution, receivables for securities not delivered by the Company to the counterparties by the settlement date ("securities failed to deliver"), and interest receivables on securities borrowed. Payables to brokers, dealers and clearing organization primarily include payables for securities not received by the Company from a counterparty by the settlement date ("securities failed to receive"), and interest payables on securities loaned. These receivables and payables are short-term and settle within 30 days. Aged receivables from brokers, dealers, and clearing organizations are treated as non-allowable assets in the Company's net capital computation.

Securities borrowed and loaned

Securities borrowed and loaned result from transactions with other brokers and dealers or financial institutions. These transactions are recorded at the amount of cash collateral advanced or received. Securities borrowed transactions require the Company to provide the counterparties with cash collateral. The Company receives collateral in the form of cash in an amount generally in excess of their fair value of the securities loaned. All securities borrow and loan transactions have an open contractual term and, upon notice by either party, may be terminated within three business days. The Company monitors the market value of securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary.

Deposits with clearing organizations

Deposits with clearing organizations consist of cash collateral deposited with central clearing agencies for the purposes of supporting clearing and settlement activities.

Income taxes

The Company is a single member limited liability company, which is treated as a disregarded entity for income tax purposes. All tax effects of the Company's income or loss are included in the tax returns of the Parent. Therefore, no provision or liability for income taxes is included in this financial statement. No formal tax-sharing arrangement exists between the Company and its Parent and the Company has no obligation to fund any tax liability of the Parent with its earnings.

NOTE 3: ACCOUNTING PRONOUNCEMENT

Recently Adopted Accounting Pronouncements

Credit loss on financial instruments

In June 2016, the Financial Accounting Standards Board ("FASB") issued authoritative guidance regarding *Financial Instruments - Credit Losses* and has subsequently modified several areas of the standard in order to provide additional clarity and improvements. The new standard requires entities to use a current expected credit loss impairment model based on expected losses rather than incurred losses. Under this model, an entity would recognize an impairment allowance equal to its current estimate of all contractual cash flows that the entity does not expect to collect from financial assets measured at amortized cost within the scope of the standard. The entity's estimate would consider relevant information about past events, current condition and reasonably and supportable forecasts, which all result in recognition of lifetime expected credit losses. The Company adopted this standard effective January 1, 2020 using the modified retrospective method. The adoption of the standard did not have a material impact on the Company's Statement of Financial Condition. The Company continues to monitor the financial implications of the COVID-19 pandemic on expected credit losses and do not expect a material impact.

Simplifying Accounting for Income Taxes

In December 2019, the FASB issued ASU 2019-12, *Income Taxes: Simplifying Accounting for Income Taxes.* This guidance simplifies the accounting for income taxes as part of its overall initiative to reduce complexity in accounting standards. Amendments include removal of certain exceptions to the general principles of ASC 740, *Income Taxes*, and simplification in several other areas such as accounting for a franchise tax (or similar tax) that is partially based on income. The guidance is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. We early adopted the standard effective April 1, 2020 and it did not have any impact on our consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

There are no recently issued accounting pronouncements that would materially impact the Company's Statement of Financial Condition and related disclosures.

NOTE 4: CASH SEGREGATED UNDER FEDERAL AND OTHER REGULATIONS

In accordance with the provision of Rule 15c3-3 under the Securities Exchange Act of 1934, the Company is required to segregate cash and/or qualified securities for the exclusive benefit of customers and PAB.

At June 30, 2020, cash segregated under federal and other regulations consisted of the following:

Customers	$ 4,884,660,236
PAB	2,669,315
Total	$ 4,887,329,551

NOTE 5: RECEIVABLES FROM AND PAYABLES TO USERS

The components of receivables from and payables to users as of June 30, 2020, are as follows:

Receivables from users, net:	
Margin loans	$1,422,924,555
Other receivables from users	—
Total receivables from users	1,422,924,555
Less: allowance for doubtful accounts	47,273,628
Total receivables from users, net	$1,375,650,927
Payables to users:	
User uninvested cash balances	$5,295,318,461
Other payables to users	—
Total payables to users	$5,295,318,461

NOTE 6: RECEIVABLES FROM AND PAYABLES TO BROKERS, DEALERS AND CLEARING ORGANIZATIONS

The components of receivables from and payables to brokers, dealers and clearing organizations as of June 30, 2020, are as follows:

Receivables from brokers, dealers, and clearing organizations:	
Executing broker receivables	$ 85,627,877
Securities failed to deliver	11,141,500
Interest receivables on securities lending	—
Other brokers, dealers and clearing organizations receivables	171,873
Total receivables from brokers, dealers and clearing organizations	$ 96,941,250
Payables to brokers, dealers and clearing organization:	
Securities failed to receive	$ 12,895,405
Other brokers, dealers and clearing organizations payables	8,865,886
Total payables to brokers, dealers and clearing organizations	$ 21,761,291

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NOTE 7: FAIR VALUE OF ASSETS AND LIABILITIES

U.S. GAAP defines fair value 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; that is, an exit price.

