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September 25, 2026

Jennifer Piorko Mitchell
Office of the Corporate Secretary
FINRA
1700 K Street, NW
Washington, DC 20006

Re: Regulatory Notice 26-15; FINRA Requests Comment on Modernizing FINRA's Best Execution Guidance

Dear Ms. Piorko Mitchell:

Robinhood Financial LLC and Robinhood Securities, LLC (collectively, "Robinhood")¹ respectfully submit these comments in response to FINRA's request for comment on modernizing FINRA's best execution guidance (the "Request").²

Robinhood was founded on the principle that increased participation in the market by more investors is a good thing for all. Our mission is to democratize finance for all by providing access to investing regardless of a customer's income or wealth. Robinhood is proud that, as a result of that mission, first-time and other retail investors are able to participate in the U.S. markets and share in the wealth creation that institutional and high-net-worth investors have enjoyed for decades.

FINRA's willingness to revisit guidance built on assumptions that no longer hold is a welcome step toward a more rational regulatory framework that better serves investor protection and market integrity. As FINRA explains in the Request, its "time-tested, principles-based approach to the duty of best execution under Rule 5310 continues to serve investors and the market well, as it did prior to the adoption of Regulation NMS...However, in recognition of the significant changes in market structure in recent years, and in particular in light of the SEC's proposal to modify certain Regulation NMS requirements, FINRA is seeking comment on ways it should update its best execution guidance to ensure Rule 5310 continues to serve its key investor protection and market integrity goals."³ Robinhood agrees that any updates to that guidance should build on, rather than depart from, this principles-based approach.

¹ Both of these FINRA-member broker-dealers are wholly owned subsidiaries of Robinhood Markets, Inc.

² FINRA, Regulatory Notice 26-15, FINRA Requests Comment on Modernizing FINRA's Best Execution Guidance (July 24, 2026).

³ Regulatory Notice 26-15, at 3.

Robinhood's comments on modernizing best execution guidance focus on our business model and our customer base.⁴ Robinhood serves a large, predominantly self-directed retail investor base that trades commission-free through mobile and web applications, with orders primarily routed to unaffiliated wholesalers. Over the last year, approximately 35% of customer orders were entered as fractional or notional orders.⁵ Our customers' order flow also tends to be heavily marketable, as approximately 86% of filled orders are marketable upon order entry.

Our regular and rigorous review of execution quality is built around several factors we measure for each wholesaler, including the price provided to our customers relative to the NBBO; execution speed; fill rates; and effective and quoted spread measures. We tailor our review and use of these metrics to our customer base and their orders. Our regular and rigorous review evolves alongside our customer engagement and market dynamics, and is continually tested and re-evaluated.

FINRA issued this Request shortly after the SEC's proposal to rescind Rule 611 (the trade-through rule) and Rule 610(e) (the prohibition on locked and crossed markets) of Regulation NMS.⁶ Robinhood submitted comments to the SEC on that proposal.⁷ In proposing that rescission, the SEC explained that Rule 611 is not needed as a backstop to best execution.⁸

Robinhood has five recommendations that are critical for Rule 5310 to continue to be the fulcrum of execution quality.⁹

- FINRA should preserve Rule 5310's principles-based framework and resist any pull toward prescriptive rules.
- Best execution should not devolve into a price-only comparison. Firms should be able to compete and be evaluated on price and other factors including, but not limited to, speed, reliability, technology, cost, and service.
- Disclosure is an effective and adaptable investor-protection tool. FINRA should allow firms to describe their order-handling practices and best execution approach rather than impose a single industry standard.
- FINRA should not impose any requirement that firms connect to every execution venue, simply because Rule 611 previously imposed that connectivity by regulation.
- Regular and rigorous standards should have flexibility to include treatment of locked and crossed market conditions, which raise distinct execution issues.

⁴ The Request recognizes that "the market structure for listed options differs from the market structure for listed equities." Regulatory Notice 26-15, at 15. Our comments in this letter are focused on listed equities. We do not believe changes to FINRA's best execution guidance are necessary regarding listed options.

⁵ This does not include dividend reinvestment orders, which are generally routed as notional orders.

⁶ Securities Exchange Act Release No. 105655 (June 11, 2026), 91 FR 36656 (June 17, 2026) ("611 Rescission Proposal").

⁷ Letter from Matt Billings, President, Robinhood Financial LLC and Robinhood Securities, LLC, to Vanessa A. Countryman, Secretary, SEC (Aug. 17, 2026) ("Robinhood 611 Comment Letter").

⁸ 611 Rescission Proposal, 91 FR at 36664. We agree. Rescinding Rule 611 may allow for more economically efficient executions of securities transactions, the execution of investor orders in the best market, and remove impediments to competition.

⁹ The recommendations below assume the SEC's proposal to rescind Rule 611 and Rule 610(e) is adopted substantially as proposed.

