ROBINHOOD SECURITIES, LLC.

STATEMENT OF FINANCIAL CONDITION

(Unaudited)

June 30, 2018

Robinhood Securities, LLC.
Statement of Financial Condition (Unaudited)

Contents

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Assets	
Cash and cash equivalents	$ 46,992,381
Cash segregated under federal and other regulations	134,900
Receivables	
Customers	2,951
Affiliates	600,091
Deposit with clearing organizations	939,773
Prepaids	130,112
Property, plant and equipment, net	12,051
Other assets	3,439
Total Assets	$ 48,815,698
Liabilities and Ownership Equity	
Liabilities:	
Payables:	
Customers	$ 55,987
Broker or dealers and clearing organizations	61
Other payables	4
Accrued expenses	95,092
Total Liabilities	151,144
Ownership equity	48,664,554
Total Liabilities and Ownership Equity	$ 48,815,698

Note 1. Organization and nature of operations

Robinhood Securities, LLC (the Company) is a wholly owned subsidiary of Robinhood Markets, Inc. (the Parent). The Company is a clearing broker-dealer registered with the Securities and Exchange Commission ("SEC") 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 accounts introduced on a fully disclosed basis by Robinhood Financial, LLC (RHF), an affiliated company.

Note 2. Summary of significant accounting policies

Basis of presentation

The accompanying Statement of Financial Condition is prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Uses of estimate

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements 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 and could have a material adverse effect on the Company's financial statements.

Cash and cash equivalents

The Company considers all highly liquid financial instruments at the time of purchase with maturities of three months or less to be cash equivalents. The fair value for instruments held with less than three months to maturity, is deemed to their carrying value.

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 and proprietary account of broker dealers pursuant to SEA Rule 15c3-3.

Receivable from and payable to customers

Amounts receivable from and payable to customers arise from normal securities, cash, and margin transactions. Securities owned by customers, either held as collateral for these transactions or held in safekeeping, are not reflected in the statement of financial condition. Amounts receivable from customers are considered to be adequately collateralized.

Deposits with clearing organizations

Deposits with clearing organizations consist of cash deposited with clearing organizations for the purpose of supporting clearing and settlement activities.

Prepaid expenses

The Company classifies prepayments made under contracts as prepaid expenses and expenses them over contract terms. These prepaid expenses include items such as prepaid insurance, regulatory fees, etc.

Property, plant and equipment

Property and equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred. Major improvements enhancing the function and/or useful life of the assets are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized.

Other assets

Other assets include DTC Series A Preferred shares that the Company is required to purchase per DTC membership requirements.

Note 3. Recent accounting pronouncements

Future Adoption of New Accounting Standards

Measuring credit losses on financial instruments

In June 2016, the FASB issued new guidance related to the measurement of credit losses on financial instruments (ASU 2016-13). The new guidance removes the thresholds that companies apply to measure credit losses on financial instruments measured at amortized cost, such as loans, receivables, and held-to-maturity debt securities. Under current U.S. GAAP, companies generally recognize credit losses when it is probable that the loss has been incurred. The revised guidance will remove all recognition thresholds and will require companies to recognize an allowance for credit losses for the difference between the amortized cost basis of a financial instrument and the amount of amortized cost that the company expects to collect over the instrument’s contractual life.

The new guidance will be effective for the Company’s fiscal year beginning January 1, 2020. The Company is evaluating the impact the adoption of this new guidance will have on its financial position and the results of operations.

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 proprietary accounts of brokers (PAB). At June 30, 2018, cash segregated under federal and other regulations reflects $100,000 segregated for the exclusive benefit of customers and $34,900 segregated for the exclusive benefit of proprietary account of brokers.

Note 5. Fair values 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. The exit price assumes the asset or liability is not exchanged subject to a forced liquidation or distressed sale.

Valuation Hierarchy

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input that is significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy are defined as follows:

Level 1 – Observable, quoted prices for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Prices based on the best information available.

Determination of Fair Value

The Company uses valuation techniques consistent with the market and income approaches 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. The Company's income approach uses valuation techniques to convert future projected cash flows to a single discounted present value amount. When applying either approach, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs.

Financial instruments are recorded by the Company at fair value or at contract amounts, which approximate fair value and include receivables from and payables to customer, broker dealers and clearing organizations, deposits with clearing organizations; and amounts receivable from and payable to affiliates. These instruments have short-term maturities and are classified as Level I.

Note 6. Financing activities and off-balance sheet risk

The Company's customer activities involve the execution, settlement and financing of various securities transactions. These activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to the customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customer's account. Such transactions may expose the Company to off-balance sheet risk in the event that margin requirements are not sufficient to cover losses that customers incur, or contra brokers are unable to meet the terms of the contracted obligations. In the event a customer or broker fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the customer's obligations. The Company seeks to control the risk associated with its customer activities by requiring customers to maintain collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily and, pursuant to such guidelines, requires customers to deposit additional collateral, or reduce positions, when necessary.

Note 7. Related party transactions

The Company has an expense sharing agreement with the Parent. Pursuant to the agreement, the Company reimburses the Parent for payroll, technology, information services, occupancy and other expenses.

The Company has a clearing agreement with RHF.

Note 8. Commitments and contingencies

The Company maintains bank accounts at financial institutions. These accounts are insured by the Federal Deposit Insurance Commission (“FDIC”), up to $250,000. At times during the year, cash balances held in financial institutions were in excess of the FDIC coverage. The Company has not experienced any losses in such accounts and management believes that it has deposited cash with financial institutions that are financially stable.

In the normal course of business, the Company could be threatened with, or named as a defendant in, lawsuits, arbitrations, and administrative claims. Such matters that are reported to regulators such as the SEC or FINRA and investigated by such regulators. If pursued, such matters may result in formal arbitration claims being filed against the Company and/or disciplinary action being taken against the Company by regulators. Any such claims or disciplinary actions that are decided against the Company could harm the Company’s business. The Company is also subject to periodic regulatory audits and inspections which could result in fines or other disciplinary actions. Unfavorable outcomes, in such matters, may result in a material impact to the Company's financial position, statement of income or cash flows. As of June 30, 2018, management is not aware of any commitments or contingencies that have a material impact on the financial statements

Note 9. 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, 2018, the company's net capital was $47,038,321 and held $46,788,321 in excess of the required net capital amount of $250,000.