

IT IS VERY IMPORTANT THAT YOU (“CUSTOMER”) READ AND FULLY UNDERSTAND THE FOLLOWING RISKS OF TRADING AND INVESTING IN YOUR SELF-DIRECTED ETORO USA SECURITIES INC. (“ETORO”) ACCOUNT(S) (“CUSTOMER ACCOUNT(S)”)

Customer Accounts where eToro USA customers can invest in stocks, exchange-traded funds (ETFs), and options are offered through eToro USA Securities Inc., which is an SEC registered broker-dealer. Options trading is offered through a product named “eToro Options”, but those are still eToro USA Securities Inc. brokerage accounts.

All Customer Accounts are self-directed. Accordingly, Customers are solely responsible for any and all orders placed in their Accounts and understand that all orders entered by them are unsolicited and based on their own investment decisions or the investment decisions of their duly authorized representative or agent. Consequently, Customers agree that eToro does not:

1. provide investment advice in connection with a Customer Account;
2. recommend any security, transaction or order;
3. act as a market maker in any security;
4. make discretionary trades; and
5. produce or provide research. To the extent research materials or similar information is available through the eToro website or mobile application, or the websites of any of its affiliates, these materials are intended for informational and educational purposes only and they do not constitute a recommendation to enter into any securities transactions or to engage in any investment strategies.

After the market has closed for the day, Customers of eToro have the ability to place in a queue, order requests to be executed the following day upon the opening of the market (“Queued Order”). These Queued Order requests are prioritized based on the order in which they are received and are sent out for execution the next day of trading shortly after the market opens. Each Queued Order request is sent per Customer and per security as eToro market orders, and they are not aggregated.

GENERAL RISKS OF TRADING AND INVESTING

All securities trading, whether in stocks, exchange-traded funds (“ETFs”), options or other investment vehicles, is speculative in nature and involves substantial risk of loss. eToro encourages its customers to invest carefully and to use the information available at the websites of the SEC at <http://www.sec.gov> and FINRA at <http://FINRA.org>. Customers can review public companies’ filings at the SEC’s EDGAR page. FINRA has published information on how to invest carefully at its website. eToro may also make some of this information available on its website. Customers interested in options

trading should review the [“Characteristics and Risks of Standardized Options”](#) disclosure document.

eToro believes it is very important that every Customer understands all of the risks of any form of trading or investing prior to trading or investing real dollars. Past performance is not necessarily indicative of future results. By investing their money in securities through eToro, Customers are taking full responsibility for all trading actions, and should make every effort to understand the risks involved.

1. **You may lose money trading and investing.** Trading and investing in securities is always risky. For that reason, Customers should trade or invest only with money they can afford to lose. Trading stocks, ETFs, and options involves RISK, and you can lose ALL the money you invested. Although eToro does not currently extend credit for margin trading, the use of margin when trading involves interest charges and additional risks, including the potential to lose more than deposited or the need to deposit additional collateral in a failing market. Before using margin, customers must determine whether this type of trading strategy is right for them given their specific investment objectives, experience, risk tolerance, and financial situation.
2. **Past performance is not necessarily indicative of future results.** All investments carry risk, and all trading decisions of an individual remain the responsibility of that individual. There is no guarantee that systems, indicators, or trading signals will result in profits or that they will not result in losses. All Customers are advised to fully understand all risks associated with any kind of trading or investing they choose to do.
3. **Stop orders may reduce, but not eliminate your trading risk.** A stop market order is an order, placed with your broker, to buy or sell a particular stock at the market price if and when the price reaches a specified level. Stop orders are often used by traders in an effort to limit the amount they might lose. If and when the market reaches whatever price you specify, a stop order becomes an order to execute the desired trade at the best price immediately obtainable.

There can be no guarantee, however, that it will be possible under all market conditions to execute the order at the price specified. In an active, volatile market, the market price may be declining (or rising) so rapidly that there is no opportunity to liquidate your position at the stop price you have designated. Under these circumstances, the broker's only obligation is to execute your order at the best price that is available. Therefore, stop orders may reduce, but not eliminate, your trading risk.

RISKS OF INVESTING IN STOCK AND ETFs (INCLUDING OPTIONS TRADING INVOLVING THOSE PRODUCTS)

Investments always entail some degree of risk. Be aware that:

- Some investments cannot easily be sold or converted to cash. Check to see if there is any penalty or charge if you must sell an investment quickly. There may be liquidity restrictions if a security available on the eToro USA platform is delisted.
- Investments in stocks issued by a company with little or no operating history or published information involves greater risk than investing in a public company with an operating history and extensive public information. Stock investments are not federally insured against a loss in market value.
- Stock you own may be subject to tender offers, mergers, reorganizations, or third-party actions that can affect the value of your ownership interest. Pay careful attention to public announcements and information sent to you about such transactions. They involve complex investment decisions. Be sure you fully understand the terms of any offer to exchange or sell your shares before you act. In some cases, such as partial or two-tier tender offers, failure to act can have detrimental effects on your investment.
- The value of your investment can decline to zero.
- eToro USA supports fractional share trading of stocks and ETFs. Fractional shares have some illiquidity and other risks. Learn more in the [eToro Help Center](#).
- Low priced securities may come with additional investing risks. Please review eToro USA's "[Low Priced Securities Disclosure](#)."
- You may have limited liquidity
- Investors should consider the investment objectives and unique risk profile of an ETF carefully before investing. ETFs are subject to risks similar to those of other diversified portfolios. Leveraged and inverse ETFs may not be suitable for all investors and may increase exposure to volatility through the use of leverage, short sales of securities, derivatives and other complex investment strategies.
- Although ETFs are designed to provide investment results that generally correspond to the performance of their respective underlying indices, they may not be able to exactly replicate the performance of the indices because of expenses and other factors. A prospectus contains this and other information about the ETF and should be read carefully before investing. Customers should obtain prospectuses from issuers and/or their third-party agents who distribute and make prospectuses available for review. ETFs are often required to distribute portfolio gains to shareholders at year end. These gains may be generated by portfolio rebalancing or the need to meet diversification requirements. ETF trading will also generate tax consequences.
- Additional regulatory guidance on Exchange Traded Products can be found at the [SEC website](#) and at the FINRA website ([here](#) and [here](#)).

- Options trading involves additional risks beyond the issues listed above. Please review the [“Characteristics and Risk of Standardized Options”](#) to read critical disclosures about trading options. Also, please review your [eToro USA Customer Agreement](#) for options-related disclosures, the [“eToro Options: Customer Responsibilities”](#) document as well as publications from regulators, including some samples [here](#) and [here](#).