Binance Trading

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1 Margin Trading

Allows positions to be leveraged from traders staking their funds. Enables going long or short. Important to note that while the position is open the traders assets act as collateral for the borrowed funds. Margin calls are made if price shifts mean you dont cover the required margin. Margin trading uses spot trading fees (0.1 maker and taker).

2 Futures

Trade contracts on the underlying asset, generally date driven with an expiry but perpetual futures allows for trading very similar to the spot and to margin trading with lower fees and more liquidity.

2.1 How do you close a contract?

Offset: Open a position opposite to the current positions to net out the setup.
Rollover: Offset then get a new contract with a longer expiration date.
Settlement: Settled at the expiration date.

2.2 What are futures price patterns?

Futures price = spot price + premium (can be positive or negative)
Contango: Price of a futures contract is higher than expected spot price.
Backwardation: Price of the futures is lower than the expected spot price.

2.3 What are the commission fees?

USD-M: maker=0.02, taker=0.04
Coin-M: maker=0.01, taker=0.05

$$Commission\, fee = notional\, value * fee\, rate$$

$$Notional\, Value = (Number\, of\, contracts * contract\, size)/trade\, price$$

Fee is charged at entry and exit.

2.4 Subsection

paragraph

3 Understanding Text

3.0.1 subsubsection