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1. What is margin trading?

Margin trading is a type of trading that uses borrowed funds to trade financial assets. It often involves the use of leverage, which allows you to make trades that are larger in value than your available funds. It also allows you to short (sell) assets you don't own, in anticipation of buying them back later at a lower price and keeping the difference as profit.

When you make a trade, you simultaneously buy one asset and short (sell) another. For example, if you buy BTC/EUR, you are buying BTC and shorting EUR. If you sell BTC/EUR, you are shorting BTC and buying EUR. The amount that you short is automatically borrowed from CoinMetro or other lenders and paid to the trade counterparty(s). This is handled automatically by the CoinMetro trading platform behind the scenes. You pay margin fees on the borrowed amount while the trade is still open, but this cost is usually small in comparison to trading profits and losses. When the trade is closed the borrowed funds are automatically repaid.

2. How does margin trading differ from exchange trading?

You may already be familiar with exchange trading that is available on most crypto exchanges, including CoinMetro. When an exchange order is filled, you exchange a specified quantity of one asset with a quantity of another asset, and your wallet balances for the two assets update immediately. Margin trading works differently. You place an order to buy or sell a particular asset against another (as with exchange trading), but when the order is filled your wallet balances do not update. Instead an open position is created which has a floating profit or loss (P/L) that automatically updates as market prices change. When the position is closed some time later, the P/L is converted to a settlement currency (eg EUR or BTC) and saved to your wallet for that currency.

The main differences between the two types of trading can be summarised as follows:

	Exchange Trading	Margin Trading
Trade value can exceed available funds?	No	Yes
Can short (sell) an asset that you don't own?	No	Yes
Maximum trade size	Available balance of the asset being sold	Free margin x leverage equivalent value
Wallet balance(s) update when?	When the order fills	When the position is closed
Wallet balance(s) update for which assets?	The assets being exchanged	The settlement currency (At CoinMetro this will be your primary collateral currency)
Can withdraw bought assets to an external wallet?	Yes	Settled profits can be released from collateral and withdrawn, but other assets in open positions cannot be withdrawn.

In summary, margin trading provides the most flexibility if your main goal is to generate profits. If you instead want to purchase cryptos for long term holding and/or their utility, then exchange trading would be more suitable:

3. What are the pre-requisites for margin trading?

To trade on margin with CoinMetro you must complete the following steps:

1. Open an account with CoinMetro
2. Complete KYC (Know-Your-Customer)
3. Fund your account
4. Allocate some or all of your funds as collateral. This can be done in the Collateral panel in the Trade screen.

4. What is collateral?

Before you can place your first margin trade you need to allocate some funds as collateral. These funds act as security for the loans you automatically receive when making trades.

Funds allocated as collateral are locked and cannot be withdrawn or used for any other purpose. You may release funds from collateral if you have sufficient free margin.

Only certain assets may be allocated as collateral, initially restricted to EUR, BTC, ETH, LTC, BCH and XRP. Other fiat currencies and major cryptos will be added in the future.

One of your collateral allocations must be designated the primary. If you have only allocated funds from one asset to collateral then that allocation is automatically the primary.

With more than one allocation a primary selector in the collateral panel lets you choose the primary.

Closed profits and losses from margin trading are settled to the wallet for the primary, and will be automatically added to (or deducted from) the collateral allocation for that asset. For example, if you allocate 1000 EUR as your primary collateral, then the profit or loss for any margin trade will be automatically converted to EUR on settlement (when the trade closes), regardless of which currency pair was traded. Alternatively, if you have allocated BTC as your primary collateral, then all profits and losses from margin trading will be converted to BTC on settlement.

With multiple collateral allocations it is possible that a large trading loss could exceed the value of your primary allocation. If this happens the current primary allocation is used to cover part of the loss and the next largest collateral allocation would become the new primary, with any remaining loss being deducted from that. (This process can repeat over multiple collateral allocations until the loss is completely covered.)

5. What is margin and how is it calculated?

Your Available Margin can be thought of as your buying power (or selling power) for trading. It is calculated as follows:

Available Margin = Collateral Value less Unrealized Loss (if any) less Margin Fees Owed (if any)

For example, if your allocated collateral is valued at \$10,000 USD and you have open positions with unrealized losses of \$2,500, and margin fees owing of \$10, then your available margin would be \$7,490.

