

## **BEST EXECUTION AND ORDER HANDLING POLICY**

### **1. Introduction**

1.1. This Summary Best Execution and Order Handling Policy (“the Policy”) is provided to you (our Client or prospective Client) in accordance with the European Directive 2004/39/EC Of 21 April 2004 on Markets in Financial Instruments (MiFID) and with the implementation in Cyprus legislation on the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 144(I)/2007, as subsequently amended from time to time (“the Law”). Pursuant to the Law, eToro (Europe) Ltd (“the Company”) is required to take all reasonable steps to act in the best interest of its Clients when receiving and transmitting Client Orders and to achieve the best execution results when executing Client Orders and to comply, in particular, with the principles set out in the Law when providing investment services.

“**Cryptocurrency**” means a digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, operating independently of a central bank. Our Cryptocurrency Trading Services rendered under the Cryptocurrencies Trading Addendum are unregulated services. Please note that as part of the Cryptocurrencies Trading Service, eToro may be relying on third party service providers (including affiliated companies) to buy or hold the Cryptocurrencies on your behalf and those third parties may be based outside of the EEA and/or may be unregulated.

### **2. Scope**

2.1. This Policy applies to both Retail and Professional Clients (as defined in the [Company’s Client Categorization Disclosure](#)). If the Company classifies a Client as an Eligible Counterparty, this Policy does not apply to such an Eligible Counterparty.

2.2. This Policy applies when receiving and transmitting Client Orders or executing Client Orders for the Client and when taking decisions to deal for all types of CFDs, as applicable, offered by the Company to the Client.

### **3. Best Execution Factors**

3.1. The Company shall take all reasonable steps to obtain the best possible results for its Clients taking into account the following factors when executing Clients’ Orders:

**(a) Price:** For any given CFD, the Company will quote two prices: the higher price (ASK) at which the Client can buy (go long) that CFD, and the lower price (BID) at which the Client can sell (go short) that CFD. Collectively, the ASK and BID prices are referred to as the Company’s price. The difference between the lower and the higher price of a given CFD is the typical spread, which may vary according to market conditions and liquidity. Such orders as Buy Limit, Buy Stop and Stop Loss, Take profit for opened short position are executed at ASK price. Such orders as Sell Limit, Sell Stop and Stop Loss, Take profit for opened long position are executed at BID price.

The Company’s price for a given CFD is calculated by reference to the price of the relevant

underlying asset, which the Company obtains from a range of independent third party reference sources and independent financial market data providers that have been carefully selected and approved in accordance with the Company's internal procedures. These independent providers receive their price data from the relevant exchanges.

The Company's prices can be found on the Company's website or trading platforms. The Company updates its prices as frequently as the limitations of technology and communications links allow. The Company reviews its third party external reference sources from time to time to ensure that the data obtained continues to remain competitive. The Company will not quote any price outside the [market hours](#). If an order is placed outside the market hours, it will be executed at the market opening. Please refer to the section on Slippage for a description of possible deviations of the price on the market opening.

**If the price reaches an order such as:** Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop, these orders are instantly executed. However, under certain trading conditions it may be impossible to execute orders (Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit or Sell Stop) at the Client's requested price. In this case, the Company has the right to execute the order at the first available price.

This may occur, for example, at times of rapid price fluctuations, if the price rises or falls in one trading session to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted, or this may occur at the opening of trading sessions. The minimum level for placing Stop Loss, Take Profit, Buy Limit, Buy Stop, Sell Limit and Sell Stop orders, for a given CFD, is specified in the trading platform when an order is placed. eToro does not guarantee any order. Placing stops, regardless of the entry or closing designation, does not guarantee that the trade will be filled at the order price. All entry Stops and Stops will be filled, upon activation, at the first/best available market price that may or may not match the requested order price

**(b) Costs:** For opening a position in some types of CFDs the Client may be required to pay commission or financing fees, the amount of which is disclosed on the Company's website. Commissions may be charged either in the form of a percentage of the overall value of the trade or as fixed amounts. The typical commissions for the list of financial instruments can be found on the Company's website and trading platform.

