



ETORO – MIDDLE EAST
Conflicts of Interest Policy

December 2023

1. INTRODUCTION

- 1.1 This Conflicts of Interest Policy ("**Policy**") is a summary of the organisational and administrative arrangements which eToro (ME) Limited ("**eToro ME**"), employees, appointed representatives, tied agents, contractors, and where relevant our group companies, or any person directly or indirectly linked to them by control (together, "**eToro**", "**we**", "**us**", and "**our**") have implemented to manage conflicts of interest.
- 1.2 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:
- (a) eToro and our clients; and
 - (b) one client and another client.
- 1.3 Under the relevant regulatory rules, we are required to take all appropriate steps to identify, and manage or prevent conflicts of interest, and if arrangements made by us to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of our client will be prevented, we shall disclose the general nature and the sources of conflicts of interests to the client before undertaking business for the client. The disclosure must include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises. This obligation, and by extension this Policy, applies to conflicts which arise in connection with us carrying on or providing regulated services under the FSMR to you.
- 1.4 Not all trades involving cryptoassets are carried out by us through our cryptoasset trading service. Instead, some types of cryptoasset trades are carried out through our CFD trading service; specifically those which were opened as a cryptoasset CFD prior to January 6 2021 or those which closed an open cryptoasset CFD position (which was originally opened prior to January 6 2021). If your cryptoasset trade was carried out through our CFD trading service, then this Policy will apply.
- 1.5 You should read the eToro ME Client Terms and Conditions and, in particular, Appendix 1 of Schedule D (Situations in which Cryptoasset Trading Services are Differentiated) for a full list of the types of trade that will be carried out using our CFD trading service.
- 1.6 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 ME Client Terms and Conditions).

eToro (ME) Limited

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2. **SUMMARY OF OUR APPROACH TO MANAGING CONFLICTS**

2.1 Our approach to conflicts has three key stages:

- (a) identifying conflicts of interest;
- (b) managing or preventing conflicts of interest; and
- (c) disclosing conflicts of interest.

Identifying conflicts of interest

2.2 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;
- (c) we or our employees have a financial or other incentive to favour 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.

Managing or preventing conflicts of interest

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

2.4 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;

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- (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.

Disclosing conflicts of interest

- 2.5 Where eToro 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.
- 2.6 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.
- 2.7 We disclose potential conflicts of interest in the eToro ME Terms and Conditions and in section on "Potential conflicts of interest" below. The conflicts 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.

3. POTENTIAL CONFLICTS OF INTEREST

- 3.1 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 or another eToro group entity 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 transaction, and we or the relevant eToro group entity will retain any profits generated by such hedging. However, we and other eToro group entities 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 Law;

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- (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) eToro (Europe) Limited will be the counterparty to transactions that you enter into; and
 - (f) eToro (Europe) Limited is 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.
- 3.2 When you enter into a CFD transaction, we, eToro (Europe) Limited, or an affiliate company (together, "**we**" for the purposes of this paragraph) 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.
- 3.3 When trading using our copytrading service, in addition to the conflicts at paragraph 3.1 above, you should be aware that we may compensate popular eToro traders who you and/or others have elected to follow and/or copy.

4. **RECORD KEEPING**

In addition to the organisational 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 service or activity we carry on in which a conflict of interest entailing a material risk of damage to the interests of one or more clients could arise or has arisen. This includes the activities of other eToro group companies, where relevant.

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