Perpetual Futures Risk Disclosure

PERPETUAL FUTURES ARE COMPLEX, SPECULATIVE AND HIGHLY LEVERAGED PRODUCTS. TRADING PERPETUAL FUTURES CAN RESULT IN RAPID AND SUBSTANTIAL LOSSES, INCLUDING LOSSES THAT EXCEED THE FUNDS YOU HAVE COMMITTED TO YOUR POSITIONS. YOU SHOULD NOT TRADE PERPETUAL FUTURES UNLESS YOU UNDERSTAND HOW THEY WORK AND CAN AFFORD TO LOSE ALL OF THE FUNDS COMMITTED TO YOUR POSITIONS.

Robinhood Derivatives, LLC ("RHD") offers eligible customers access to certain perpetual futures contracts ("Perpetual Futures"). RHD is registered with the Commodity Futures Trading Commission ("CFTC") as a futures commission merchant ("FCM") and is a member of the National Futures Association.

This Perpetual Futures Risk Disclosure explains certain features and material risks specific to Perpetual Futures. It supplements, and does not replace, the RHD Client Agreement, the RHD Futures Risk Disclosure Statement and the disclosure statement for foreign futures and options required by CFTC Rule 30.6. This disclosure is not comprehensive or exhaustive. Before trading, you should review the applicable contract specifications, margin requirements, fee schedules and trading rules.

Capitalized terms not defined in this disclosure have the meanings given to them in the RHD Client Agreement or the applicable contract specifications.

Description of Perpetual Futures

Perpetual Futures are standardized derivative contracts whose value is based on the price of an underlying reference asset. Unlike traditional futures, Perpetual Futures do not have an expiration date. A position can remain open until you close it, RHD or the applicable trading venue closes it, or it is liquidated because applicable margin requirements are not met.

You can take a long position if you expect the price of the underlying reference asset to increase or a short position if you expect that price to decrease. Perpetual Futures provide economic exposure to the underlying reference asset, but you do not purchase or own that asset. The contracts are cash-settled, and you have no ownership, voting, staking, fork, airdrop or other rights associated with the underlying asset.

Perpetual Futures are traded on margin and may use leverage. Margin is the amount of collateral required to open and maintain a position. Leverage allows you to control a position with a notional value greater than the margin supporting it. Leverage magnifies both gains and losses.

Perpetual Futures use a funding rate mechanism designed to maintain relative price parity with the underlying asset's spot price. At scheduled funding payment intervals, holders of long positions must pay holders of short positions, or holders of short positions must pay holders of long positions, depending on market conditions and the applicable funding rate. Funding rates and payments can change rapidly and can materially affect the profitability of a position.

The venue may use an index price, mark price and last-traded price for different purposes. The index price is derived from one or more third-party sources for the underlying asset. The mark price is calculated under the venue rules and may be used to determine unrealized profit and loss, margin requirements and liquidation. The mark price may differ from both the index price and the last-traded price.

How Your Perpetual Futures Transactions Work

Your Perpetual Futures account and customer relationship are with RHD. RHD routes Perpetual Futures orders to Bitstamp Financial Services Ltd. ("BFS"), an affiliate of RHD that is authorized and supervised by the Slovenian ATVP/Securities Market Agency as a Markets in Financial Instruments Directive ("MiFID") investment firm. BFS acts as RHD's foreign broker and operates the non-U.S. multilateral trading facility on which the Perpetual Futures are traded. RHD and BFS are wholly owned subsidiaries of Robinhood Markets, Inc.

Orders routed by RHD are entered on the BFS order book and may be matched with orders from market makers, institutions or other market participants. BFS reports order fills, position information and liquidation activity to RHD. RHD records your positions and related funds in your RHD account. BFS carries RHD customer positions and related collateral in an omnibus account for RHD and may use pseudonymized subaccounts to manage margin and liquidation at the customer level. You do not have a direct account or contractual relationship with BFS.

RHD treats money, securities and other property received from or for you to margin, guarantee or secure Perpetual Futures positions as customer funds under CFTC Rule 30.7. RHD may hold a portion of those funds in specially designated customer accounts in the United States and may transfer a portion to BFS outside the United States to margin or secure customer positions, subject to applicable regulatory limits. Funds transferred to BFS are subject to foreign law (including foreign insolvency law) and the rules applicable to BFS and its trading venue.