In most circumstances, the cost (spread) of opening a position is fixed, and no other charges or commissions are applied. CFD trades with leverage are subject to overnight and rollover fees, as indicated at the time of the trade opening.

**(c) Speed of Execution:** Due to the levels of volatility affecting both price and volume, the Company seeks to provide client orders with the fastest execution reasonably possible.

**(d) Likelihood of Execution:** When the Company transmits Orders for Execution or executes it with another party, execution may be more difficult. The likelihood of execution depends on the availability of prices of other market makers/financial institutions. In some case it may not be possible to arrange an Order for execution, for example but not limited in the following

cases: during news times, trading session start moments, during volatile markets where prices may move significantly up or down and away from declared prices, where there is rapid price movement, where there is insufficient liquidity for the execution of the specific volume at the declared price, a force majeure event has occurred. In the event that the Company is unable to proceed with an Order with regard to price or size or other reason, the Order will not be executed. In addition, the Company is entitled, at any time and at its discretion, without giving any notice or explanation to the Client, to decline or refuse to transmit or arrange for the execution of any Order or Request or Instruction of the Client in circumstances explained in the Client Agreement/General Terms and Conditions.

**(e) Likelihood of settlement:** The Financial Instruments of CFDs offered by the Company do not involve the delivery of the underlying asset, so there is no settlement as there would be for example if the Client had bought shares.

**(f) Size of order:** The actual minimum size of an order may be different for each type of Client Account. A lot is a unit measuring the transaction amount and it is different for each type of CFD. Please refer to the Company's website for the value of minimum size of an order and each lot for a given CFD type. The Company reserves the right to decline an order as explained in the agreement entered with the Client. Please refer to the Company's trading platform for the value of the maximum volume of the single transaction.

**(g) Market Impact:** Some factors may rapidly affect the price of the underlying instruments/products from which the Company's quoted price is derived and may also affect other factors listed herein. The Company will take all reasonable steps to obtain the best possible result for its Clients.

3.2. The Company does not consider the above list exhaustive and the order in which the above factors are presented shall not be taken as priority factor. Nevertheless, whenever there is a specific instruction from the Client, the Company shall make sure that the Client's order shall be executed following the specific instruction (refer to Section 7 for further details).

3.3. The Company invites the clients to bear in mind that the duty of best execution not only relates to price but also involves the consideration of various factors including cost, speed and likelihood of execution and settlement. Even if a trade appears not to have been executed at the best possible price, it does not necessarily constitute a violation of the duty of best execution.

#### **4. Execution Practices in Financial Instruments**

eToro (Europe) Limited is regulated by the Cyprus Securities and Exchange Commission (CySEC) and undertakes all sufficient and necessary steps in accordance with the section 38 and 39 of the Law 144(I) 2007 to ensure the best possible result when executing the Clients' instructions.

As part of the Client Order Execution, we take all reasonable steps to achieve the best possible outcome for our Client by executing those orders in accordance with this Policy, subject to any specific instructions received from the Clients'. The Client acknowledges that the execution price

may differ from the price available on the trading platform or on an exchange, and that the Client's specific instructions may prevent the Company from achieving the best possible result for the order execution.

## **Slippage**

You are warned that Slippage may occur when trading in CFDs or other instruments. This is the situation when at the time that an Order is presented for execution, the specific price showed to the Client may not be available; therefore the Order will be executed at the next available price and may not represent the Client's requested price. So, Slippage is the difference between the expected price of an Order, and the price the Order is actually executed at. If the execution price is better than the price requested by the Client, this is referred to as positive slippage. If the executed price is worse than the price requested by the Client, this is referred to as negative slippage.

Please be advised that Slippage is a normal element when trading in financial instruments. Slippage can occur at any time, but often occurs during periods of illiquidity or higher volatility (for example due to news announcements, economic events and market openings and other factors) making an Order at a specific price impossible to execute. In other words, your Orders may not be executed at declared prices. It is noted that Slippage can occur also during Stop Loss, Take Profit and other types of Orders. We do not guarantee the execution of your Pending Orders at the price specified. However, we confirm that your Order will be executed at the next best available market price from the price you have specified under your pending Order.

