



250 Massachusetts Avenue, N.W.
Washington, D.C. 20001
robinhood.com

April 15, 2026

Vanessa A. Countryman, Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: File Number 4-887, SEC Roundtable on Options Market Structure Reform

Dear Ms. Countryman,

Robinhood Financial LLC and Robinhood Securities, LLC¹ (together, “Robinhood”) submit this letter in response to the U.S. Securities and Exchange Commission’s (“SEC” or “Commission”) announcement of its roundtable on April 16, 2026, to discuss options market structure reform.² We look forward to the SEC’s discussion regarding the facilitation of competition in a quote-driven market, the evaluation of the customer experience, and the identification of opportunities for continued growth.³ As an initial matter, we emphasize that options trading has existed safely for decades and there is no evidence to support additional regulation of options trading that would restrict retail investor access. As FINRA noted, investors may use options strategies for a number of prudent reasons, including to hedge current positions, for income generation, and to speculate on the future price of a stock while committing fewer funds than in buying or selling the underlying stock.⁴

Robinhood provides low-cost brokerage services to millions of investors through a modern, technology-forward brokerage platform. In recent decades, the U.S. securities markets have transformed from a marketplace where most Americans could not afford to participate to today’s markets where the cost of trading has never been lower, platforms and educational tools have never been stronger, and market participation has never been more widespread. Robinhood is proud of the role it has played in democratizing access to the options market and fostering a new generation of retail investors. We offer our views on three critical points for the future of this market: data transparency, responsible innovation, and operational challenges facing the industry — specifically, the Options Regulatory Fee, strike proliferation, and operational resilience.

¹ Robinhood Financial LLC and Robinhood Securities, LLC are FINRA-member broker-dealers, and are wholly owned subsidiaries of Robinhood Markets, Inc.

² Press Release, *SEC Announces Roundtable on Options Market Structure Reform*, SEC (Mar. 5, 2026) (“Options Roundtable Press Release”), <https://www.sec.gov/newsroom/press-releases/2026-24-sec-announces-roundtable-options-market-structure-reform>.

³ Options Roundtable Press Release.

⁴ FINRA Reminds Members of Their Sales Practice Obligations for Complex Products and Options and Solicits Comment on Effective Practices and Rule Enhancements, FINRA Regulatory Notice 22-08 (Mar. 8, 2022).

The U.S. options market has undergone a profound transformation since the inception of standardized options trading on securities exchanges in 1973, becoming increasingly efficient and accessible. Over the past several decades, broker commissions have steadily declined; Robinhood’s introduction of commission-free execution specifically served as a catalyst in lowering the barrier to entry for retail participants. This cost reduction has been accompanied by a massive surge in liquidity: the U.S. options market reached 15.2 billion contracts traded in 2025. This was the sixth consecutive record year and 26% above the prior record, with average daily volume of 61 million contracts and a single-day record of 110 million contracts on October 10, 2025.⁵

Crucially, the options ecosystem remains a quote-driven market, a structure fundamentally distinct from the order-driven equities market. Unlike the equities market, there is no off-exchange trading in listed options; all transactions occur on exchanges. The scale of the options market also introduces unique complexities. While there are approximately 8,000 stocks and ETPs, there are nearly two million individual options strikes⁶ across a fragmented exchange landscape that is expected to reach 20 venues run by seven operators by late 2026.⁷ This complexity means that natural order matching is rare. Instead, the market relies on professional market makers to provide the continuous, transparent bids and offers necessary to ensure that investors can find execution even in niche contracts.

Robinhood believes that continued retail participation should be both celebrated and encouraged. To ensure the long-term improvement of the retail customer experience, we believe the industry and regulators should focus on the following key areas:

- **Enhanced Data Transparency**

Robinhood supports robust transparency in listed options and welcomes a collaborative effort to determine the most effective path forward, recognizing multiple liquidity centers, data paths, and the scale of the options complex. We believe the principal near-term focus should be on establishing a durable, common factual foundation for policymakers and the public.⁸ Just as the equities market has benefited from a shared empirical foundation before major structural reforms, a similar evidence-first approach in options can provide necessary clarity without prematurely locking in prescriptive rules. The specific mechanisms should be developed jointly with the industry and reflect options’ unique characteristics. Robinhood encourages the SEC to initiate a structured dialogue, in coordination with exchanges and industry participants, to inventory any existing data gaps and assess what information would best inform future oversight decisions. By prioritizing an evidence-

⁵ Henry Schwartz, *The State of the Options Industry: 2025*, Cboe, <https://www.cboe.com/insights/posts/the-state-of-the-options-industry-2025/> (Jan. 22, 2026) (“State of the Options Industry”).

⁶ Katie Kolchin, *Rethinking Trade-Through Prohibitions: Beware of the Market Structure Octopus*, SIFMA, <https://www.sifma.org/news/blog/rethinking-trade-through-prohibitions-beware-of-the-market-structure-octopus> (Sept. 23, 2025).

⁷ State of the Options Industry.

⁸ See, e.g., Letter from Robinhood to Vanessa Countryman, Securities and Exchange Commission, File No. S7-31-22: Order Competition Rule (Mar. 31, 2023); Letter from Robinhood to Vanessa Countryman, Securities and Exchange Commission, File No. S7-30-22: Regulation NMS: Minimum Pricing Increments, Access Fees, and Transparency of Better Priced Orders (Mar. 31, 2023).

based approach, the SEC and market participants can ensure that any future regulatory steps are grounded in a comprehensive understanding of how the modern, quote-driven options landscape functions over time.

