



eToro (Europe) Limited

Conflict of Interest Policy



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eToro (Europe) Ltd

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1. Introduction

In accordance with the Investment Services and Activities and Regulated Markets Law of 2017 L.87(I)/2017, all investment firms operating in the Republic of Cyprus are required to take all appropriate steps to detect and avoid conflicts of interest. This Conflicts of Interest Policy ("**Policy**") is a summary of the organizational and administrative arrangements which eToro (Europe) Limited ("The Company") employees, appointed representatives, contractors, or any person directly or indirectly linked to eToro Europe Limited, by control (together, "**eToro**", "**we**", "**us**", and "**our**") have implemented to manage conflicts of interest.

A 'conflict of interest' is a situation where the interest of two or more parties may be incompatible, meaning that it is possible for one to benefit at the expense of another. This includes:

- conflicts between eToro and our clients; and,
- conflicts between one client and another client.

2. Scope

Under the relevant regulatory rules, we are required to take all appropriate steps to identify, and manage or prevent conflicts of interest, and where necessary as a last resort disclose such conflicts to our clients. This obligation, and by extension this Policy, applies to conflicts which arise in connection with us carrying on or providing regulated services to you.

Cryptoasset markets are non-regulated in some EU countries, and therefore our cryptoassets trading service is an unregulated service. This means that the rules relating to best execution are not applicable to cryptoasset trades or copy trades, although we will endeavour to provide such benefits to you. However, not all trades involving cryptoassets are carried out by us through our cryptoasset trading service. Instead, some types of trade are carried out through our CFD trading service. If your cryptoasset trade was carried out through our CFD trading service, then the Policy will apply.

You should read the eToro (Europe) Limited Terms and Conditions which are applicable to your jurisdiction for a full list of the types of trade that will be carried out using our CFD trading service. However, as a general rule, your trade will be carried out as a CFD

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trade where: you are trading using leverage, you are shorting a cryptoasset, or you are copytrading, under certain limited circumstances.

Where the conflicts of interest rules apply to our relationship with you, this Policy will form part of our Agreement with you (as defined in the eToro (Europe) Limited Terms and Conditions).

3. The Policy

In general, Our approach to conflicts has three key stages:

- identifying conflicts of interest;
- managing or preventing conflicts of interest; and,
- disclosing conflicts of interest.

3.1 Identifying Conflicts of Interest

eToro has systems in place to identify conflicts of interest that may have a negative impact on the client. These include where:

- a) we or our employees are likely to make a financial gain, or avoid a financial loss, at the expense of the client; or,
- b) we or our employees have an interest in the outcome of the service or of a transaction carried out on behalf of a client, which is distinct from the client's interest in that outcome; or,
- c) we or our employees have a financial or other incentive to favor the interest of a client, or a group of clients, over the interest of other clients; or,
- d) we or our employees receive or will receive from a person other than the client, an inducement, in relation to a service provided to the client, in the form of monies, goods or services, other than the standard fee for that service; or,
- e) one of our clients is likely to make financial gain or avoid a financial loss at the expense of another client.

3.2 Managing or Preventing Conflicts of Interest

Where we identify a potential conflict of interest, we may adopt one or more of our procedures to manage or prevent the conflict.

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These procedures include (but are not limited to):

- a) separating the duties of our employees engaged in different business activities where the duties, if shared, would amount to a potential conflict. This could include for example, the operation of information barriers, physical separation of staff, and the segregation of duties and responsibilities;
- b) ensuring that we do not give you preferential treatment over another client when executing an order, or vice versa;
- c) not disclosing the details of your trades to other clients or to third parties without your consent;
- d) ensuring clear and transparent communications between our employees;
- e) controlling the use of dealing on personal accounts for all employees and their associates, regardless of how senior they are;
- f) adopting appropriate limits and procedures when assessing our employees' remuneration in order to ensure that they are rewarded for acting in your best interests and not against them;
- g) adopting policies and procedures to monitor and, if necessary, limit or refuse gifts and personal benefits;
- h) adopting policies and procedures to prevent insider trading, market manipulation and the misuse of market or price-related information;
- i) requiring all our directors who are not directly employed by us to declare any outside business interests; and,
- j) training our staff on managing and preventing conflicts of interest.

3.3 Disclosing Conflicts of Interest

Where the Company cannot ensure with reasonable confidence that the arrangements which we have in place will prevent risk of damage to your interests, we will disclose the nature and/or source of the conflict and explain the risks that arise to you, to enable you to take an informed decision with respect to whether you wish to trade or continue trading on our platform.

Before we decide to disclose a conflict, we will take reasonable steps to prevent or manage it. We consider disclosing a conflict to be the least preferable option available to us. In some circumstances, we may decline to act for a client or potential client.

We disclose potential conflicts of interest in the eToro (Europe) Limited Terms and Conditions and in section on "Potential conflicts of interest" below. The conflicts

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disclosed include those which may arise in relation to our business generally, and, where relevant, specific conflicts associated with a specific eToro service. We may not notify you if we update the particular conflicts of interest listed in these documents.

4. Potential Conflicts of Interest

The general conflicts of interests that may arise when you are trading on our platform include:

- a) when we execute a transaction with you, we may execute hedging transactions to manage our risk in relation to the transaction with you. This may impact the price you pay or receive for such a transaction, and we will retain any profits generated by such hedging. However, we are not required to hedge transactions if we do not want to;
- b) we may enter into arrangements with third parties, or with other clients, where we make payments to them or receive payments from them based on your trading activity. These payments may include rebates, commissions, widened spreads and profit sharing;
- c) we may provide, pay or receive fees, commissions or non-monetary benefits where such payments are permitted by applicable laws;
- d) we may share dealing charges with our affiliate companies or receive remuneration from them in respect of transactions carried out on your behalf;
- e) where we are the counterparty to transactions that you enter into; and,
- f) where we are responsible for setting the price of instruments and products which can be traded and invested in on the eToro platform. This means that the prices on the eToro platform may be different from the prices provided by other brokers and the market price, as well as the current prices on any exchanges or trading platforms.

When you enter into a CFD transaction, we may or may not purchase or sell the underlying product. If we buy the underlying product, we may have rights, for example voting rights if we are a shareholder, which we can exercise without notifying you.

When trading using our CopyTrading service, in addition to the conflicts at the above paragraph, you should be aware that we may compensate popular eToro traders who you and/or others have elected to follow and/or copy.

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5. Periodic Review

eToro will perform a periodical review of this policy at least on an annual basis and amend it as necessary by eToro's management body in the event of changing circumstances or regulations.

The policy is subject to periodic reviews as follows:

Control Measures	Frequency	Responsible Person(s)	Monitoring of Control Measure	Reporting Frequency
Policy content review	On-going	Document Author	Compliance Calendar	Q1/Year
Board Approval	Every new version	Head of Compliance	Compliance Calendar	Q1/Year

6. Record Keeping

In addition to the organizational and administrative arrangements which we have in place to identify, manage or prevent, and disclose conflicts, we aim to keep a record of the kinds of activity we carry on in which a conflict could arise or has arisen.

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