



# **eToro (Europe) Ltd**

**RTS 28 Report**

## **Annual Disclosure on the Quality of Execution obtained**

**Disclosure Period: 01.01.2019 – 31.12.2019**



## 1. SCOPE

**eToro (Europe) Limited**, hereinafter referred to as the ‘**Company**’ or ‘**eToro EU**’, is required to disclose to its Clients pursuant to:

- the Commission Delegated Regulation (EU) 2017/576 of 8 June 2016, supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution and
- the Article 65(6) of the Commission Delegated Regulation (EU) 2017/565 of 25 April 2016, which require firms to disclose for each class of financial instruments traded for clients during the period, a summary of the analysis and conclusions drawn from the execution quality monitoring that the Firm has undertaken.

The Company acts as the sole execution venue when executing Clients’ orders for the classes of financial instruments indicated further below and therefore may appear in the top five-execution venues in Section 5 indicated below. Per definition, eToro EU does not act as a Broker when executing Clients’ orders, and will consequently not appear among top five brokers in the aforementioned report.

**For Clients’ consideration:** For Clients’ benefit and protection, the Company urges its Clients to read the particular disclosure and any other documentation / available information on the eToro’s EU website prior to engaging in any activity with the Company.

This disclosure along with the accompanying tables will remain on the eToro’s EU website for two years at least post its publication.

## 2. EXPLANATORY NOTES

### 2.1 Classification of Passive/Aggressive Orders

- ‘*Passive Order*’ means an order entered into the order book that provided liquidity - not applicable to eToro EU as the Company do not operate the order book.
- ‘*Aggressive Order*’ means an order entered into the order book that took liquidity - not applicable to eToro EU as the Company do not operate the order book.
- ‘*Directed Order*’ means an order where a specific execution venue was specified by the client prior to the execution of the order, no orders are directed as thus field is not specified;

### 2.2 Categorization of Products into Classes of Financial Instruments

- ‘*Equities – Shares & Depositary Receipts*’: EU Shares covered by the MiFID II tick size regime.
- ‘*Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)*’: ETFs, ETN and ETC
- ‘*Contract for difference*’
- ‘*Other Instruments*’: Shares not covered by MiFID II tick regime.

**eToro (Europe) Ltd**

KIBC, (Kanika International Business Center), 7th Floor, 4 Profiti Iliia Street, Germasogia, Limassol, 4046, Cyprus [www.etoro.com](http://www.etoro.com)  
Regulated by the Cyprus Securities and Exchange Commission under license No. 109/10



### 3. ANNUAL EXECUTION SUMMARY FOR 2019

The following is a general summary of the analysis and conclusions of eToro EU derived from the detailed monitoring of the quality of execution obtained on the execution venues and through brokers for all covered client orders executed during the year 2019.

#### 3.1 Relative Importance of Execution Factors during the year under Review

The Company applies the same ranking of importance of Execution Factors when executing Client's Order for both Retail and Professional Clients as follows:

- a. Price;
- b. Cost payable by Client;
- c. Speed of Execution;
- d. Likelihood of Execution and settlement;
- e. Expected Impact of Execution and
- f. Any other consideration relevant to execution

For details on how each factor is assessed *ex-ante* when executing Clients' orders, please refer to the Company's Order Execution and Order Handling Policy indicated at <https://www.etoro.com/customer-service/regulation-license/>. During the year of 2019 the Company was offering services to both categories of Clients: Retail and Professional (Per-Se and Elective Professional).

#### 3.2 Common Ownerships and Conflict of Interest

The Company acts always as a principle/market maker, therefore the Company is the sole execution venue for the execution of Clients' orders in the classes of financial instruments offered by eToro EU. As a result, the disclosure required under this section regarding close links and common ownership with another execution venue used to execute Client orders is not relevant.

Conflict of interests between eToro EU own interest - as an execution venue and Clients' interests are managed in accordance with the eToro's EU Conflict of Interest Policy.

#### 3.3 Specific payments, discount or rebates and/other revenue arrangements with any Execution Venue

As eToro EU was only execution venue for all Clients orders executed in 2019, there is no relevant disclosure with respect to such specific arrangements.

#### 3.4 Changes of Execution Venues, and what where the factors that led to those changes

The Company deals as principal and a sole execution venue, exposing its own capital at risk, in transactions with clients, therefore, this section is not applicable to the Company and no changes have occurred during 2019.