1. Preserve the Principles-Based Framework

FINRA has acknowledged that the principles-based approach has served investors and the market well. That judgment should discipline how FINRA answers the questions raised in the Request. A principles-based approach only remains principles-based if the interpretive guidance built on top of it leaves room for firms to exercise reasonable judgment based on their specific business model, customer base, and order flow. Where the Request asks whether FINRA should articulate standards, provide more specific guidance, or set defined criteria (for example, in Questions 1(a)(i)¹⁰, 1(f)¹¹, and 3(c)¹²), we urge FINRA to broaden rather than narrow its guidance. FINRA should identify non-exclusive factors relevant to the analysis rather than defining required inputs, minimum thresholds, or specific methodologies. Guidance or enforcement that risks application of a mandatory, more uniform standard would effectively narrow Rule 5310's principles-based framework without the SEC rulemaking and notice-and-comment review under the Exchange Act that adopted the framework. A firm should be able to justify its framework with both qualitative reasoning and quantitative data that establish why its chosen factors and weighting are reasonable.

This flexibility is relevant when market structure is evolving. Extended trading hours and overnight trading is one example. Firms should be able to use the same principles-based approach rather than FINRA fixing a standard to these sessions. The same is true for emerging technologies. Firms should be able to apply a principles-based framework to emerging technologies like AI and tokenized securities, rather than FINRA imposing prescriptive technology-specific rules. Preserving that flexibility is consistent with FINRA's stated intent to ensure that its principles-based framework remains durable and effective in an evolving marketplace.¹³

2. Compete on More Than Price

Best execution should not be reduced to a price-only comparison. Firms should be able to compete and be evaluated in multiple other areas, including, but not limited to, speed, size, fill rate, reliability, technology, cost, and service. Rule 5310's text states that reasonable diligence requires a member to buy or sell "so that the resultant price to the customer is as favorable as possible under prevailing market conditions." Read in isolation, this could reduce best execution to a price-only test. This contrasts with FINRA guidance identifying execution quality considerations firms should evaluate as part of their regular and rigorous reviews of execution quality: 1) the price obtained, including the extent to which an execution results in price disimprovement; 2) the extent to which an order may obtain price improvement at other venues; 3) the likelihood that an order will be partially or fully executed; 4) the speed of execution; 5) the

¹⁰ Are there specific standards that members may apply or should be required to apply, or factors to consider, when making venue connection decisions (e.g., volume or liquidity thresholds, access fees or rebates, connectivity or data costs, order types, latencies or speed bumps)?

¹¹ Should FINRA consider articulating standards for firms in providing price improvement to different customer orders?

¹² Where a firm conducts an order-by-order review, what specific processes should a firm undertake in executing its order-by-order review, and how would such processes differ from a regular and rigorous review?

¹³ Regulatory Notice 26-15, at 1.

size of execution; 6) transaction costs; and 7) customer needs and expectations.¹⁴ FINRA's guidance should explicitly state that firms may compete on this set of factors and other considerations, including but not limited to transaction and/or connectivity costs, venue reliability, statistical analysis of execution quality, operational resilience and outage history, offered functionality (i.e., fractional/notional capabilities, multiple trading session availability), segmentation, and limitation of liability under individual trading venue rules.¹⁵

3. Disclosure

Disclosure is an effective and adaptable investor-protection tool. As SEC Commissioner Peirce has explained regarding order execution, “[r]egulation has a role in ensuring that market participants have information and that markets are orderly, but issuing decrees about how each order should be routed is outside of that role.”¹⁶ Disclosure can be tailored to the specific order type or trading session. It can be updated as trading venues, technology, and market structure evolve. Congress, the SEC, and the SROs have deemed disclosure sufficient to address conflicts of interest in a variety of contexts.¹⁷ A firm should be able to describe the principles of its order handling to its customers and then execute consistent with that disclosure, so long as those practices satisfy their duty of best execution. For example, Rule 5310(a)(1) treats accessibility of the quotation as one of the various factors in the reasonable diligence analysis. A firm's disclosure of which venues it accesses should inform that factor. This is more efficient than having FINRA prescribe all underlying practices. It also preserves investor choice, allowing retail investors to select the firm (and order-handling approach to execution quality) that fits their priorities rather than FINRA imposing a single approach.

4. No Requirement to Connect

The Request recognizes that “firms may be required to connect and route to venues that display protected quotes for purposes of compliance with Rule 611, regardless of any independent analysis of such venues’ execution quality for best execution purposes,” and acknowledges that rescission “may...raise questions for firms as they review the operationalization of their best execution policies.”¹⁸ Rescinding Rule 611 would remove such a regulatory mandate to connect and route to any particular venue. FINRA's best execution guidance should recognize firms' flexibility to conduct independent analysis of venues when determining where to connect and route. Treating every displayed quotation as though it remained protected would defeat the purpose of rescission. Firms could lose the flexibility the SEC means to provide by rescinding Rule 611, and retail customers could lose the benefits of innovation and cost savings.¹⁹ FINRA should broaden rather than narrow its guidance and confirm that a firm's decision to connect, not

¹⁴ Regulatory Notice 26-15, at 4 (citing Supplementary Material .09 to Rule 5310; Regulatory Notice 15-46 (Nov. 20, 2015)).

