

Title: Blaming Robbin-da-hood and Retail for the drop of Buffets baby. I wonder if this is B.S.
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5:30a ET 7/20/2022 - Dow Jones

Robinhood Was Behind Phantom Surge in Berkshire Hathaway Trade Volume, Study Finds - WSJ

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By Alexander Osipovich

A sudden surge in trading volumes in class A shares of Warren Buffett's Berkshire Hathaway Inc. confounded investors last year. Now, a trio of academics say they have solved the stock-market mystery.


The jump in volumes was an illusion caused by a change in how Robinhood Markets Inc. reports fractional trades, according to a new study expected to be released Wednesday.


The study suggests that volume data for many other stocks were inflated during the pandemic. Its authors blamed a "misguided" Financial Industry Regulatory Authority rule for how brokers should report fractional trades.


"The Finra reporting rule for fractional trading has created significant distortions," wrote the authors, who are professors at University of California at Berkeley, Columbia University and Cornell University.


Robinhood declined to comment. A Finra spokesman said the regulator was aware of the concerns about its rule. "Finra is already actively working on the issue and is engaged in ongoing discussions with firms and regulators," he said.


Fractional trading allows investors to buy or sell slices of a share, instead of the whole thing. The feature has gained popularity in recent years. Robinhood and other brokers have called it out to

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