

Low-Priced Securities Disclosure



Low-Priced Securities (Penny and Sub Penny Stocks).

The term “penny stock” generally refers to low-priced (below \$5), speculative securities of very small companies. While penny stocks generally are quoted over the counter, such as on the OTC Bulletin Board or in the Pink Sheets, they may also trade on securities exchanges, including foreign securities exchanges. In addition, penny stocks include the securities of certain private companies with no active trading market.

Risks.

Investing in low-priced securities is speculative and involves considerable risk. Low-priced securities often exhibit high price volatility and erratic market movements. Often, when investors buy or sell these securities, they significantly affect the quoted price. In some cases, the liquidation of a position in a low-priced security may not be possible within a reasonable period of time and is subject to additional fees.

It may be difficult to properly value an investment in a low-priced security. Reliable information regarding issuers of low-priced securities, their prospects, or the risks associated with investing in such securities may not be available. Certain issuers of low-priced securities have no obligation to provide information to investors. Some issuers register securities with the Securities and Exchange Commission (SEC) and may provide regular reports to investors. Others however may not be required to maintain such registration or provide such reports. Securities may continue to be traded if issuers are delinquent in their reporting obligation to the SEC or other federal or state regulatory agencies.

Penny stocks have not been approved or disapproved by the Securities and Exchange Commission (SEC). The SEC has not passed upon the fairness, the merits, the accuracy or adequacy of the information contained in any prospectus or any other information provided by an issuer or a broker or a dealer of penny stocks.



Trading low-priced securities is subject to significant risks, increased regulatory requirements and oversight, and additional fees.

Settlement Fees for Non-DTC Eligible Securities.

For various reasons, certain low-priced securities are not DTC eligible or have had their eligibility revoked. As a result, the settlement of these physical positions can carry significant pass-through charges for our clearing firm, Robinhood Securities (“RHS”), including execution fees, DTC fees, deposit fees, New York window fees, and transfer agent fees. These fees, which can vary and may be substantial, increase the cost that RHS passes through for clearing and execution.

Customers who trade non-DTC eligible securities are responsible for these charges, which may exceed 10 times the value of the trade. Orders that require executions with multiple contra-parties will result in settlement fees for each separate transaction. Neither Robinhood Financial nor RHS mark up any of these fees before they are passed through to customers. These pass-through charges may not be immediately charged to a customer account following a trade in non-DTC eligible securities, as RHS may not receive notice of such fees until several weeks following the trade. Robinhood Financial reserves the right to withhold funds in a customer account pending potential assessment of fees associated with trading in low-priced securities. It is your responsibility to investigate the eligibility status of a low-priced security before trading it. It is strongly recommended that you contact the specific company whose equity you intend to trade to confirm eligibility.