Used Margin is the amount of available margin that has been set aside to cover open positions. It is calculated as follows:

Used Margin = Net Exposure / Leverage For example, if the net exposure (value) of your open positions is \$24,000 and your account leverage is 3:1, then your used margin would be \$8,000. Note that when you have open positions for the same pair in different directions (buy vs sell), the net exposure for the pair is the difference between the value of the open 'buy' positions and the open 'sell' positions for that pair.

Reserved Margin is the maximum extra margin that would be required (over and above used margin) to cover any combination of open orders that might get filled. If there are no open orders then reserved margin is 0.

Free Margin is simply your Available Margin less (Used Margin plus Reserved Margin). This number can be negative if you have open positions with unrealised losses.

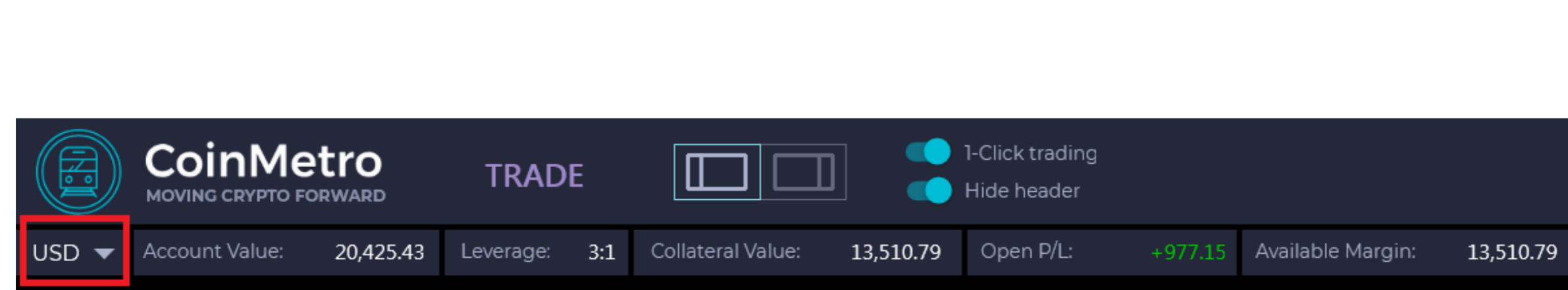
Free Margin % is Free Margin expressed as a percentage of Available Margin. Its value is normally in the range from 0% to 100%, but it can go negative. New trades can't be opened while Free Margin % is 0% or less. If it drops from 0% to -100% (which can happen quickly!) it triggers a stop out (see below).

When a position closes, the margin used by that position is freed up, thereby decreasing reserved margin and increasing free margin. Similarly, when a limit order is cancelled, the margin reserved by that order is freed up, decreasing reserved margin and increasing free margin.

All of the above margin measures are displayed in the margin info bar at the top of the Trade screen.

6. What is the Margin Currency?

On the left-hand side of the margin info bar is a dropdown list for selecting the margin currency, highlighted in red below:



The margin currency can be set to EUR, BTC, your preferred fiat currency or your preferred crypto. It is the currency in which all margin values, P/L values and collateral values will be displayed. You can change the margin currency at any time.

7. How do I open a margin trade?

The high-level steps to open a margin trade are:

1. Select the pair. This can be done by clicking a row in the Pairs panel or by clicking an open position.
2. Complete the order form. You can choose between the Compact and Advanced order forms.
The Compact order form lets you specify order type, price (if appropriate, depending on the order type) and trade size. The Advanced order form includes all the fields from the Compact form plus others including Take Profit, Stop Loss, Time in force and helpful shortcuts for calculating the trade size.
3. Click the large Buy or Sell button at the bottom of the order form. If you don't have 1-click trading enabled you will be prompted for confirmation.

8. What is the difference between orders and positions?

An order is an instruction to enter a trade. These are created via the order form. It specifies the pair to trade (eg BTC/EUR), order type (Market, Limit, Stop or Stop-Limit), trade size and optionally other information, including the price levels at which the trade should be closed (Take Profit and/or Stop Loss). An order can be filled as soon as it is placed (eg Market orders), or it can take longer (often the case with Limit orders).