Valuation hierarchy

The authoritative guidance for fair value measurement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priorities to unobservable inputs. The three levels of the fair value hierarchy are described below:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities that are accessible by the Company

Level 2 - inputs other than quoted prices included in Level 1 that are observable the assets or liability, either directly or indirectly. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities

Level 3 - unobservable inputs that are supported by little or no market activity and significant to the fair value of the assets or liabilities

Determination of fair value

The Company uses the market approach to measure the fair value of its assets and liabilities. The Company's market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

At June 30, 2020, the Company owned securities with fair value of $5,273,370, included in prepaid expenses and other assets in the Statement of Financial Condition. The fair value of these securities are based on quoted prices in active markets; therefore, classified as Level 1.

At June 30, 2020, all of securities borrowed and loaned were equity securities with fair value based on quoted prices in active markets; therefore, classified as Level 1.

NOTE 8: FINANCING ACTIVITIES AND OFF-BALANCE SHEET RISK

The Company has three revolving, uncommitted and unsecured credit lines for a total amount of $400 million and three revolving, committed and unsecured credit lines for a total of $150 million with the Parent. Interest on these lines of credit is based on the effective federal rate as determined by Internal Revenue Service. The credit lines have no maturity date and remain in effect until terminated by either party. The Company has $50 million outstanding on the lines of credit with the Parent at June 30, 2020.

The Company has $550 million in a committed and secured line of credit with a non-affiliated bank with a maturity date of June 5, 2021. This line of credit is collateralized by users' free margin securities. Interest for this line of credit is determined at the time a loan is initiated. The applicable interest rate under this line of credit is calculated as a per annum rate equal to 1.25% plus the federal funds rate. There were no outstanding borrowings against this line of credit at June 30, 2020. Additionally, the Company is obligated to pay a commitment fee calculated as a per annum rate equal to 0.35% on any unused amount of the credit facility. As of June 30, 2020, the Company was in compliance with all financial covenants associated with this credit facility.

In the normal course of business, the Company engages in activities involving settlement and financing of securities transactions. These activities may expose the Company to off-balance sheet risk in the event that the other party to the transaction is unable to fulfill its contractual obligations. User securities transaction are recorded on a settlement date basis, which is generally two business days for equities and one business day for options after the trade date. The Company is therefore exposed to risk of loss on these transactions in the event counterparties fail to meet the terms of their contracts. In such events, the Company may be required to purchase financial instruments at prevailing market prices in order to fulfill its obligations.

The Company also obtains securities under margin agreements on terms which permit the Company to pledge and/or transfer securities to others. At June 30, 2020, the Company was permitted to re-pledge securities with a fair value of $1,922.5 million under the margin agreements and $20.2 million under the master securities lending agreement. The Company transferred securities with a fair market value of $715.8 million to others in connection with the Company's financing activities. Gross obligations for securities loaned transactions are pledged entirely with collateral in the form of equity and have an open contractual maturity.

In December 2019, the Company launched a new feature which allows users to earn interest from their uninvested cash balances by opting into a cash sweep program with program banks insured by Federal Deposit Insurance Corporation. Users' cash swept through this program, which is not recorded in the Company's Statement of Financial Condition, was $1,467.8 million as of June 30, 2020.

NOTE 9: INCOME TAXES

As discussed in Note 2, all tax effects of the Company's income or loss are passed through to the Parent. Therefore, no provision or liability for income taxes in included in this financial statement.

NOTE 10: OFFSETTING ASSETS AND LIABILITIES

Certain financial instruments and derivative instruments are eligible for offset in the Statement of Financial Condition under U.S. GAAP. The Company's securities borrowing and lending agreements are subject to master netting arrangements and collateral arrangements and meet the U.S. GAAP guidance to qualify for offset. A master netting arrangement with a counter party creates a right of offset for amounts due to and from that same counter party that is enforceable in the event of a default or bankruptcy. The Company's policy is to recognize amounts subject to master netting arrangements on a gross basis on the Statement of Financial Condition.

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The Company's assets and liabilities subject to master netting arrangements as of June 30, 2020, are as follows:

Assets	**Securities borrowed**
Gross amount of securities borrowed	$ 20,015,848
Gross amount offset in the Statement of Financial Condition	—
Amounts of assets presented in the Statement of Financial Condition	20,015,848
Gross amount of securities borrowed not offset in the Statement of Financial Condition:	
Securities borrowed	20,015,848
Security collateral received	20,191,956
Net amount	$ (176,108)

Liabilities	**Securities loaned**
Gross amount of securities loaned	$ 765,497,344
Gross amount of securities loaned offset in the Statement of Financial Condition	—
Amounts of liabilities presented in the Statement of Financial Condition	765,497,344
Gross amount of securities loaned not offset in the Statement of Financial Condition:	
Securities loaned	765,497,344
Security collateral pledged	715,836,864
Net amount	$ 49,660,480

NOTE 11: RELATED PARTY TRANSACTIONS

The Company has an expense sharing agreement with the Parent and pursuant to the agreement, the Company reimburses the Parent for payroll, technology, information services, occupancy and other expenses. The Parent also pays certain direct expenses on behalf of the Company and cash settles monthly with allocated expenses. At June 30, 2020, the balance due to the Parent was $3.0 million.