¹⁵ These additional factors reflect, among other things, considerations Robinhood has heard raised in industry discussions regarding the Request.

¹⁶ Hester M. Peirce, Commissioner, SEC, Statement, Ordering Competition (Dec. 14, 2022), <https://www.sec.gov/newsroom/speeches-statements/peirce-order-competition-20221214>.

¹⁷ See, e.g., Section 17(b) of the Securities Act; Exchange Act Rules 10b-10, 15c1-5, 15c1-6, and 17g-7; Regulation AC; Regulation NMS Rules 606 and 607; FINRA Rules 2262 and 2269; Municipal Securities Rulemaking Board Rule G-22.

¹⁸ Regulatory Notice 26-15, at 5.

¹⁹ 611 Rescission Proposal, 91 FR at 36666-67.

connect, or disconnect from a particular venue should be based on the firm’s analysis of relevant factors and not on a presumption that every venue must be accessed.

A central purpose of rescinding Rule 611 is to promote competition. In its proposing release, the SEC stated that it seeks to “empower market participants to compete on merit and innovation—whether through service, price, technology, costs, or a combination thereof.”²⁰ A guidance-based requirement to connect to every venue, or a requirement that leads to connecting to every venue, would restrict market forces. Venues should have to earn connectivity through the quality of their service, price, technology, and costs.

5. Flexibility for Locked and Crossed Conditions

FINRA has explained that the national best bid and offer (NBBO) is used by firms as a key benchmark for evaluating order routing and internalization decisions.²¹ As SIFMA noted, “[a] uniform, market-wide NBBO remains important for apples-to-apples execution quality comparisons and standardized reporting under Rule 605. . . .”²² The markets need a universal reference quote that can be relied upon as a true price.²³

Locked and crossed markets undermine that reliability. In a locked market, the best bid price equals the best offer price.²⁴ In a crossed market, the best bid exceeds the best offer.²⁵ The SEC has recognized that a crossed NBBO “may interfere with order classifications and with the computing of certain statistics,” and that, when “the NBBO is crossed for a significant period of time, it raises serious questions whether the quotes continue to provide a reliable benchmark for the statistical measures included in [Rule 605].”²⁶

If the SEC rescinds Rule 610(e) and SROs correspondingly rescind their own locked and crossed rules, locked and crossed quotations could arise and persist more often, requiring firms to make more routing and execution decisions under those conditions.²⁷ FINRA should not require firms to treat the NBBO as the only permissible measure of execution quality when it is locked or crossed, as comparisons to a distorted quote can produce irrelevant conclusions. Regular and rigorous review standards should give firms flexibility to measure against other benchmarks rather than prescribing a single fixed methodology.²⁸

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²⁰ 611 Rescission Proposal, 91 FR at 36665.

²¹ Regulatory Notice 26-15, at 5.

²² Letter from SIFMA and SIFMA AMG to Vanessa A. Countryman, Secretary, SEC, The Trade-Through Rule and Crossed Markets Provisions of Regulation NMS (Aug. 17, 2026), at 16.

²³ Robinhood 611 Comment Letter, at 4 (“The markets need a universal reference quote that can be relied upon as a ‘true price,’ the best estimate of fair value that all market participants can trust.”).

²⁴ Regulatory Notice 26-15, at 3 n.8.

²⁵ *Id.*

²⁶ 611 Rescission Proposal, 91 FR at 36681.

²⁷ Regulatory Notice 26-15, at 9 (“The SEC stated that it anticipates that most, if not all, SROs would seek to amend their locking and crossing rules”).

²⁸ Examples of such benchmarks could include the next-in-time uncrossed NBBO, time-weighted average price, or volume-weighted average price.

In conclusion, FINRA's best execution guidance has served investors and the market well because it allows firms to apply reasonable judgment to their own business model and customer base, rather than forcing a single approach onto a diverse industry. As market structure evolves—through the potential rescission of Rules 611 and 610(e), extended trading hours, and new technologies like AI and tokenized securities—that same flexibility, not new prescriptive requirements, is what will allow Rule 5310 to continue serving its investor protection and market integrity goals. Robinhood urges FINRA to adopt guidance that broadens rather than narrows the principles-based framework, and that preserves firms' ability to compete, disclose, and connect based on genuine execution quality rather than regulatory mandate.

Robinhood appreciates FINRA's effort to modernize best execution guidance. Please contact Robinhood's General Counsel, Lucas Moskowitz, at lucas.moskowitz@robinhood.com or Josh Dutill, at josh.dutill@robinhood.com, if you have any questions or comments.

Sincerely,

Signed by:

Matt Billings

Matt Billings

President, Robinhood Financial LLC and Robinhood Securities, LLC