

Trade Execution and SEC Rule 606 and 607 (Disclosure of Payment for Order flow and Order Routing Information)

TRADE EXECUTION

Per FINRA Notice 15-46 “The broker-dealer duty of best execution has been codified in FINRA’s best execution rule, Rule 5310. This rule provides that, “[i]n any transaction for or with a customer or customer of another broker-dealer, a member and persons associated with a member shall use reasonable diligence to ascertain the best market for the subject security and buy or sell in such market so that the resultant price to the customer is as favorable as possible under prevailing market conditions.” The rule governs both transactions where the firm acts as agent for the account of its customer, and where transactions are executed as principal.”

Per Rule 5310, the determination as to whether a firm exercised reasonable diligence to ascertain the best market for the security and bought or sold in that market so that the resultant price to the customer is as favorable as possible under prevailing market conditions necessarily involves a “facts and circumstances” analysis. In addition, a firm must make every effort to execute a marketable customer order that it receives fully and promptly. A broker- dealer that routes all of its order flow to another broker-dealer without conducting an independent review of execution quality would violate the duty of best execution.

ORDER ROUTING INFORMATION

Pursuant to federal securities regulation, firms are required to make publicly available a quarterly report with regard to its routing of non-directed orders. For the purpose of this Rule, we have entered into an agreement with Apex Clearing Corporation (“Apex”) to route orders on behalf of eToro USA Securities Inc. Apex’s order routing numbers can be accessed by utilizing the following link: <https://www.apexclearing.com/disclosures>.

SEC Rule 606(b) also requires broker-dealers to disclose to its customers, upon request, “the identity of the venue to which the customer’s orders were routed for execution in the six months prior to the request, whether the orders were directed orders or non-directed orders, and the time of the transactions, if any, that resulted from such orders.”

PAYMENT FOR ORDER FLOW DISCLOSURE

Pursuant to federal securities regulations, we are required to disclose at the time your account is opened, and annually thereafter, our payment for order flow practices.

We route your equity orders to our clearing firm for execution. Apex may receive payment or rebates from the executing venue and we may receive a share of those payments or rebates. The amount of the payment or rebate will be furnished to you upon written request.

Order routing decisions are based on a number of factors including the size of the order, the opportunity for price improvement and the quality of order executions. We regularly review Apex’s execution quality to ensure that your orders meet our duty of best execution.

Our quarterly reports are provided here: <https://public.s3.com/rule606/etor/>