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Created 2021-08-05 19:13:12 UTC

Permalink: /r/TheGloryHodl/comments/oyphyj/_/

Url: /r/stocks/comments/oyfih9/robinhood_retreats_after_monster_rally_this_week/

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Robinhood said on Thursday in an amended filing that existing shareholders will sell up 97.9 million shares over time. The news knocked shares of the trading app that have surged this week.

The commission-free broker will not receive any of the proceeds from the stock sale of 97,876,033 shares of its Class A common stock. The offering is through an automatic conversion of certain convertible notes held by the selling stockholders in connection with its initial public offering.

The stockholders were among those that came to Robinhood's rescue during the historic trading mania earlier this year. Faced with unprecedented volatility and increased deposit requirements, the broker was forced to tap credit lines and raised new debt to ensure it has enough cash to clear trades. It also briefly restricted trading in a number of short-squeeze names.

These selling shareholders include a number of venture capital firms that invested in Robinhood early on. For instance, New Enterprise Associates, which owns more than 10% of Robinhood shares, is among the list of sellers in this offering. Andreessen Horowitz, ICONIQ Capital, Institutional Venture Partners and Ribbit Capital were also among the selling stockholders.

Source:

<https://www.cnbc.com/2021/08/05/robinhood-shares-fall-as-stockholders-file-to-sell-up-to-97point9-million-shares-over-time.html>