#### 3.5 Differences in the execution of orders from the various categories of Clients where the Company offers its investment services

Clients' trades are executed in the same manner irrespective of the Clients' categorization. Therefore, the Company ensures that Best Execution obligation is met towards to both Retail and Professional Clients. For more information, please refer to section 3.1 above.

eToro (Europe) Ltd

KIBC, (Kanika International Business Center), 7th Floor, 4 Profiti Iliia Street, Germasogia, Limassol, 4046, Cyprus [www.etoro.com](http://www.etoro.com)  
Regulated by the Cyprus Securities and Exchange Commission under license No. 109/10



**3.6 Describe when any other criteria was given precedence over price and costs when executing Retail Clients' orders, and explain how this maintained Best Execution for the Client**

The Company does not prioritize factors based on Clients' categorization.

**3.7 Tools and Data used by eToro EU during 2019 to monitor the quality of execution**

The Company is performing in depth quality analysis for any new price providers and carries out sampled monthly quality checks on existing price providers and hedging counterparties to ensure the consistency of the execution quality.

**3.8 Use of a consolidated tape provider established under Article 65 of Directive 2017/65/EU**

Consolidated tape providers can provide useful data which can be used to assess best execution requirements, particularly in terms of price. This type of service is very new and is still under establishment stage in Europe, with providers needing to receive authorization under the MiFID II regulation. Having said this, the Company did not use any CTP during 2019 due to the absence of subject type of entities.

**3.9 Disclosure around the use of Direct Electronic Access ('DEA') providers**

Not applicable for the Company for the year 2019.



## 4. SUMMARY ANALYSIS PER CLASS OF FINANCIAL INSTRUMENT

A remark is given in the tables indicated further below in relation to the execution quality obtained for each class of financial instruments offered by the Company during the year 2019. Where a different quality of execution is obtained for a specific class of financial instruments offered, this will be highlighted explicitly to ensure that the quality assessment is applied and disclosed.

<b>Legal Entity</b>	eToro (Europe) Ltd (213800GIFQMSV7HROS23)
<b>Class of Instrument</b>	Equities – Shares & Depositary Receipts (All tick sizes liquidity bands): <ul style="list-style-type: none"> <li>• Tick size liquidity bands 5 and 6 (from 2000 trades per day) – Highly liquid shares</li> <li>• Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day) – Medium liquid shares</li> <li>• Tick size liquidity band 1 and 2 (from 0 to 79 trades per day) – Less liquid shares</li> </ul>
<b>Summary of Analysis</b>	
<b>Relative importance given to execution factors &amp; other considerations</b>	Please refer to Section 3.1 above
<b>Execution venue close links/conflicts of interest/common ownerships</b>	Please refer to Section 3.2 above
<b>Specific execution venue arrangements (i.e. discount or rebates and/other revenue arrangements)</b>	Not Applicable
<b>Changes to execution venues</b>	Not Applicable
<b>Client distinctions</b>	Please refer to Sections 3.5 & 3.6 above
<b>Use of data/tools relating to the quality of execution.</b>	Please refer to Section 3.7 above
<b>Use of a consolidated tape provider established under Article 65 of Directive 2017/65/EU</b>	Not Applicable
<b>Disclosure around the use of Direct Electronic Access ('DEA') providers</b>	Not Applicable

<b>Legal Entity</b>	eToro (Europe) Ltd (213800GIFQMSV7HROS23)
<b>Class of Instrument</b>	Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)
<b>Summary of Analysis</b>	

### eToro (Europe) Ltd

KIBC, (Kanika International Business Center), 7th Floor, 4 Profiti Iliia Street, Germasogia, Limassol, 4046, Cyprus [www.etoro.com](http://www.etoro.com)  
Regulated by the Cyprus Securities and Exchange Commission under license No. 109/10



<b>Relative importance given to execution factors &amp; other considerations</b>	Please refer to Section 3.1 above
<b>Execution venue close links/conflicts of interest/common ownerships</b>	Please refer to Section 3.2 above
<b>Specific execution venue arrangements (i.e. discount or rebates and/other revenue arrangements)</b>	Not Applicable
<b>Changes to execution venues</b>	Not Applicable
<b>Client distinctions</b>	Please refer to Sections 3.5 & 3.6 above.
<b>Use of data/tools relating to the quality of execution.</b>	Please refer to Section 3.7 above.
<b>Use of a consolidated tape provider established under Article 65 of Directive 2017/65/EU</b>	Not Applicable
<b>Disclosure around the use of Direct Electronic Access ('DEA') providers</b>	Not Applicable