## **5. Types of Order(s) in Trading Financial Instruments**

### **(a) Market Order(s)**

A market order is an order to buy or sell a financial instrument at the current price. Execution of this order results in opening a trade position. Financial instruments are bought at ASK price and sold at BID price. Stop Loss and Take Profit orders can be attached to a market order. All types of accounts offered by the Company are Market Orders.

### **(b) Pending Order(s)**

The Company offers the following types of Pending Orders: Buy Limit, Buy Stop, Sell Limit or Sell Stop orders to accounts used to receive and transmit Client Orders in financial instruments for execution. A Pending order is an order that allows the user to buy or sell a financial instrument at a pre-defined price in the future. These Pending Orders are executed once the price reaches the requested level. However, it is noted that under certain trading conditions it may be impossible to execute these Orders at the Client's requested price. In this case, the Company has the right to execute the Order at the first available price. This may occur, for example, at times of rapid price fluctuations of the price, rises or falls in one trading session to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted, or there is lack of liquidity, or this may occur at the opening of trading sessions.

It is noted that Stop Loss and Take Profit may be attached to a Pending Order. Also, pending orders

are good till cancelled.

### **(c) Take Profit**

Take Profit order is intended for gaining the profit when the financial instrument price has reached a certain level. Execution of this order results in complete closing of the whole position. It is always connected to an open position or a pending order. The order can be requested only together with a market or a pending order. Under this type of order, the Company's trading platform checks long positions with Bid price for meeting of this order provisions (the order is always set above the current Bid price), and it does with Ask price for short positions (the order is always set below the current Ask price).

### **(d) Stop Loss**

This order is used for minimising of losses if the financial instrument price has started to move in an unprofitable direction. If the financial instrument price reaches this level, the whole position will be closed automatically. Such orders are always connected to an open position or a pending order. They can be requested only together with a market or a pending order. Under this type of orders, the Company's trading platform checks long positions with Bid price for meeting of this order provisions (the order is always set below the current Bid price), and it does with Ask price for short positions (the order is always set above the current Ask price).

## **6. Best Execution Criteria**

6.1 The Company will determine the relative importance of the above Best Execution Factors (of paragraph 3 above) by using its commercial judgement and experience in the light of the information available on the market and taking into account:

- (a) The characteristics of the Client order.
- (b) The characteristics of the Financial Instruments that are the subject of that order.
- (c) The characteristics of the execution venue to which that order is directed.

In view of the above, the Company assigns the following importance level for the above Best Execution Factors:

<b>Factor</b>	<b>Importance Level</b>	<b>Remarks</b>
Price	High	We give strong emphasis on the quality and level of the price data that we receive from external sources in order to provide our clients with competitive price quotes. We do not however guarantee that our quoted prices will be at a price which is as good, or better, than one that may be available elsewhere.
Costs	High	We take all reasonable steps to keep the costs of your transactions as low and competitive, to the extent possible.

Speed of Execution	High	Execution speed and the opportunity for price improvement are critical to every trader and we repeatedly monitor these factors to ensure we maintain our high execution standards.
Likelihood of Execution	High	Even though we reserve the right to decline a Client order we aim to effect all Clients' orders, to the extent possible.
Likelihood of settlement	Medium	See relevant description in Best Execution Factors (section 3.1 (e) above).
Size of order	Medium	See relevant description in Best Execution Factors (section 3.1 (f) above).
Market Impact	Medium	See relevant description in Best Execution Factors (section 3.1 (g) above).

For Retail Clients, the best possible result shall be determined in terms of the total consideration, unless there is a specific instruction from the Client (see section 7 below), representing the price of the Financial Instrument and the costs related to execution, which shall include all expenses incurred by the Client which are directly related to the execution of the Order, including execution venue fees, clearing and settlement fees.

## 7. Client's Specific Instruction

7.1 The Company will always execute client orders in accordance with the instructions given by that client or on its behalf. Consequently, if a client requires an order to be executed in a particular manner and not in accordance with the Company's best execution principles set forth herein, the client must clearly state his/her desired method of execution when he/she places the order. To the extent that a client instruction is not comprehensive, the Company will determine any non-specified components of the execution in accordance with these best execution principles.