While an order remains unfilled (or only partially filled) it is listed in the Open Orders panel where it can be modified or cancelled.

When an order is filled (either completely or partially), a position is created with open P/L (profit/loss) that automatically updates in real-time as the market price for the pair changes. Open positions are displayed in the Position Summary and Positions panels. A position can be closed automatically or manually (see below). When a position is closed, the open P/L converts to closed P/L and updates the wallet and collateral allocations for your Primary collateral currency.

9. How do I close an open position?

An open position can be closed manually or automatically. To close a position manually, click the 'X' icon to the right of the position in the Position Summary or Positions panel. There are also buttons available in the Positions panel to partially close a position, or to close all positions with one click.

A position can be closed automatically in any of the following situations:

- The Take Profit price is hit, resulting in the position being closed at the specified price or better. Note: if the Take Profit is only touched on thin volume without trading through it, your position might be only partially closed, or not closed at all.
- The Stop Loss price is hit, resulting in the position being closed at the current market price, possibly incurring slippage.
- Your Free Margin % drops to -100%, triggering a stop out, which closes all your margined positions for a heavy loss. To avoid this from happening you should employ good riskmanagement, for example by using stop losses and risking only a small amount of your collateral per trade.

Note that positions are not closed by entering new orders via the order form. For example, if you already have an open position of +5 BTC/EUR, and you submit a new order to sell 3 BTC/EUR at market, it will not reduce your existing position by 3 BTC. Instead it will create a new position of -3 BTC/EUR. This is called hedging, and the two positions exist separately, although they can be netted together for display and management purposes.

10. What is a margin call and stop out?

Traditionally a margin call is when a broker phones up a client to request additional funds be deposited to the client's account to prevent trades being liquidated due to large unrealised losses.

With CoinMetro, a margin call is triggered when your free margin drops to zero due to open losses.

At this point your Free Margin % will equal 0%. When this happens you will be notified via email and possibly other means, and you will be unable to place new trades until your free margin becomes positive again, either through closing losing positions, depositing more funds or waiting for your losing positions to improve (which may not happen).

If your losing positions are not closed and they continue to move against you, your Free Margin % can go negative. If it drops to -100% a stop out is triggered, which liquidates (closes) all your open positions and deducts the net losses from your collateral balance(s), starting with the primary.

11. What is TP in the Advanced order form?

TP stands for Take Profit. If enabled, you specify the price at which the position should be automatically closed for a profit if the market moves in your favour.

The Abs/Rel selector lets you specify an absolute price or a relative price. If Abs is selected, then you provide the exact price the market must reach or trade through in order for the position to be closed.

If Rel is selected, then you specify a price that is relative to the entry price (in the most favourable direction of the trade). For example, if you are trading BTC/EUR and you specify a relative TP of 1000, and your entry price for a Buy order is 7000, then your Take Profit price is set to 8000. With the same relative TP of 1000, if you instead executed a Sell order and your entry price is 7000 then your Take Profit price would be set to 6000.

One advantage of relative TP compared to absolute is that the same relative TP price can be used for both Buy and Sell orders. This can be useful for scalpers and other traders who want to set the order form up in advance of knowing whether they will be buying or selling the pair. The same relative TP can be used for multiple consecutive trades regardless of trade direction.

12. What is SL in the Advanced order form?

SL stands for Stop Loss. If enabled, you specify the price at which the position should be automatically closed to limit the loss if the market moves against you. Note that the price you specify is not a guaranteed exit price should the trade go the wrong way. It is merely the price that triggers a marketorder to exit your position. In fast moving and/or illiquid markets, this can result in slippage (a worse exit price than the one intended).

As with TP, an Abs/Rel selector lets you specify an absolute or relative price for the stop loss. If Abs is selected, then you provide the exact price the market must reach in order for the stop to be triggered, thereby closing the position.