- **Responsible Innovation and Market Evolution**

Innovation in the options market, including the expansion of daily expiries and extended trading hours, has broadened access and utility for retail investors. These developments must nonetheless be implemented methodically. Extended hours raise important considerations around liquidity depth and price discovery, particularly as the industry prepares for further expansion of extended hours products in 2026. Both trends merit continued attention to operational readiness, customer disclosure, and potential volatility effects as the market continues to evolve.

Additionally, as asset classes and products continue to converge, proactive and coordinated engagement between the SEC and the Commodity Futures Trading Commission (“CFTC”) remains essential. Robinhood welcomes the agencies’ March 2026 Memorandum of Understanding and the creation of the Joint Harmonization Initiative, which CFTC Chairman Selig described as a commitment to “eliminate duplicative, burdensome rules and close gaps in regulation.”⁹ Regulatory gaps or inconsistencies between the two frameworks, particularly as novel products raise jurisdictional questions, can create unnecessary uncertainty for market participants and investors alike. We encourage both agencies to leverage the Joint Harmonization Initiative to address options-related jurisdictional questions proactively, including through the joint interpretations and rulemakings contemplated by that initiative.

- **Addressing Operational Challenges**

We identify several areas where collaboration could reduce unnecessary costs and risks for retail investors:

- Options Regulatory Fee (“ORF”): The ORF should be reviewed with attention to who pays and what investors get in return. The fee is tied to listed options transactions and, as a practical matter, is often passed through to end investors in small per-contract amounts that add up across activity. Funding exchange regulatory and surveillance functions can be justified, but allocating that funding disproportionately through end-user transaction charges, while exchanges operate as for-profit firms, raises questions about economic incidence and fairness relative to other industry participants. We encourage the Commission to seek a transparent accounting of how ORF proceeds are used, whether the fee level and methodology are appropriately calibrated to investor-protection benefits (rather than generalized exchange overhead), and whether disclosure and governance changes could

⁹ *SEC and CFTC Announce Historic Memorandum of Understanding Between Agencies*, SEC Press Release 2026-26, <https://www.sec.gov/newsroom/press-releases/2026-26-sec-cftc-announce-historic-memorandum-understanding-between-agencies> (Mar. 11, 2026).

improve competition and the retail customer experience without compromising effective oversight.

- Strike Mitigation: Currently, an estimated 30% to 60% of listed options strikes, depending on the product type, have zero open interest, yet market makers are still required to provide continuous quotes for them.¹⁰ As Options Clearing Corporation (“OCC”) Chief Executive Officer Andrej Bolkovic noted, this proliferation of inactive contracts acts as a “tax on capacity” and creates significant system noise and operational strain.¹¹ Further, these illiquid strikes frequently become targets for fraud and malicious activity during account takeovers. Bad actors often use these “ghost” strikes to move funds via stale-priced trades in contracts where there is no natural market competition to keep pricing fair.

Culling underutilized strikes would immediately improve market integrity and reduce the technological burden on the entire ecosystem. Robinhood believes that the industry should shift its focus toward responsible innovation — prioritizing better, more resilient products rather than simply increasing the number of available strikes. Streamlining the strike complex would allow for a more concentrated and efficient liquidity pool, benefiting both retail investors and the broader stability of the quote-driven market.

- Operational Resilience: Frequent disruptions to the Options Price Reporting Authority (“OPRA”) feed, including delayed data, stale pricing and crossed quotes, create direct financial and operational harm to retail customers. These data integrity issues are often exacerbated by delays in exchange “obvious error” determinations, the process by which clearly erroneous trades are retrospectively cancelled.

In practice, these two problems often compound each other, as a customer who relies on a distorted or delayed quote to trade, only to have that trade cancelled hours later, faces significant risk. They may believe they have successfully closed a position, only to find it unexpectedly reopened at a time when they are no longer monitoring the market or when the underlying price has moved. Robinhood encourages the Commission to work with OPRA and the exchanges to establish reasonable time standards for obvious error determinations and to require prompt notification to affected broker-dealers when a cancellation decision is pending, so that firms and customers can manage risk accordingly.

The options market's extraordinary growth — 15.2 billion contracts traded in 2025 alone, driven in part by unprecedented retail participation — makes a modernized, data-driven approach to oversight not merely desirable but necessary. Robinhood remains committed to working

¹⁰ Will Acworth, *US options industry leaders wrestle with constraints on growth*, FIA MarketVoice, <https://www.fia.org/marketvoice/articles/us-options-industry-leaders-wrestle-constraints-growth> (May 14, 2024) (“FIA MarketVoice”) (noting OCC CEO Andrej Bolkovic’s remarks at the 2024 Options Industry Conference that there is no open interest on 30% of the single stock options strikes, 50% of the index option strikes, and 60% of the ETF option strikes).

¹¹ FIA MarketVoice.

alongside the Commission, our industry peers, and the exchanges to ensure that this ecosystem continues to thrive as a safe and accessible venue for retail investors. By prioritizing transparency, addressing existing operational inefficiencies like strike proliferation and the ORF, and fostering responsible innovation, we can preserve the unique strengths of the quote-driven model while enhancing the overall retail customer experience. We look forward to a productive discussion at the upcoming roundtable and appreciate the opportunity to comment on these important issues. Please contact Robinhood's General Counsel, Lucas Moskowitz, at lucas.moskowitz@robinhood.com if you have any questions or comments.

Sincerely,

Signed by:

A handwritten signature in black ink that reads "Matt Billings". The signature is written in a cursive style with a blue rectangular box around it.

Matt Billings

President, Robinhood Financial LLC and Robinhood Securities, LLC