The Company has six revolving credit lines for a total amount of $550 million with the Parent. The Company has $50 million outstanding on the lines of credit with the Parent at June 30, 2020.

As of June 30, 2020, the Company had an affiliate user with a free credit balance of $13.2 million, included in payables to users on the Statement of Financial Condition.

Pursuant to the clearing agreements with RHF and RHUK, the Company clears and facilitates transactions for users introduced by RHF and RHUK on a fully disclosed net settlement basis. Due to affiliated broker-dealer in the Statement of Financial Condition consists of cash balances in proprietary accounts for RHF in the amount of $2.0 million the balance due to RHF of $55.7 million and the balance due to RHUK of $917,346.

NOTE 12: COMMITMENTS AND CONTINGENCIES

The Company is subject to claims and lawsuits in the ordinary course of business, including arbitrations, class actions and other litigation, some of which include claims for substantial or unspecified damages. The Company is also the subject of inquiries, investigations, and proceedings by regulatory and other governmental agencies. The Company reviews its lawsuits, regulatory inquiries and other legal proceedings on an ongoing basis and provides disclosure and records loss contingencies in accordance with the loss contingencies accounting guidance. The Company establishes an accrual for losses at management's best estimate when it assesses that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The Company monitors these matters for developments that would affect the likelihood of a loss and the accrued amount, if any, and adjusts the amount as appropriate.

The outcome of legal matters discussed in this section is inherently uncertain and some of these matters may result in adverse judgments or awards, including penalties, injunctions or other relief, and the Company may also determine to settle a matter because of the uncertainty and risks of litigation. Described below are certain matters in which there is a reasonable possibility that a material loss could be incurred.

The Company is a member of the Depository Trust and Clearing Corporation ("DTCC") and The Option Clearing Corporation ("OCC"). As part of the membership agreement, the Company and other members may be required to pay a proportionate share of the financial obligation of another member who may default on its obligation to these agencies. The Company's liability under these agreements are not quantifiable and can be in excess of the cash the Company posted as required deposit. The Company believes that it is unlikely that it will have to make material payment under these agreements and has not recorded an accrual in the financial statement.

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

In May 2019, the U.S. Securities and Exchange Commission's ("SEC") Division of Enforcement ("Enforcement Division") commenced an investigation into RHF's best execution and payment for order flow practices, as well as statements concerning its sources of revenue. The Company, RHF, RHM and relevant individuals have been cooperating with the Enforcement Division's investigation. We believe the investigation is nearly complete and it is possible that the SEC may bring charges. At present, the Company has assessed that a contingent loss arising from the matter is probable but not reasonably estimable. Therefore, no accrual was recognized as of June 30, 2020.

March 2020 Outages

On March 2-3, 2020, the Robinhood platform experienced an outage across various services, which prevented customers from using the app, website, and help center and on March 9, 2020, the Robinhood platform experienced an outage across its trading products, which prevented customers from placing trades (collectively, the "Outages"). There are many uncertainties associated with these types of incidents and possible impacts associated with service outages may include remediation costs to customers, systems upgrades, increased insurance costs, adverse effects on compliance with laws and regulations, litigation, and reputational damage.

Beginning on March 4, 2020, putative class actions were filed against the Company in state and federal district courts relating to the Outages. The cases have been consolidated as *In re Robinhood Outage Litigation* in the United States District Court for the Northern District of California. One plaintiff in the consolidated action has filed a motion to remand his case back to California state court. The lawsuits generally allege that putative class members were unable to execute trades during the Outages because the Robinhood platform was inadequately designed to handle customer demand and the Company failed to implement appropriate backup systems. The lawsuits include, 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 Company intends to vigorously defend these matters. However, litigation is inherently uncertain, and any judgment entered against the Company, or any adverse settlement could materially and adversely impact the Company's business, financial condition, operating results, and prospects. Because these litigations are in their early stages and the outcome is uncertain, the Company is unable to estimate a reasonably possible range of loss, if any, that may result from these matters.

In addition, the staff of the SEC is conducting an examination and the FINRA is conducting an investigation regarding the Outages. The Company is cooperating with the SEC's and FINRA's requests.

NOTE 13: NET CAPITAL

As a registered broker dealer, the Company is subject to the SEC's Uniform Net Capital Rule (SEA Rule 15c3-1). Advances to affiliates, dividend payments and other equity withdrawals are subject to certain notification and other provisions of the net capital rule of the SEC and other regulatory bodies. The Company computes its required net capital using the alternative method, which requires the Company to maintain net capital equal to the greater of 2% of aggregate customer-related debit items in the customer reserve computation under SEA Rule 15c3-3 or $250,000. At June 30, 2020, the Company's net capital was $385,413,939 which was $357,416,221 in excess of the minimum required net capital $27,997,718.

NOTE 14: SUBSEQUENT EVENTS

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statement. The evaluation was performed through the date the financial statement was available to be issued. No other event took place that requires recording or disclosure in the financial statement.