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Supreme Court to Consider IPO Disclosure Issues in Robinhood Securities Suit

By Kevin LaCroix on November 16, 2026



The U.S. Supreme Court only rarely agrees to take up cases involving questions under the U.S. securities laws. So it was a noteworthy development last week when the Court granted the petition for a writ of certiorari in the Robinhood IPO securities case, which raises questions concerning the financial disclosures IPO companies must make in their Registration Statements. Specifically, the Court will consider whether and when IPO applicant companies' Registration Statements must disclose interim financial information in advance of quarterly reporting deadlines. As discussed below, the Robinhood IPO case raises important issues relevant to liability actions under Section 11 of the Securities Act of 1933.

A copy of the U.S. Supreme Court's November 13, 2026, order granting the writ of certiorari in the Robinhood case can be found **here**.

Background

Robinhood Markets is an online brokerage firm whose core product offering is an online trading platform. The company raised over $2 billion in a July 20, 2021, IPO. In the securities lawsuit that

was later filed against the company, the plaintiffs alleged that in the first quarter of 2021, just prior to the IPO, two social media events brought an influx of speculative traders to Robinhood's platform, boosting Robinhood's quarterly revenue to all-time highs.

The complaint alleges further that by the time of the IPO, the social-media driven events had ended, and, as a result, the company's second quarter 2021 trading revenue had declined to a five-quarter low. The plaintiffs' allegations in the securities suit relate to the fact that Robinhood's IPO Registration Statement contained only the favorable first quarter 2021 financial statements, and allegedly misleadingly omitted the unfavorable second quarter financial information, purportedly because the company was not required to disclose the interim second quarter financial information. When the company later released the second quarter information following the IPO, the company's share price declined.

In December 2021, a plaintiff shareholder filed a securities class action lawsuit in the Northern District of California against Robinhood and certain of its executives, as well as the company's offering underwriters, alleging that the company's omission of the interim second quarter financial information from the Registration Statement was misleading, in violation of Section 11.

The defendants filed a motion to dismiss, arguing that under the existing disclosure requirements, the company had not been required to disclose the interim second quarter information. The court granted the defendants' motion to dismiss, holding that the company had not been required to disclose the interim financial information. The plaintiffs appealed.

On August 25, 2025, the Ninth Circuit vacated the district court's order, remanding the case to the District Court for the court to consider whether the plaintiffs had adequately alleged that the allegedly omitted information was material, and further to consider whether the alleged omissions violated Item 303 of Reg. S-K for failing to disclose risks, trends, and uncertainties likely to have a material effect on the company's financial results or operations. The defendants filed a petition to the U.S. Supreme Court for a writ of certiorari.

The Cert Petition and Opposition

In their **Petition**, the defendants argued that under Section 11, an alleged omission cannot be actionable unless it is both "material" *and* that it renders an actual statement misleading. The defendants also contended that an issuer cannot violate Item 303 by failing to disclose interim financial data before quarterly reporting deadlines. In its Registration Statement, the petition argues, Robinhood did not make any "affirmative assertion" that was itself misleading absent further disclosure.

The Petition also argues that the Ninth Circuit's holding misinterprets the securities laws' foundational disclosure requirements and is fundamentally incompatible with the SEC's quarterly reporting rules, and "exposes companies seeking to go public to expansive liability for failing to disclose intra-quarter interim data."

In their **Opposition** to the Petition, the plaintiffs argue that there is nothing radical about the Ninth Circuit's decision, and while the defendants may disagree about the outcome, the defendants are not proposing that the Court adopt legal rules in place of existing standards. The plaintiffs argue further that this area of the law requires fact-bound application of well-developed standards to a variety of business environments and circumstances, and that debates over how standards apply to different cases are not amenable to resolution by the Supreme Court. Finally, the plaintiffs argued that the Supreme Court should not take up the case because it was "in the same mold" as the *Meta* and *Nvidia* cases, which the Court took up but ultimately threw out two years ago, holding that the writ of certiorari had been improvidently granted in those cases. (About the Court's dismissal two years ago in the *Meta* and *Nvidia* cases, refer **here** and **here**, respectively.)

On June 1, 2026 (as reflected in the Court's **docket**) the Court asked the U.S. Solicitor General to weigh in on the petition. (Specifically, the Court "invited" the Solicitor General "to file a brief in this case expressing the views of the United States.")

On October 7, 2026, the Solicitor General filed an **Amicus Curiae brief**, in which the government contended that the Court should grant the writ of certiorari as to the question concerning the disclosure requirements of Section 11, but not with respect to the proposed question concerning Item 303.

The Solicitor General argued that the Ninth Circuit erred in "collapsing" the two-part inquiry required by Section 11 – that is, whether the allegedly misleading omission was "material" *and* whether disclosure of the omitted information was required in order to prevent an affirmative representation from being misleading.

The Court's Order

On November 13, 2026, the Supreme Court granted the writ of certiorari for the Court to consider the following question: "Whether an issuer can be found liable under the misleading-omissions prong of Section 11(a) of the Securities Act of 1933, 15 U.S.C. 77a *et seq.*, based on a determination that the issuer failed to disclose interim financial information that is material within the meaning of Section 11(a), without an additional inquiry to determine whether the omission rendered any affirmative statement misleading."

Discussion

As I noted at the outset, anytime the U.S. Supreme Court agrees to take up a securities case, it is an important development – and not just because it is rare for securities cases to go before the Court, but also because when the Court take up a securities case, there is always the possibility that the Court will say or do something that has a significant impact on securities litigation more generally.

The fact that the Supreme Court has agreed to take up the Robinhood case is significant, at a minimum, in the context of securities litigation involving IPO companies. The scenario involved in this lawsuit is, in fact, not uncommon. Plaintiffs' lawyers often seek to argue, when an IPO company has stumbled out of the gate, that the company and its executives knew (but did not disclose) that the company was encountering difficulties when the IPO was completed. Often these allegations turn on supposedly deteriorating financial indicators that allegedly were known to company management but not disclosed to investors.

By taking up this case, the Court will consider the important question of what a court must consider in determining whether or not an allegedly misleading omission of interim financial information is actionable. Is it sufficient for the Court to determine (as the defendants contend that the Ninth Circuit did) that the omission is "material," or must the Court also determine whether the disclosure of the allegedly omitted material information was also necessary in order for other affirmative statements to be not misleading?

The upshot will be to establish what courts must consider in making this determination, and, by extension, establish what IPO companies must disclose.

The defendants' petition sought to identify the stakes involved in the Court's determination of these issues; the petition argued that the Ninth Circuit's standard "exposes companies seeking to go public to expansive liability for failing to disclose intra-quarter interim data."

If the Court were to rule in Robinhood's favor, the Ninth Circuit's relatively plaintiff-friendly standard would be struck down. This is important because such a high proportion of IPOs take place in the Ninth Circuit. Also, a ruling in Robinhood's favor generally would make Section 11 liability actions more difficult to bring.

Of course, if the Court were to rule in the plaintiffs' favor, plaintiffs could more easily sue IPO companies and IPO companies likely would be more inclined to disclose interim financial information. There likely would be more lawsuits challenging IPO disclosures.

The Court has not yet identified the argument date for the Robinhood case. Argument will likely take place sometime between January and April 2027, and the decision is likely to be rendered by the end of June 2027.

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