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August 30, 2021
Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA 1735 K Street, NW
Washington, DC 20006-1506

Re: Special Notice - 6/30/21 (“FINRA Requests Comment on Effective Methods to Educate Newer Investors”)

Dear Ms. Mitchell:

Robinhood Financial, LLC (“Robinhood” or “the Firm”)¹ submits this letter in response to the Financial Industry Regulatory Authority, Inc. (“FINRA”) request for public comment on effective methods to educate newer investors. Robinhood applauds FINRA for requesting comment on this important and timely topic, and for undertaking the FINRA Foundation initiatives discussed in the Special Notice issued June 30, 2021 (the “Notice”).

Robinhood’s mission is to democratize finance for all. Robinhood has expanded access to our nation’s capital markets, making them available to all investors regardless of their wealth, income, or background. That’s why Robinhood has no account minimums, no trading commissions, a uniform margin interest rate, and a product that was designed from the ground up for accounts of all sizes.

Robinhood is honored that millions of our customers are using Robinhood to enter the financial markets for the first time, and the Firm takes its responsibility to them seriously. This is why educating this new generation of investors is a key focus at Robinhood. Robinhood appreciates the opportunity to describe the Firm’s educational offerings and highlights the areas where we have seen the greatest adoption.

¹ Robinhood is a wholly owned subsidiary of Robinhood Markets, Inc. (“Robinhood Markets”). As of June 30, 2021, Robinhood had over 22.5 million funded accounts and [\$102 billion in assets under custody through its affiliate, Robinhood Securities, LLC.



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I. Robinhood Learn

Robinhood Learn (“Learn”) is at the center of the Firm’s effort to make investing more approachable and provide financial education to both our customers and to those who have not yet started their investing journey.² Learn is available to everyone on the Robinhood website and does not require a Robinhood account to access. Through Learn, Robinhood provides an extensive hub of educational articles for investors of every experience level in an easy-to-read format. We collect feedback from readers to understand whether the content was helpful, and this helps guide updates to our Learn articles.

Since we know millions of our customers are first-time investors, the Learn landing page highlights an “Investing 101” collection of articles to introduce fundamental investing concepts, including considerations to make before starting the investing journey, how investing can plant the seed for future financial success, an explanation of the mechanics of the stock market, an overview of the major asset classes, and several other topics.

Learn also has a dedicated section for “Options Trading Essentials” that explains the common uses of options, considerations to think about before trading these instruments, the risks associated with trading options, and numerous other topics. We understand that options trading is not for everyone, and we want to do our part to educate our customers so they understand the unique aspects and risks of this type of investing before deciding if it is right for them. To help with this, the firm hired an Options Education Specialist in September 2021 to focus on enhancing our educational offerings in this space.

Robinhood provides Learn to everyone to make investing more approachable and shorten the learning curve for the new generation of investors participating in the capital markets. The Firm currently has over 850 Learn articles to help with this goal and we believe that our approachable, digestible format resonates with our customers. From January 1, 2020 to March 31, 2021, we had over 8 million Learn page views.³ The popularity of Learn demonstrates the benefits of breaking up complex or intimidating

² See <https://learn.robinhood.com/>

³ We provide this statistic in response to Question 9 of the Notice asking for firm experiences regarding customer usage of the educational resources offered.



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concepts into smaller lessons that can be absorbed in small doses, making the learning process much less intimidating.

II. In-App Education

In addition to the Learn website, Robinhood provides customers with news and educational content directly in the app to help our customers make informed investment decisions and learn about the markets at the same time they are looking to engage with the markets.⁴ Robinhood has started integrating Learn into the app and will continue to increase the amount of the content accessible there. We recently rolled out interactive lessons that help customers learn and build a knowledge base as they are using the app. Our first lessons are focused on helping new investors learn the basics and getting started, and our next set of lessons will build on these topics. Also, through our newsfeeds feature, the Firm provides access to free premium news from sites such as *Barron's*, *Reuters*, and *The Wall Street Journal* to keep our customers informed of the latest news and events.

Additionally, Robinhood launched an “info labels” feature this year for certain securities that have special risks or considerations.⁵ These labels highlight less common considerations for users before they invest in complex products, and fall into three general categories. The first category highlights leveraged, inverse, and volatility-linked exchange-traded funds that are designed for short-term investors, and are not typically meant for the buy-and-hold investor.⁶ The second category of info labels flags companies that have filed for bankruptcy since there is a greater risk of these securities losing some or all of their value. Lastly, there are info labels for stocks that have experienced recent elevated volatility based on a comparison of the closing price to the prices over the last year. These labels are designed to help our customers make better informed investing decisions. Robinhood hopes that by incorporating these educational

⁴ In response to Question 1 of the Notice, providing educational content during the investment selection process is one of the most neglected areas in the field of investor education. We also believe this type of education has the highest potential to influence behavior of newer investors, in response to Question 4 of the Notice.