<b>Legal Entity</b>	eToro (Europe) Ltd (213800GIFQMSV7HROS23)
<b>Class of Instrument</b>	Contract for difference
<b>Summary of Analysis</b>	
<b>Relative importance given to execution factors &amp; other considerations</b>	Please refer to Section 3.1 above
<b>Execution venue close links/conflicts of interest/common ownerships</b>	Please refer to Section 3.2 above
<b>Specific execution venue arrangements (i.e. discount or rebates and/other revenue arrangements)</b>	Not Applicable
<b>Changes to execution venues</b>	Not Applicable
<b>Client distinctions</b>	Please refer to Sections 3.5 & 3.6 above
<b>Use of data/tools relating to the quality of execution.</b>	Please refer to Section 3.7 above
<b>Use of a consolidated tape provider established under Article 65 of Directive 2017/65/EU</b>	Not Applicable
<b>Disclosure around the use of Direct Electronic Access ('DEA') providers</b>	Not Applicable

**eToro (Europe) Ltd**

KIBC, (Kanika International Business Center), 7th Floor, 4 Profiti Iliia Street, Germasogia, Limassol, 4046, Cyprus [www.etoro.com](http://www.etoro.com)  
 Regulated by the Cyprus Securities and Exchange Commission under license No. 109/10



<b>Legal Entity</b>	eToro (Europe) Ltd (213800GIFQMSV7HROS23)
<b>Class of Instrument</b>	Other Instruments
<b>Summary of Analysis</b>	
<b>Relative importance given to execution factors &amp; other considerations</b>	Please refer to Section 3.1 above
<b>Execution venue close links/conflicts of interest/common ownerships</b>	Please refer to Section 3.2 above
<b>Specific execution venue arrangements (i.e. discount or rebates and/other revenue arrangements)</b>	Not Applicable
<b>Changes to execution venues</b>	Not Applicable
<b>Client distinctions</b>	Please refer to Sections 3.5 & 3.6 above.
<b>Use of data/tools relating to the quality of execution.</b>	Please refer to Section 3.7 above.
<b>Use of a consolidated tape provider established under Article 65 of Directive 2017/65/EU</b>	Not Applicable
<b>Disclosure around the use of Direct Electronic Access ('DEA') providers</b>	Not Applicable

**eToro (Europe) Ltd**

KIBC, (Kanika International Business Center), 7th Floor, 4 Profiti Iliia Street, Germasogia, Limassol, 4046, Cyprus [www.etoro.com](http://www.etoro.com)  
 Regulated by the Cyprus Securities and Exchange Commission under license No. 109/10



## 5. REPORT ON EXECUTION VENUES/BROKERS

The information presented herein below refers to the top five (5) execution Venues and Brokers used by the Company for executing the orders of retails and/or professional Clients. The information indicated in the table below, refers to the classes of financial instruments offered by the Company (please refer to the explanatory note above for more information) for the year 2019.

- TOP FIVE (5) VENUES/BROKERS REPORT - RETAIL CLIENTS FOR THE YEAR 2019.**

Class of Instrument

**Equities - Shares & Depository Receipts (All tick sizes liquidity bands)**

**eToro (Europe) Ltd**

There was more than one trade per business day on average during 2019

<b>Top 5 execution venues ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
eToro (EU) Ltd (213800GIFQMSV7HROS23)	100.0%	100.0%	N/A	N/A	N/A

  

<b>Top 5 Broker Report ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
N/A	N/A	N/A	N/A	N/A	N/A

Class of Instrument

**Exchange Traded Products - Exchange traded funds, exchange traded notes and exchange traded commodities)**

**eToro (Europe) Ltd**

There was more than one trade per business day on average during 2019

<b>Top 5 execution venues ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
eToro (EU) Ltd (LEI: 213800GIFQMSV7HROS23)	100.0%	100.0%	N/A	N/A	N/A

  

<b>Top 5 Broker Report ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
N/A	N/A	N/A	N/A	N/A	N/A

**eToro (Europe) Ltd**

KIBC, (Kanika International Business Center), 7th Floor, 4 Profiti Iliia Street, Germasogia, Limassol, 4046, Cyprus [www.etoro.com](http://www.etoro.com)  
 Regulated by the Cyprus Securities and Exchange Commission under license No. 109/10





Class of Instrument

**Contract for Difference**

**eToro (Europe) Ltd**

There was more than one trade per business day on average during 2019

<b>Top 5 execution venues ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
eToro (EU) Ltd (213800GIFQMSV7HROS23)	100.0%	100.0%	N/A	N/A	N/A

