



Conflicts of Interests Policy

eToro (Europe) Ltd



Introduction

This policy covers business conflicts of interest. This topic is regulated by the following legal texts:

Cyprus level:

- Law which provides for the provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and other related matters (L. 87(I)/2017)
- DIRECTIVE DI87-01 of the CYPRUS SECURITIES AND EXCHANGE COMMISSION for the safeguarding of financial instruments and funds belonging to clients, product governance obligations, and the rules applicable to the provision or reception of fees, commissions, or any monetary or non-monetary benefits
- Other laws, directives, and circulars issued by CySEC from time to time.

European Union level:

- Regulation (EU) No 600/2014 of the European Parliament and of the Council, of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (MIFIR);
- Directive 2014/65/EU of the European Parliament and of the Council, of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II);

This Policy is only for informational purposes and is not intended to and does not create third party rights or duties that would not already exist if the Policy had not been made available. The Policy does not form part of any contract between eToro (Europe) Ltd. (or any of its affiliates) or any Client or prospective Client. This Policy demonstrates that eToro (Europe) Ltd. is taking all reasonable steps to identify and avoid conflicts of interest situations that may arise between eToro (Europe) Ltd. and its employees and its clients or among its clients during the course of the provision of investment services. It is the duty of the Compliance Officer to develop and maintain this Policy so as to prevent and resolve potential conflicts of interest. For the purposes of identifying the types of conflict of interest which may arise in the course of providing investment and ancillary services or a combination thereof and whose existence may damage the interests of a Client, eToro (Europe) Ltd. need to take into account, by way of minimum criteria, the question of whether eToro (Europe) Ltd. or a relevant person or a person directly or indirectly linked by control to eToro (Europe) Ltd., is

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in any of the following situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

- a) eToro (Europe) Ltd. or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the Client
- b) eToro (Europe) Ltd. or that person has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome
- c) eToro (Europe) Ltd. or that person has financial or other incentives to favor the interest of another client or group of clients over the interests of the Client
- d) eToro (Europe) Ltd. or that person carries on the same business as the Client
- e) eToro (Europe) Ltd. or that person receives 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 commission or fee for that service

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 financial or other incentives 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 a financial gain or avoid a financial loss at the expense of another client.

In addition to the above-mentioned types of conflicts of interest, a non-exhaustive list of the types of situations where conflicts may arise, including conflicts in relation to the provision of investment and ancillary services the Company may provide, are listed below:

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- Personal transactions of relevant persons where the employees may engage in the trading of securities or other instruments for their own account. Such trading activities may put those employees and officers, or the Company, in conflict with the interests of our clients, for example, by having a personal interest in a transaction with a client, or by front-running transactions with clients
- Where employees of the Company may come into possession of material non-public information and the improper use of such information by staff members could cause a conflict with the interests of the Firm's clients, or between the interests of the Firm's clients, and may also be unlawful under Market Abuse Regulation which may result in a civil or criminal conviction.
- Where there is an inappropriate flow of information between relevant persons within separate areas of the business who should be acting independently and where the absence of this independence could be detrimental to the client
- Where management and employees hold outside business interests, such as directorships or shareholdings, in-service providers, or other Companies.
- Where interests of a certain Client are preferred to those of another Client with the purpose of a deriving personal benefit by an employee
- Where the Company wishing to make an investment for its own account in financial instruments in which Clients are also seeking to invest
- When trading using our CopyTrading service, in addition to the conflicts in 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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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. 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; and,
- i) Requiring all our directors who are not directly employed by us to declare any outside business interests.

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eToro (Europe) Ltd. shall also have in place Chinese Walls procedures: No communicating of information and data between the various business units of eToro (Europe) Ltd. and especially, whether eToro's (Europe) Ltd.'s officers and employees have access to data in the possession of business units to which such access is not permitted so that to prevent the flow of confidential information in a way that which adversely affect the interest of the Clients.

Disclosing Conflicts of Interest

Where a conflict of interest arises, eToro (Europe) Ltd. will, if made aware of it, disclose it to a client or potential client prior to undertaking investment business for that client. If eToro (Europe) Ltd. does not believe that disclosure is appropriate to manage the conflict, we may choose not to proceed with the transaction or matter giving rise to the conflict. eToro (Europe) Ltd. reserves the right to review and/or amend its Policy whenever it deems this necessary/appropriate.

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. This includes the activities of other eToro group companies, where relevant.

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