

Title: Robinhood says U.S. watchdogs probing staff meme stock trading, registration

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Chris Prentice and Noor Zainab Hussain

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[FILE PHOTO: Robinhood logo is seen on a smartphone in front of a displayed stock graph in this illustration taken](<https://preview.redd.it/5pleblji6yd71.png?width=800&format=png&auto=webp&s=b490738e77e30fad929a360872fe311ba9cf9ce5>)

WASHINGTON (Reuters) - Robinhood Markets Inc disclosed on Tuesday it has received inquiries from U.S. watchdogs asking whether employees traded GameStop Corp. and AMC Entertainment Holdings, Inc. before the online broker publicly announced it was restricting trading in those and other meme stocks on Jan. 28.

The company is also being probed over whether it complied with personnel registration rules, it said.

The newly disclosed inquiries from the U.S. Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA) are the latest regulatory headwind facing the company as it heads toward its hotly anticipated initial public offering this week.

Earlier this month, Robinhood revealed a swathe of government and regulatory investigations in its IPO filing, just a day after FINRA hit the firm with a \$70 million penalty for "systemic" failures, issuing "false and misleading" information and other controls failures.

Spokespeople for both Robinhood and FINRA declined to comment. A spokesperson for the SEC did not immediately respond to a request for comment.

In a new filing on Tuesday, Robinhood said it had received inquiries from the SEC's Division of Examinations and FINRA related to employee trading in meme stocks during the week of Jan. 25, 2021 before a spike in volatility led the company to restrict trading in those shares on Jan. 28.

"These matters include inquiries related to whether any employee trading in these securities may have occurred in advance of the public announcement of the ... Trading Restrictions," it said.

On Monday, FINRA also sent an investigative request to Robinhood seeking documents related to its compliance with FINRA's personnel registration requirements, the company said.

That request sought information relating to Chief Executive Officer Vladimir Tenev and co-founder Baiju Bhatt, who are not registered with FINRA. In February, Senator Elizabeth Warren pressed the regulator for details about its registration requirements for executives of broker-dealers.

The self-regulatory agency requires holding company executives to register if they are involved in the "management of the member's investment banking or securities business," according to a FINRA letter sent to lawmakers in February.

"Robinhood is evaluating this matter and intends to cooperate with the investigation," the company said in

the filing.