  

<b>Top 5 Broker Report ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
N/A	N/A	N/A	N/A	N/A	N/A

Class of Instrument

**Other Instruments**

**eToro (Europe) Ltd**

There was more than one trade per business day on average during 2019

<b>Top 5 execution venues ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
eToro (EU) Ltd (213800GIFQMSV7HROS23)	100.0%	100.0%	N/A	N/A	N/A

  

<b>Top 5 Broker Report ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
N/A	N/A	N/A	N/A	N/A	N/A

**eToro (Europe) Ltd**

KIBC, (Kanika International Business Center), 7th Floor, 4 Profitia Street, Germasogia, Limassol, 4046, Cyprus [www.etoro.com](http://www.etoro.com)  
 Regulated by the Cyprus Securities and Exchange Commission under license No. 109/10



• **TOP FIVE (5) VENUES/BROKERS REPORT - PROFESSIONAL CLIENTS FOR THE YEAR 2019.**

Class of Instrument

**Equities - Shares & Depository Receipts (All tick sizes liquidity bands)**

**eToro (Europe) Ltd**

There was more than one trade per business day on average during 2019

<b>Top 5 execution venues ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
eToro (EU) Ltd (213800GIFQMSV7HROS23)	100.0%	100.0%	N/A	N/A	N/A
<b>Top 5 Broker Report ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
N/A	N/A	N/A	N/A	N/A	N/A

Class of Instrument

**Exchange Traded Products - Exchange traded funds, exchange traded notes and exchange traded commodities)**

**eToro (Europe) Ltd**

There was more than one trade per business day on average during 2019

<b>Top 5 execution venues ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
eToro (EU) Ltd (213800GIFQMSV7HROS23)	100.0%	100.0%	N/A	N/A	N/A
<b>Top 5 Broker Report ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
N/A	N/A	N/A	N/A	N/A	N/A

**eToro (Europe) Ltd**

KIBC, (Kanika International Business Center), 7th Floor, 4 Profiti Iliia Street, Germasogia, Limassol, 4046, Cyprus [www.etoro.com](http://www.etoro.com)  
 Regulated by the Cyprus Securities and Exchange Commission under license No. 109/10



Class of Instrument

**Contract for Difference**

**eToro (Europe) Ltd**

There was more than one trade per business day on average during 2019

<b>Top 5 execution venues ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
eToro (EU) Ltd (213800GIFQMSV7HROS23)	100.0%	100.0%	N/A	N/A	N/A

  

<b>Top 5 Broker Report ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
N/A	N/A	N/A	N/A	N/A	N/A

Class of Instrument

**Other Instruments**

**eToro (Europe) Ltd**

There was more than one trade per business day on average during 2019

<b>Top 5 execution venues ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
eToro (EU) Ltd (213800GIFQMSV7HROS23)	100.0%	100.0%	N/A	N/A	N/A

  

<b>Top 5 Broker Report ranked in terms of trading volumes</b>	<b>% Volume traded</b>	<b>% Number of trades</b>	<b>% Passive Orders</b>	<b>% Aggressive Orders</b>	<b>% Directed Orders</b>
N/A	N/A	N/A	N/A	N/A	N/A

**eToro (Europe) Ltd**

KIBC, (Kanika International Business Center), 7th Floor, 4 Profitia Street, Germasogia, Limassol, 4046, Cyprus [www.etoro.com](http://www.etoro.com)  
 Regulated by the Cyprus Securities and Exchange Commission under license No. 109/10



## 6. CONCLUSIONS

Overall in 2019, in response to Market in Financial Instruments Directive requirements, the Company took all sufficient steps in order to deliver best execution and act in the best interest of its Clients. The Company has in place an Order Execution and Order Handling Policy, as well as other policies, procedures, controls and monitoring processes, which are designed to achieve the best possible result for its Clients.

For execution monitoring purpose the Company's second and third lines of defense (i.e. the Compliance, Risk Management and Internal Audit functions) examine the monitoring policies and procedures executed by the Company and the actions taken by the Company's Senior Management. These Control Functions present their findings to the Company's Board of Directors at least on an annual basis, for further examination and actions, where and if required.

**eToro (Europe) Ltd**

KIBC, (Kanika International Business Center), 7th Floor, 4 Profiti Iliia Street, Germasoglia, Limassol, 4046, Cyprus [www.etoro.com](http://www.etoro.com)  
Regulated by the Cyprus Securities and Exchange Commission under license No. 109/10