

Title: My E-Toro story with GME

Author: mohraak

Created 2022-05-09 11:47:51 UTC

Permalink: /r/GME/comments/ulpdwn/my_etoro_story_with_gme/

Url: https://www.reddit.com/r/GME/comments/ulpdwn/my_etoro_story_with_gme/

Here in short what happened:

I was very bullish on the last earnings call, expecting things to get different this time. I got greedy, so I ended up buying some GME on a 5x Margin on E-Toro. When you do that, there's a stop-loss set by E-Toro automatically for 50%. GME did GME things and the price dropped quite significantly. (stupid me, I know. Believe me, I've learned)

When checking the pre-market charts on E-Toro, I was comparing them to the close price of NASDAQ, WeBull, Yahoo, and other pages. It was the same. So my assumption was that this is the current price.

But, to my surprise, when market opened, the chart was adding the "spread" to the ASK and BID price.

So the price fell significantly lower, and my SL was hit.

The interesting thing, it was only hit for 1 second. So I started investigating. And I found out 4 major issues with E-Toro:

1. **Charts are supposed to show SELL price only according to E-Toro's page explaining the charts. This is not true as they are showing the "real exchange prices" during closed markets. But during open market they show the SELL price --> leading customers to wrong assumption during closed markets... **
2. **My Stop Loss was triggered despite that price not being reached by any of the other brokers, or exchanges. --> The explanation was, the price is volatile. But only the ASK price moved, while the BID didn't. And only for one second. They basically can just blame volatility to hit your SL for maximum profit. **
3. **E-Toro claiming no commission for opening non-leverage BUY positions. --> But there's a secret spread added. **
4. **Spread added to closing positions on non-leveraged as well. **

So let me dive into all of these in more detail.

1. **Charts are explained here on the e-toro page: **

<https://www.eto.com/customer-service/help/1322817/how-to-use-charts-and-procharts/>

[E-Toro's explanation on Chart prices](<https://preview.redd.it/v9yoo1aksfy81.png?width=975&format=png&auto=webp&s=152f1c073c3cd224ce9402c1f020887e916ed676>)

They clearly stated that the charts only show the sell rate. This is not true. The charts are showing the real

NASDAQ price during the close of a market. My assumption on that day was wrong because of that. I believed that the chart shown represents the SELL price, so I thought that my Stop Loss was further away, leading me to not lower my stop loss.

Here an example where you can see that the closing price (141 \$) is shown and not the Sell price of 140.74 \$

[Proof that Sell price \ (in the top right corner\) is not shown on the chart, but it's the closing price!](<https://preview.redd.it/iugsma6gsfy81.png?width=1918&format=png&auto=webp&s=6af77b75d78a8e1df5481a79ddb79b03c6025ddf>)

This is misleading for the customers and was leading me to many wrong calculations and organization of my plays before the market open.

E-Toro also doesn't offer any pre-market charts, so when I compared the chart with the other Exchange I saw that it was the same, assuming that I could trust the NASDAQ price.

E-Toro's reply on this first point is:

"I understand that one of the topics mentioned in your complaint are the charts. As it is mentioned in the disclaimer under any chart, and according to the information previously provided, the prices shown are indicative only.

When the market for a certain instrument is closed, the indicative price on the chart reflects the official closing price on the exchange level, provided by a third party. On the other hand, the Ask and Bid prices on the charts are derived from our liquidity provider. Nevertheless, all values correspond to official indicative prices. Please take into account that the charts provided in the platform are strictly for informational purposes."

So they confirmed that their terms and conditions are wrong. Because it's clearly written that it's the sell price that is shown. There's nothing written about closed instruments!!

2. Stop Loss was triggered despite that price not being reach by any of the other brokers, or exchanges.

I have opened a leverage buy for GameStop with a stop loss set at 78.7900 \$ automatically by E-Toro. Having a lower one is not possible as it's 50% max. But my position was closed because the price at E-Toro hit 78.7091 \$. So when I started looking into it, I actually found several issues with that:

2.1) The terms explained on E-Toro's fee description is very, very misleading.

a) First, spread was supposed to be 0.09% à

(<https://www.etoro.com/trading/fees/#cfd>)(<https://www.etoro.com/trading/fees/#cfd>)

<https://preview.redd.it/p12q1ee6tfy81.png?width=975&format;=png&auto;=webp&s;=e8098348e51c81aa5a19aebbdca393559e959487>

but when you check the examples provided by E-Toro, you can see that 0.18 % are added on the example for Apple stock.

<https://preview.redd.it/p35cda59tfy81.png?width=713&format;=png&auto;=webp&s;=59681fb973ff21b8ea266c177975f4ca6f3d6743>

So which one is it now? It's also not explained where this is subtracted from. So I assumed it would be the real NASDAQ price.

b) Fees are applied at closing the position and they indicate the lowest possible scenario. But they also my fluctuate.

<https://preview.redd.it/le25vfxatfy81.png?width=975&format;=png&auto;=webp&s;=e3a26e98bf5627a8d8b69e70a35cca38eefabdbb>

That's not explaining anything in my personal opinion so I started looking for more examples on E-Toro's page. They only have the apple example again showing 0.18%. So I assumed this was the one to be calculated having as a bare minimum.

So spread should be 0.09%. But in the example, it's 0.18%.

There's also no explanation on what this spread is taken from. So I calculated and it seems to be based on the real price provided by NASDAQ.

<https://preview.redd.it/pvg7lb5ctfy81.png?width=975&format;=png&auto;=webp&s;=bb5d77473158a4f2128cf4bfbba4099b8066d513>

Here one example that I took during my investigation:

$101.38 + 0.09\% = 101.47124$ --> rounded up it's the buy price

and

$101.38 - 0.09\% = 101.28875...$ Which is not even close the 100.94. Selling price. So where does the SELL price come from? There's no explanation on e-toro's side. Just this:

"The market spread arises from the difference for which a product can be bought and sold (bid and ask). This difference does not arise from eToro and is not incurred as a cost when you buy or sell a real stock on eToro.

