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Why Should Someone Use the Perpetual vs. Margin

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Differences between Perpetual vs. Margin Trading



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What are the differences between Perpetual and Isolated Margin trading?

	Perpetuals	Isolated Margin
Platform	Layer 2 (Starkware / ZK Rollups)	Layer 1 (Ethereum)
Fees	Flat %	User must cover Ethereum gas fees trade
Leverage	Up to 25x	Up to 5x
Synthetic- or asset-based	Synthetic	Asset
Cross-margining	All Perpetuals Markets	No
Expiry	None	28 days (US only) / (non-US)
Cost	Funding rate	Interest cost
Collateral / Settlement	USD (collateral held in USDC)	Any supported asset
PNL Reporting	% / USD	% / USD
Liquidation ratio	Varies by pair market but significantly lower than Margin	115%
Stop-limits?	Yes	Yes
Access	Non-US Only	Available to US

- **Leverage:** On dYdX, Perpetuals offer higher effective leverage (compared to isolated margin) with up to 25x.
- **Synthetic- or asset-based:** Perpetuals are a type of derivative product, so they trade synthetic assets that are margined and settled in USDC. Margin trading involves the actual asset.
- **Cross-Margining:** Perpetuals allow you to use your collateral for margining across all Perpetual order books. Isolated Margin trading positions are limited to the amount of collateral held.
- **Expiry:** Perpetuals are an explicit contract type with no expiry but

they are unavailable to US persons. Margin contracts have no maximum durations except for margin-trades made within the United States. These trades have a maximum duration of 28 days.

- **Cost:** Perpetual traders pay or receive a funding rate while Margin traders an ongoing cost of interest for borrowing funds (these are different calculations.)
- **Collateral / Settlement:** All Perpetual contracts are settled and margined in USDC (hence why they are called synthetic exposure). Margin trading pairs are settled and margined in either USDC or DAI.
- **PNL Reporting:** Both Perpetuals and Margin trading P&L is displayed in USD.
- **Liquidation ratios:** Liquidation works similarly, the liquidation ratio for Perpetual is lower though varies by the asset vs. 115% for margin.
- **Stop-Limits:** Stop-Limits are offered for all dYdX markets.

Did this answer your question?