

# Warren Questions Robinhood About Abruptly Imposed Trading Restrictions Amid GameStop Fluctuations

United States Senator Elizabeth Warren (D-Mass.) today sent a letter to Robinhood regarding the company's decision to restrict stock trading and impose other limits on its customers during the last week's fluctuations in GameStop and other stocks. Robinhood abruptly changed the rules for these individual investors with no warning or recourse while hedge funds and other wealthy Wall Street institutions continued to trade.

"In addition to putting customers' finances at risk, Robinhood's actions revealed a new set of questions about its relationship with large hedge funds and other financial institutions, and follows past criticisms of Robinhood's insufficient investor protections," Senator Warren wrote. "Robinhood has a responsibility to treat its investors honestly and fairly, and provide them with access to the market under a transparent and consistent set of rules. It is deeply troubling that the company may not be doing so."

In her letter, Senator Warren asked Robinhood to disclose the circumstances behind Robinhood's decision to restrict trading, including any influence its hedge fund investors or other financial services partners like Citadel with significant stakes in these trades, may have had on Robinhood's decision making:

"The public deserves a clear accounting of Robinhood's relationships with large financial firms and the extent to which those relationships may be undermining its obligations

to its customers,” Warren wrote. She also asked whether “Robinhood engag(ed) in any discussions with Citadel businesses or affiliates prior to Robinhood reaching its decision to institute restrictions on trading for GameStop and other stocks.”

Senator Warren raised questions about Robinhood’s adherence to regulatory requirements – citing emergency cash infusions from bank loans and investors amid GameStop stock volatility – and its contractual obligations to its retail investors. She also raised concerns about Robinhood’s forced arbitration requirements, which could prevent its customers from seeking judgements and remediation in court.

“Secretive arbitration processes deny customers a fair hearing, undermine public accountability, and hamper efforts to assemble a thorough and complete understanding of events. Investors harmed by Robinhood’s trading restrictions should be able to argue their case in court, rather than in closed-door proceedings that are too often rigged against claimants,” Warren wrote.

In order to better understand how Robinhood plans to account for its recent actions and ensure that retail investors are treated honestly and fairly, Senator Warren asked the company to respond to her inquiries by February 9th.