BFS establishes and applies margin requirements and default management procedures under its rules. If an account does not satisfy applicable margin requirements, BFS may cancel orders and partially or fully liquidate positions without advance notice. RHD may also cancel orders, restrict trading or close positions as permitted by the RHD Client Agreement.

RHD accounts are not protected by the Securities Investor Protection Corporation ("SIPC") and are not insured by the Federal Deposit Insurance Corporation ("FDIC"). RHD is not a bank.

Perpetual Futures Risks

Complexity and Suitability Risk

Perpetual Futures are complex products intended for customers who understand derivatives, leverage, margin, funding rates, liquidation and the risks of trading on a foreign market. They are not appropriate for all customers, particularly customers with limited trading experience, limited financial resources or a low ability to withstand loss. You should not trade Perpetual Futures using retirement savings, student-loan proceeds, mortgage funds, emergency funds, funds needed for living expenses or other funds you cannot afford to lose. You are responsible for determining whether Perpetual Futures are appropriate for your financial circumstances, experience, objectives and risk tolerance.

Leverage, Margin and Liquidation Risk

Because a Perpetual Futures position can have a notional value substantially greater than the margin supporting it, a relatively small adverse price movement can cause a substantial loss or eliminate all margin allocated to the position. Depending on the applicable product terms and market conditions, losses may exceed the margin initially posted and you may be responsible for an account deficit.

Initial margin, maintenance margin and close-out margin requirements can vary by contract, position size, leverage level and market conditions. Requirements may increase with little or no notice. If isolated margin is used, liquidation generally applies to the margin allocated to a specific position. If cross margin is used, losses on one position may reduce margin available to support other positions and may cause multiple positions to be liquidated. The displayed liquidation price is only an estimate and can change as prices, funding payments, fees and margin requirements change.

RHD or BFS may liquidate a position automatically and without advance notice. You may not receive a margin call or an opportunity to deposit additional funds before liquidation. Liquidation orders may execute at prices materially worse than the displayed mark price or estimated liquidation price, particularly during volatile or illiquid markets. Partial liquidation may not prevent full liquidation, and liquidation fees may increase your loss. A stop or stop-limit order is not guaranteed to execute before liquidation.

Funding and Holding-Cost Risk

Funding payments are variable and can be positive or negative. A position that is profitable based on price movement can become unprofitable after funding payments and fees. Funding rates may change sharply during volatile or one-sided markets. Because Perpetual Futures do not expire, funding payments can continue for as long as you hold a position and may accumulate to a substantial amount. Closing a position before a scheduled funding time may not eliminate funding or settlement obligations that have already accrued.

Pricing, Index and Basis Risk

The Perpetual Futures price may differ materially from the price of the underlying asset in one or more spot markets. The funding mechanism is intended to reduce this difference, but it may not do so, particularly during periods of volatility, limited liquidity, market disruption or concentrated trading. This difference, often called basis, can widen rapidly and remain elevated.

Index prices, mark prices, margin calculations and other market data may depend on third-party trading venues, index providers or data vendors. Data may be delayed, unavailable, inaccurate or subject to disruption or manipulation. The venue may exclude sources, change methodologies or use fallback values. Because liquidation and profit-and-loss calculations may use a mark price rather than the last-traded price, your position may be liquidated even when the last-traded price or a price displayed elsewhere has not reached your estimated liquidation price.

Volatility, Liquidity and Order Execution Risk

Perpetual Futures trade 24 hours a day, 7 days a week, including weekends and holidays, when liquidity may be lower or Robinhood support and traditional financial markets may be less available. You must monitor open positions and available margin continuously.

There is no assurance that a liquid market will exist for any Perpetual Futures contract. Low trading volume, limited order-book depth, concentrated positions, exchange outages or rapidly changing markets can widen spreads and increase slippage. You may be unable to enter, modify or close a position promptly or at an expected price. Prices on BFS may differ from prices on other derivatives or spot venues.

