BAL Provision FAQ

How is custom max leverage (custom margin ratio) used for BAL?

Once a user sets a custom_margin_ratio (or max leverage), this updates the initial margin available for an account and becomes the basis for whether LP risk limits have been breached.

What are the auto-derisking measures for BAL?

Upon next pnl settle of an LP market, if the user's initial margin ratio has been breached in the account, the total margin/risk will be checked vs their initial margin ratio (or custom margin ratio if this is set lower). LP accounts will open orders to partially reducing their positions and burning a fraction of their BAL shares in order to fall back into good initial margin health.

Is there any cost associated with being a BAL provider?

There is no protocol-level fee to add or remove BAL shares, aside from a rounding fee when liquidity is removed (burning BAL shares).

Burning BAL Shares (analogous to cancelling open orders), will automatically settle positions acquired through being an LP to the user account.

Given the LP may acquire a base amount that differs from the market's minimum step size (e.g. 0.1 SOL), the cost basis will be rounded on any residual remainder value below this size. This meansthe minimum remove liquidity fee is zero while the maximum is the quote value (using oracle) of the minimum step size in the market . This amount is determined by the remainder base asset amount in the BAL position.

All my positions in BAL were closed, but I didn't take any action, and liquidity was removed from the BAL?

If you don't choose to disable automatic de-risking in margin/leverage settings, your positions or shares may be closed or removed if your account falls below the initial margin requirement. This measure is in place to avoid liquidations.

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