⁵ See <https://robinhood.com/us/en/support/articles/info-labels/>

⁶ Our research indicates that the majority of Robinhood investors are buy-and-hold investors.



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materials directly into the investment selection process they will be more timely and beneficial to our customers.

Specific to options, the Firm has rolled out content and tools to help customers learn more about these products and the various strategies available to those who qualify. The Discover feature provides educational content about common options strategies available to customers based on their expectation of the price behavior in the underlying security (*i.e.*, whether the customer thinks the price is going up, down, staying the same, or it could go up or down). There are detailed descriptions of the various single-leg and multi-leg strategies available on the Robinhood platform, including examples and considerations for monitoring positions once the position has been established. There are also educational flows presented to customers upgrading from Level 2 to Level 3 options approval to explain the mechanics of the additional trading strategies available at the more advanced level.

Complementing Discover and the upgrade educational experience, the options Profit & Loss Chart ("P&L Chart") visually represents an options strategy's theoretical profit or losses at expiration based on the price selected by the user.⁷ This provides a simplified visual representation to help customers understand what their position may be worth at various prices if they hold the position until it expires. While most options traders do not hold positions to expiration, this tool provides a helpful way to gain some insight into what price movements in the underlying security would mean for the position at expiration. Again, with both of these options features we aim to provide timely educational content during the investment selection process to maximize the utility of the content.

III. Robinhood Snacks

Robinhood Snacks ("Snacks") is another avenue for educating our customers and the general public about investing in a very approachable and entertaining format. Snacks is a curated digest of business news stories delivered both daily and weekly. Snacks can be accessed in written, audio or video formats, including via a podcast and newsletter, and allows subscribers to start their days with the top business news of the day in an accessible, digestible medium. Robinhood believes that this approach really resonates with the listeners and readers, as the Snacks Newsletter was opened over 200 million times in the first half of 2021, while the podcast had over 21 million

⁷ See <https://robinhood.com/us/en/support/articles/profit-loss-chart/>



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downloads in the same period.⁸ The Firm is honored by the large number of investors who rely on the various Snacks offerings for their market news and education. Robinhood believes this success can be attributed in part to the focus on keeping the content understandable for people of all experience levels, and providing multiple formats for receiving the information to meet the Snacks consumers wherever they are.

IV. Third Party Education Partnerships

To further our value that “Participation is Power” when it comes to financial literacy, we are making donations to four financial-education-focused nonprofits that align with our mission to democratize finance for all. These organizations are geographically dispersed and include Operation HOPE, Bay Area Financial Education Foundation, 8 Cents in a Jar, and Fit Money. We are proud to support the efforts of these organizations to improve financial literacy among young people and communities that have been underrepresented in the financial markets. Additionally, we’re proud to be the first company to sign onto Operation HOPE’s Investors’ Bill of Rights, which calls for financial institutions and brokerage companies to provide greater financial literacy, knowledge and understanding to their customers.⁹ We will continue to explore additional ways we can partner with third-party organizations that share our passion for making financial education more accessible for those who have traditionally been locked out of the markets.

V. Say Technologies Acquisition

Also aligning with our core value of Participation is Power, we recently announced the acquisition of Say Technologies (“Say”) by Robinhood’s parent company, Robinhood Markets. In addition to Say’s proxy processing technology, the company brings a Q&A platform that lets everyday shareholders participate in company events like earnings by asking and upvoting questions that may be posed during the event. This will allow Robinhood customers to engage directly with participating companies and learn firsthand how company executives are thinking about the health and direction of their businesses. Robinhood believes providing customers with this sort of real-world experience and access is invaluable, and we are pleased to be able to offer this type of

⁸ These statistics show the effectiveness of these channels as a means to increase investor knowledge among self-directed investors, as asked in Questions 2 of the Notice.

⁹ See <https://blog.robinhood.com/news/2021/8/25/robinhood-signs-operation-hopes-investors-bill-of-rights>



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access to customers who have historically been unable to participate in these processes.

VI. Conclusion

Robinhood is grateful for the opportunity to provide its approaches and views on effective methods to educate newer investors, and for FINRA soliciting public comment on this important issue. The Firm is optimistic that FINRA has an opportunity to make a positive impact and continue its leadership in the financial education space. Through a combination of easy-to-read articles, timely in-app education, a news offering that is digestible and approachable, supporting third-party financial literacy organizations, and providing unique and innovative educational experiences for our customers through services like Say, we believe that Robinhood is well-positioned to continue to be a leader in the education of newer investors and prepare the new generation of investors for participation in the capital markets.

We welcome the opportunity to discuss any of the points raised in our letter in greater detail. Please contact the undersigned with any questions or to further discuss our recommendations.

Sincerely,

A handwritten signature in blue ink, appearing to be "N. Ashkenas", written in a cursive style.

Norman L. Ashkenas
Chief Compliance Officer
Robinhood Financial, LLC