Market orders prioritize execution over price and may execute at multiple prices. Limit orders may not execute. Stop orders become market or limit orders only after the applicable trigger is reached and may not execute at or near the stop price. RHD or BFS may reject, cancel or delay orders, impose position or trading limits, or halt or suspend trading. Any of these events can prevent you from managing risk or closing a position.

Some Perpetual Futures may reference digital assets. Digital asset markets can experience extreme volatility, rapid price gaps, flash crashes and significant price differences across venues. You are responsible for monitoring all your positions at all times and are encouraged to closely monitor those that reference particularly volatile markets, such as those involving digital assets.

Foreign Market, Customer Funds and Insolvency Risk

Perpetual Futures offered through RHD are traded through a foreign broker on a non-U.S. trading venue. Foreign law, foreign market rules and foreign insolvency procedures may differ materially from U.S. law and the rules that apply to futures traded on a U.S.-regulated designated contract market (“DCM”). The CFTC does not supervise BFS or its trading venue in the same manner as a U.S. FCM, DCM or derivatives clearing organization (“DCO”). Your ability to obtain information, assert claims or enforce rights may be more limited or may require action in a foreign jurisdiction.

The customer funds protections under CFTC Rule 30.7 for foreign futures differ from the segregation regime for domestic futures. Customer funds rules reduce, but do not eliminate, the risk of loss. You are exposed to the credit, operational and insolvency risks of RHD, BFS, depositories and other intermediaries involved in holding funds or processing transactions. Because positions and collateral may be held in omnibus accounts, an intermediary failure or shortfall could delay recovery or result in a pro rata distribution that is less than the amount shown in your account.

Affiliate, Counterparty and Default Management Risk

RHD and BFS are affiliates. BFS performs multiple roles, including acting as a foreign broker, operating the trading venue and administering margin and liquidation processes. Robinhood affiliates may receive trading, brokerage, liquidation or other fees and may have interests that differ from yours. The use of affiliated entities can create actual or potential conflicts concerning order routing, fees, margin requirements, trading rules and default management decisions.

You are also exposed to the risk that another market participant fails to satisfy its obligations. BFS may use default resources or other measures under its rules to address participant defaults, subject to applicable regulatory limitations. RHD does not guarantee the performance of BFS or other market participants.

Underlying Digital Asset Risk

The value and liquidity of a Perpetual Futures contract that references a digital asset depend in part on markets for the underlying digital asset. Those markets may be highly volatile, fragmented, lightly regulated or unregulated and may be affected by manipulation, fraud, cybersecurity incidents, protocol failures, network congestion, forks, changes in consensus mechanisms, regulatory action or the failure of a major trading venue or service provider. An underlying digital asset may become unsupported, delisted or substantially less liquid. Because you do not own the underlying asset, you will not receive any forked asset, airdrop, staking reward or other benefit associated with ownership of that asset.

Operational, Cybersecurity and Regulatory Risk

Perpetual Futures trading depends on electronic systems operated by RHD, BFS and third parties, including order-routing systems, matching engines, market-data feeds, index providers, payment systems and communications networks. Hardware or software failures, internet or power outages, cyberattacks, human error, capacity constraints or inaccurate data may delay or prevent order entry, execution, cancellation, liquidation, settlement or access to account information. Alerts, notifications and estimated liquidation prices may be delayed, unavailable or inaccurate and should not be your only means of monitoring risk.

Laws, regulations, regulatory interpretations and the treatment of Perpetual Futures are developing and may change. Regulatory action could restrict eligibility, require changes to product terms, suspend trading, require positions to be closed or affect the value or liquidity of a contract. Tax treatment may also be uncertain or change. You are responsible for consulting your own legal and tax advisers regarding your circumstances.

Fees and Other Costs

Trading fees, funding payments, liquidation fees, currency conversion costs and other charges can materially reduce returns and increase losses. Fees and rates may vary by contract, order type, position size or market conditions and may change. You should review the current RHD Fee Schedule and applicable contract specifications before trading.

Additional Resources

Before trading Perpetual Futures, review the RHD Client Agreement, the RHD Futures Risk Disclosure Statement (including the 30.6 Foreign Futures disclosure), the RHD Fee Schedule, applicable contract specifications and the BFS rules and risk disclosures. These documents may be updated from time to time.