7.2. Trading rules for specific markets or market conditions may prevent the Company from following certain of the Client's instructions.

## 8. Execution of Client Orders

8.1 Typically, the Company uses automated systems to route and execute client orders

8.2 Upon acceptance of a client order and when there is no specific client instruction regarding the execution method, the Company will endeavor to execute that order in accordance with the Best Execution policy.

8.3. Whenever there is a specific instruction from or on behalf of a Client for the execution of an order, the Company shall arrange – to the extent possible – for the execution of the Client order strictly in accordance with the specific instruction.

**WARNING:** It is noted that the specific instruction may prevent the Company from taking the steps described in the Policy to obtain the best possible result for the Client.

8.4. The Company will satisfy the following conditions when carrying out Client Orders:

- (a) ensure that orders executed on behalf of Clients are promptly and accurately recorded and allocated;
- (b) carry out otherwise comparable Client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable;
- (c) inform its retail Clients about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

8.5 For OTC financial instruments (such as CFDs) and/or financial instruments whose underlying asset is a OTC financial instrument (such as securities CFDs), the Company may trade against its own proprietary desk or will route the orders to other market maker firms. Many of these firms also provide automated executions of orders.

8.6 The Company may utilize another executing broker, including an affiliate or a non-affiliated third party, including eToro (UK) Limited, to execute your orders/or and transactions. The Company reserves the right to decline any order or transaction, at any time, in its sole discretion. Clients shall be responsible for monitoring all their orders until The Company confirms execution or cancellation of the order.

8.7 Any order or instruction Clients give to the Company will not take effect unless actually received and acknowledged by the Company. The Company shall be entitled to act upon any order or instruction which it reasonably believes is given by the client or on the client's behalf without further enquiry as to the genuineness, authority or the identity of any such person giving or purporting to give such order or instruction. The execution of an order by the Company shall constitute a binding agreement between the client and the Company on the terms of such executed order.

8.8. We may in accordance with our Order Execution Policy, aggregate your orders with our own orders, orders of any of our associates and/or persons connected with us including employees and other clients. Furthermore, we may split your orders when executing them. You accept that aggregation and split of your order may result in you obtaining a less favorable price than if your orders had been executed separately.

## **9. Execution Venues**

9.1. Execution Venues are the entities with which the orders are placed or to which the Company transmits orders for execution. The Company shall act as principal for all transactions except as described herein. The Company acts as an agent only with respect to transactions whose underlying assets are Cryptocurrencies (as defined below). When the Company acts as a principal, it shall serve as the counterparty to the Client orders placed (i.e. principal to principal) and shall be the sole Execution Venue (as defined in Commission Directive 2006/73/EC implementing MiFID) for the

execution of Client's orders. In Cryptocurrency transactions, the Company acts in an agency capacity and the Execution Venue will be the executing broker used by the Company shall use another executing brokers, including affiliated or non-affiliated third parties, to execute the clients' orders.

9.2 The Company acknowledges that the transaction entered with the Company are not undertaken on a recognized exchange, rather they are undertaken through the Company's trading platform, and accordingly, they may expose the Client to greater risks that regulated exchange transactions.

## **10. Regular review of Execution Quality**

10.1 The Company regularly evaluates the overall quality of its order executions. The Company studies the quality of executions for listed and OTC retail market orders.

10.2 The Company's Management periodically evaluates the execution quality and makes recommendations regarding order routing practices.

## **11. Client's Consent**

By accepting our Terms and Conditions, including all addendums, the Client is entering into a Client Agreement with the Company for the provision of Investment Services and is also consenting to an application of this Summary Order Execution Policy. **12. Amendment of the Policy and Additional Information**

12.1. The Company reserves the right to review and/or amend its Policy and arrangements whenever it deems this appropriate according to the terms of the Client Agreement between the Client and the Company.

12.2. Should you require any further information and/or have any questions about this policy please direct your request and/or questions to our Customer Service team at <http://bit.ly/CSCentre>.