If Rel is selected, then you specify a price that is relative to the entry price. For example, if you are trading BTC/EUR and you specify a relative SL of 1000, and your entry price for a Buy order is 7000, then your Stop Loss price is set to 6000. With the same relative TP of 1000, if you instead executed a Sell order and your entry price is 7000 then your Stop Loss price would be set to 8000.

The same advantage discussed above for relative TP over absolute TP also applies to relative SL over absolute SL: a relative SL can be used for multiple consecutive orders regardless of trade direction.

13. What is Risk % in the Advanced order form?

The Risk % setting is used in conjunction with a stop loss. It provides a convenient way to autocalculate a trade size that should limit the size of your loss if the trade goes against you to the specified percentage of your current collateral.

For example, if you have allocated 2 BTC as collateral, then with a risk setting of 5% you would be saying that you want to limit any loss to approximately 2 BTC x 5% = 0.1 BTC.

That number, along with your stop loss size and current exchange rates are used to auto-calculate the trade size. Note that there is no guarantee that the loss will be limited to the specified percentage due to the possibility of slippage. Further variation can also result when the base currency of the pair traded is different to your primary collateral currency, and the relative value of those two currencies changes over the life of the trade.

14. What are the Margin % buttons in the Advanced order form?

The Margin % buttons in the Advanced order form provide a quick way to calculate a trade size with a margin requirement that matches the specified percentage of Available Margin (visible in the margin info bar at the top of the screen). The larger the percentage clicked, the larger the trade size.

For example, if your Available Margin is \$10,000 and you click the 25% button, a trade size with a margin requirement of \$2,500 will be calculated. Note that this calculation does not depend on how much margin is already used. As such it provides a convenient way to quickly calculate consistent trade sizes regardless of current exposure.

That said, to prevent free margin going negative all Margin % buttons with a percentage higher than the current Free Margin % will be disabled. The following example shows 64.6% free margin.

With that amount of free margin you could use any of the Margin % buttons to default the trade size, including the largest (50%). Be careful though. Just because you can choose a large trade size doesn't mean you should. Large trade sizes have potential for greater reward, but they also come with greater risk. One of the golden rules of trading is preservation of capital. Inexperienced traders often make the mistake of taking on too much risk and quickly depleting their account through losing trades.

15. What is the Max link next to the Size field?

The Max calculates the maximum trade size that can be opened given current collateral and open positions, leaving a safety buffer of 10% free margin. As such it is a high risk trade and should only be used when you're very confident of the trade moving in the right direction shortly after opening.

If the trade goes against you it won't be long before you have negative free margin, possibly resulting in a stop-out if left unchecked. Note that if the trade size is large relative to the volume available in the order book and you are using a market order, its likely that you will incur slippage possibly resulting in negative free margin.

16. What are the Time in force options in the Advanced order form?

The Time in force options specify special requirements around order durations and fills. The available options depend on the order type. The available options are:

- **GTC: Good-till-cancelled.** (Limit and Stop-Limit orders only.) The order will remain active until it is filled or cancelled.
- **GTD: Good-till-date.** (Limit and Stop-Limit orders only.) The order will expire at the specified date & time if not filled or cancelled earlier.
- **IOC: Immediate-or-cancelled.** (All order types.) Requires all or part of the order to be executed immediately. Partial fills are supported, with any unfilled portion being cancelled.
- **FOK: Fill-or-kill.** (All order types.) Requires that all of the order be executed immediately. If this is not possible, the order is cancelled.

Note that the time in force option specified for a Stop-Limit order actually applies to the Limit order when it is triggered, not the initial Stop order which is always GTC.

17. How are margin fees charged?

Current margin fees are displayed in the Margin Fees panel beneath Position Summary. Fees are calculated every minute on negative net exposures per currency. The amount owed is displayed in the right hand column of the panel, in units of the currently selected margin currency. Periodically (likely to be every 24 hours) the fees owed are automatically paid from your primary collateral.

18. What zoom level should my browser be set to?

For optimal viewing of the CoinMetro website (including the margin trade screen) a browser zoom level of 100% is recommended, providing you don't have display scaling enabled in your device's operating system. If you do, you may have to adjust the browser zoom level. For example, with display scaling of 125% enabled you will need to set the browser zoom to 80% for optimal viewing.