

Stock Guides

- [How to Write option on Etrade](#)

How to Write option on Etrade

General Strategy

This strategy is called a Cash-Secured Put. Short Video Explanation:

<https://www.youtube.com/watch?v=9I2f8SFMRFs>

Long Video Explanation: <https://www.youtube.com/watch?v=S7gPwtDh9Qw>

Overall using this strategy, you will get paid for promising to buy a stock at a lower price in the future.

In this strategy you sell a put option, which is a contract where you promise to buy a 100 shares of a stock at a lower price (a strike price below the current market price) over a time period. On the last day (expiration), if the stock ends up going above the strike price you will automatically keep the premium. If on expiration, the stock ends up being lower than the strike price, you still get to keep your premium but you will have to buy 100 shares of the stock at the strike price you promised.

This is better than the usual strategy of setting a buy order of 100 shares of a stock at a lower price because sometimes the lower price you set to buy at doesn't hit so you get nothing! In the cash secured put strategy, if the stock doesn't hit the lower price you set to buy at, you get to keep a premium!

The only issue with this strategy is that it caps your gains. You can only make as much profit as the premium you sold the option for. Don't use this strategy on stocks that you think will be extremely bullish (will go up alot +\$30 or more) if that is the case you would better off buying 100 shares of the stock at market price!

How to write a PUT option on Etrade

Step 1. Click trading and type you SYMBOL. Then click on the symbol.

