

eToro Options: Customer Responsibilities

This document is intended to provide additional details regarding your responsibilities and certain risks of trading options when using the eToro Options platform. Please review this document, as well as the information about options trading and other topics discussed in our Customer Agreement, before trading options.

Securities are offered through eToro USA Securities Inc. (“eToro”), a registered broker-dealer and member of [FINRA](#) and [SIPC](#). Additional information about eToro can be found by clicking [here](#). “eToro Options” is a product name used to refer to the options-related mobile app and website. However, all securities, including options, are offered through eToro USA Securities Inc. As such, references to eToro Options should be considered a reference to eToro USA Securities Inc.

This document shows some, but not all of the risks associated with the eToro Options platform. Please contact us via our help center with any questions [here](#).

CUSTOMER RESPONSIBILITIES

Customers should be familiar with the risks of trading options and must follow all regulatory and exchange rules. You should review the [The Characteristics and Risks of Standardized Options](#) disclosure document for details about the background, operations, and risks of options trading.

ACCOUNT REVIEW

It is always the customer's responsibility to review their account daily. If there is any discrepancy of any kind, including but not limited to, current equity, buying power, or positions, the customer must contact eToro prior to acting on any information that does not match. Also, if you ever believe for any reason that anything is incorrect in your account, please make sure you always contact eToro before acting. If a customer acts before contacting eToro to verify the validity of their account information or fails to review their account on a daily basis, any issues that arise as a result of not reviewing their information or contacting our firm in a timely manner will be solely the customer's responsibility.

TRADING

Customers are solely responsible for any order placed in their account. Customers must be sure to keep their usernames and passwords secure and not allow any other party to have access to that information. Any trades placed in the customer's account are considered valid. The customer will be responsible for any execution or cancellation on those orders, regardless of the

timing of that order. Limit orders placed and left outstanding in customer accounts may be executed at any time, including in pre-market or after-hours trading. Customers are responsible for canceling any order they do not want to be executed.

It is also the customer's responsibility to review all their open orders daily. If you believe you have an order that for some reason is not showing on your software or have any other issue or problem with any order, you will need to contact eToro immediately. You will be responsible for this daily review of your open orders. Any issues caused by the failure to do this review and to contact eToro in a timely manner to resolve any discrepancies will be solely the customer's responsibility. Also, please note that you alone are responsible for any orders you place in your account and the resulting executions from those orders.

STOCK SPLITS, SYMBOL CHANGES & OPTIONS

The customer will also need to contact eToro if you are holding an option that has expired, been exercised, assigned, or changes symbols. Do not assume that the trading software will automatically adjust for these changes in all cases. The customer will need to contact eToro and we will manually adjust their trading software to reflect these changes in the event they are not automatically updated.

SHORT SALES

The term 'short sale' means any sale of a security, which the seller does not own, or any sale, which is consummated by the delivery of a security, borrowed by, or for the account of the seller. For stocks hard to borrow, short sales must be preceded by a request to eToro to make sure stocks can be borrowed. We would then contact Apex Clearing to ensure the availability of the stock. If approval is granted by the APEX Stock Loan Department, eToro would inform you that the stock can be sold short. If approval is not received, the security in question cannot be shorted. If you short a stock that has not been located, the transaction may be canceled, and you will be responsible for any losses incurred. Short sales made on stocks not located will result in a buy-in. All trades that violate these rules will be put into a designated error account. All losses will be charged back to your account. You will not receive any profit from these trades as they are improperly gained. Repeated violations of these rules can result in your account being closed. Assuming the security in question can be shorted, the short sale must take place as 'sell short'. If the trader uses a sell to place a short sale or over-sells a position, it is possible that the trade will be executed in violation of FINRA and SEC rules. The trader is responsible to cover any improper position immediately with a corresponding buy. You will be responsible for any losses from invalid short sales and any invalid gains from these trades are illegal and will be removed. These issues must be reported via email to eToro by the end of the trading day.

CASH ACCOUNTS

It takes one day for traded funds to settle in a cash account for options transactions. When you sell an option, the clearing firm (Apex) will issue you buying power the following business day;

however, those funds cannot be reused for at least 1 business day in the case of options. If unsettled funds are used to buy a new position and you sell that new position before settlement of the original sell order, that is considered a good faith violation of free riding and withholding. Your account will be closed if you get these violations repeatedly. You must hold new positions past settlement of the original sell trade to avoid this good faith violation. This violation can also be avoided by opening a margin account, as margin account funds can be reused before settlement without the 3-day restriction.

Options

Customers are expected to have read the [Apex Options Agreement](#) and understand the contents contained therein. Customers are responsible for and expressly confirm all the information they provided digitally during the on-boarding process, especially concerning their income, net worth and investment objectives, and are expected to advise eToro of any changes to such information that could be deemed to affect their eligibility to trade options at eToro.

Options have a high degree of risk and customers have given eToro, in strict confidence, information to demonstrate that their account and the trading anticipated in connection therewith is not improper for the customer in light of their investment objectives, financial situation and needs, experience, and knowledge. Customers must advise eToro of any changes in their investment objectives, financial situation, or other circumstances that may be deemed to materially affect their eligibility to trade options at eToro. They must also attest that they have read and reviewed the [Options Disclosure: The Characteristics and Risks of Standardized Options](#).

Customers should be aware that eToro does not allow for physical exercise and has the right to liquidate eligible contracts prior to their exercise date, which it is eToro's policy to do. In order to effectuate the auto-liquidation of in-the-money options in their account, customers agree that eToro may cause the Options Clearing Corporation ("OCC") or any Clearing Firm to refrain from automatically exercising in-the-money options in their account. Customers further agree that they shall be solely responsible for any costs, losses, or fees arising from or related to eToro's auto-liquidation of expiring in-the-money options contracts in their account. Customers acknowledge that any action taken by eToro pursuant to this paragraph is made pursuant to the authority and supervision of eToro's Registered Persons.

DISCLAIMER

System response, trade executions and account access may be affected by market conditions, system performance, quote delays and other factors. The risk of loss in electronic trading can be substantial. You should therefore consider whether such trading is suitable for you in light of your financial resources and circumstances. Losses resulting from issues with the use of third-party software quoting systems or third-party order execution routing issues. We only provide our customers with the ability to connect to quoting software and order execution routes, we do not control them.

IMPORTANT NOTICE

The procedures and rules listed on this page are for informational purposes and may be subject to change, which may not be reflected on this page, or may be updated without notice. This is only a partial list of trader's responsibilities. Traders need to understand that they have far more responsibilities than are or can be listed here. If you have any questions about any of your responsibilities, please contact us via our help center [here](#).

For additional information about options trading, please review the following regulator publications:

<https://www.finra.org/investors/investing/investment-products/options>

https://www.sec.gov/oiea/investor-alerts-bulletins/ib_introductionoptions

https://www.sec.gov/oiea/investor-alerts-bulletins/ib_openingoptionsaccount