2.2) My Stop Loss was hit because of 1 second being off.

I understand that in volatile markets the spread can be widened, this happened for OIL when they increased the spread and difference between BUY and SELL price went from 5 PiP to 15!!!

But not for a split second like E-Toro provided to me.

<https://preview.redd.it/bed4cutdfty81.png?width=975&format;=png&auto;=webp&s;=292cc3cab50dc553785345f9c15d12e387f4f039>

This price is not visible in any of the other brokers and exchanges. So my assumption is that there was either a bug at the liquidity provider giving the prices to E-Toro, or there's a mistake happened on E-Toro. For me it clearly looks like there was a mistake that closed my position. Because according to the calculation provided by E-Toro (0.09 or 0.18%), it should not have gone that low. And if yes, it should have reduced the BID price as well.

Here the chart from WeBull 78.95 was the low. My SL was 78,79.

<https://preview.redd.it/vu2lselfty81.png?width=975&format;=png&auto;=webp&s;=c0a9f622453b348477750da541bc85fb75c90cf7>

E-Toro claims that they use a top tier liquidity provider and that the ASK and BID prices can vary during volatile times. I get that. But there's no explanation what that really means.

E-Toro is claiming that the spread is 0.09%. for me it looks like there was a volatility for just one second.

And I understand that these pictures above don't incorporate broker fees and that I shouldn't compare them with E-Toro. But again, this was caused because of my believe that the charts where showing SELL only and when I compared them to pre-market figures. I was assuming that this is the sell price and that fees were already taken into consideration when I entered the trade.

****3. E-Toro claiming no commission for opening non-leverage BUY positions. But there's a secret spread added.****

<https://www.etoro.com/trading/fees/>(<https://www.etoro.com/trading/fees/>)

They do mention spread in the title, but I was in the believe that this is for leveraged buys only:

<https://preview.redd.it/3y2v92jntfy81.png?width=404&format;=png&auto;=webp&s;=14d5b84eb752372cd0dab3abfdd3130752282bb3>

When you check when you check the stocks in detail. No spread mentioned.

<https://preview.redd.it/5wwenrsptfy81.png?width=975&format;=png&auto;=webp&s;=2ead3b37ea05623345277a8009a394529aa54f3f>

And when you check the fees (see the PDF on their side) you will see that it clearly says no spread!

<https://preview.redd.it/ohmb7hhqtfy81.png?width=644&format=png&auto=webp&s=d7d65f912290b39cf6771e64ed40329f01e12cc6>

But they actually add a spread! See below the comparison with the real NASDAQ price. So even if the price in the background is matching the NASDAQ price (166.85 \$) , you can clearly see that a “secret spread is applied to the execution price 166.16 \$.

On a call with the customer service it was mentioned to me that the fee sheet is probably outdated. But how should I know that? It also hasn't been updated since then.

<https://preview.redd.it/8surtgdstfy81.png?width=975&format=png&auto=webp&s=8e859c86f717dba02fe64642fac6f30ead12812f>

Even worse, when you press the buy button and before approving your buy, they even call the price by NASDAQ, implying that it's the same price as on the NASDAQ. But again, it's not true as a secret spread is applied.

<https://preview.redd.it/jvxlrpcutfy81.png?width=591&format=png&auto=webp&s=55a67457641aaecb49de8531e824984364a3bf0a>

And here the official answer from their Management:

“On eToro, we offer the option to invest in stocks without paying commission, which means that on Buy non-leveraged stock trades, there is no markup and users pay the spread only. “

And

“Although Real stock positions are offered without any commissions in eToro, this does not mean that the Buy price will be the same as the Sell. As explained, the difference between the Buy and Sell rates is the spread, however, in this case that spread does not include a fee from the broker, and represents the market forces only. “

But again: There's clearly written: no Spread!

I know some of you are laughing now thinking, how could he not know that, all brokers have that?!

But I am not that experienced with the stock market and e-toro is my first platform. And I believe what I read.

****4. Spread added to closing positions on non-leveraged as well. (Goes together with point 3)****

It's not just on buying prices that E-Toro adds a spread. It's a secret spread on close prices as well.

Taking the same example as in point 3. If I want to close my position, the price goes from 166.85 to 166.00 \$, That pretty big difference for that that they claim there's no spread!

<https://preview.redd.it/o8chtsu0ufy81.png?width=975&format=png&auto=webp&s=ed88f502ca9218ab5c1028d04ea1dedd6f027612>

I have created a ticket to E-Toro and their answers are included.

Basically, they said:

1) Our chart is showing the closed price by a third party during closure of the market. But we have written in our explanation on the site that it's SELL price only. You made your assumptions based on the chart? Ha! Stupid you. They are indications only! You should not trust them!

2) Your SL was hit because our "top tier liquidity provider" (we can't tell you the name of him) gave us this price. That's it. Oh and yes, It's quite normal that the price drops in times of volatility. And yes, it doesn't have to make sense how it drops. I can drop for one second and only the price (ASK or BID) that will make us profit, not necessary both of them... You just have to trust these prices.

3+4) We say no spread added, but what we really mean is: There's a spread added by the market. Not by us. We however still claim it's the real NASDAQ price and that we don't have any spread. We even base our hole marketing around that.

I am going to now officially take this a step further.

Just for all of you out there. Don't get distracted by the easy to use website (which I like very much by the way). E'Toro is very shady.

Be careful my friends. I've learned my lesson. Hope you can learn from my mistakes.