trading.etrade.com/etx/trdclt?ploc=2017-launchpad-OH20

power E*TRADE

Trading Markets

BNTX | 🔍

Quote Char

Symbols

- BNTX BIONTECH SE SPONSORED ADS
- BNTXX AMERICAN CENTURY TAX-FREE MONEY MKT INV

BIONTECH SE SPONSORED ADS

▼ 239.82 -1.67 -0.69% Ext Hrs 240.20 +0.38 (+0.16%) @ 19:5

Open	High	Low	Close	52 Week Price
240.00	247.66	231.05	239.82	46.55 - 252.78

Account Individual Brokerage - x0195

Live Account Value 1,326,383

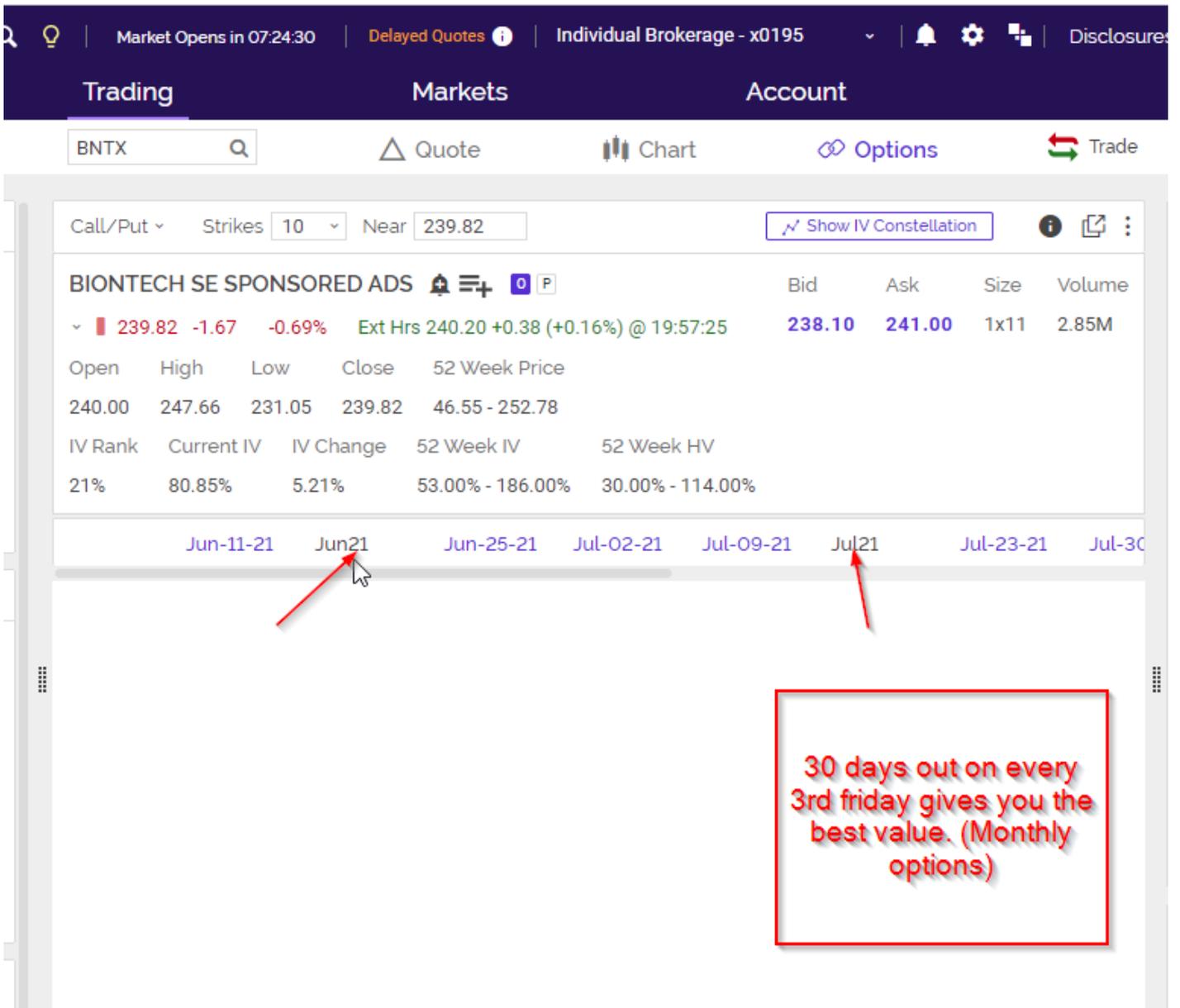
Cash Buying Power 162,843

Today's Trading Gain 1,834

YTD Trading Gain 270,319

Funding | Tax Center

Step 2. Choose an expiration date. Usually 30 days out and on the 3rd friday of every month is most popular and best value.



Step 3. choose a strike price (this is the price you promise to buy 100 shares of the stock at) Then make sure you click on the bid to sell not the ask. You want to "SELL to open" **do not buy to open!**

As a beginner please choose a strike near or lower than the stock price. In this example BNTX is worth \$239.82. So any strike price below \$237.5 is a good choice. In this example, we will promise to buy 100 shares of \$237.5 by June 21st. We will receive about \$1050 for this trade.

Call/Put v Strikes 10 Near 239.82 Show IV Constellation

BIONTECH SE SPONSORED ADS 239.82 -1.67 -0.69% Ext Hrs 240.20 +0.38 (+0.16%) @ 19:57:25

Open 240.00 High 247.66 Low 231.05 Close 239.82 52 Week Price 46.55 - 252.78

Call										Put									
Bid	Ask	Last	Mark	Mark Change	Delta	Implied Volatility	Volume	Open Interest	Strikes	Bid	Ask	Last	Mark	Mark Change	Delta	Implied Volatility	Volume	Open Interest	Strikes
18.00	19.10	14.80	18.55	0.00	0.6646	84.82%	14	19	227.5	5.90	8.00	6.30	6.95	0.00	-0.3354	84.82%	11	7	230
16.00	19.06	14.00	17.50	0.00	0.6320	85.37%	17	859	230	6.80	8.20	8.00	8.00	0.00	-0.3680	85.37%	79	384	232.5
14.20	16.80	13.20	15.50	0.00	0.5992	85.91%	13	21	232.5	7.80	9.20	9.34	8.50	0.00	-0.4008	85.91%	45	16	235
13.40	14.50	12.10	13.95	0.00	0.5664	86.45%	12	97	235	8.90	10.70	10.30	9.80	0.00	-0.4335	86.45%	31	68	237.5
12.20	13.00	12.82	12.60	0.00	0.5340	86.98%	36	18	237.5	10.20	10.80	10.20	10.50	0.00	-0.4660	86.98%	42	29	240
11.00	13.20	11.60	12.10	0.00	0.5017	86.91%	115	311	240	11.50	12.90	11.80	12.70	0.00	-0.4982	86.91%	60	97	242.5
--	--	--	--	--	--	--	--	--	242.5	--	--	--	--	--	--	--	--	--	245
8.90	11.50	10.90	10.20	0.00	0.4377	86.37%	61	212	245	14.40	16.00	17.50	15.20	0.00	-0.5623	86.37%	27	257	247.5
--	--	--	--	--	--	--	--	--	247.5	--	--	--	--	--	--	--	--	--	250
7.10	8.10	7.71	7.60	0.00	0.3757	85.84%	97	1.2k	250	16.00	18.80	19.10	17.40	0.00	-0.6242	85.84%	13	60	

1. Decide the price you want to promise to buy 100 shares at

Then click on the bid price next to the strike price so you can sell the option. In this example you will receive \$1020

Individual Brokerage - x0195 \$1,326,383 Account Value \$162,843 Buying Power

Order Ticket Snapshot Analysis

BNTX BIONTECH SE SPONSORED ADS Ext Hrs: 240.20 +0.38 (+0.16%) @ 19:57:25
 239.82 x 10262 0.00 (-) Quotes as of: Jun 10, 2021, 04:00:00 PM EDT Call/Put

Action Qty Expiration Strike Type Bid Ask Position

Sell 1 Jun21 237.5 Put 10.20 x 5 10.80 x 1

Add Option Add Stock

Price Type: Limit Limit Price: 10.50 Bid 10.20 Mid 10.50 Ask 10.80

Automation: None Duration: DAY Special Handling: NONE

Description: Sell 1 Jun21 237.5 Put @ 10.50 Limit DAY to Open Estimated amount you will receive: \$1,050.00 (excluding commission)

Save Order Preview

How to check or cancel order?

you already know.