



TRADING GUIDE  
MARGIN TRADE RULES

Margin Trade Rules  
TRADING GUIDE







CONTENT —  
 **Koinpark**

1. Margin Trading Definitions
2. Margin Trading
3. Trade Charges, P&L Calculation Schema
4. Rules for Margin Trading
5. Mechanism of Margin Trading

## 6. Future Trading





## 01

## Margin Trading Definitions

The aim of this section is to offer a definition that defines all the terminology used frequently in margin trading

### 1.1 Balances

#### Total Balance:

For spot and margin trading, Koinpark employed a traditional wallet system. The value of all the tokens in your Koinpark wallet Account for Spot, including the accessible balance and the balance on hold, is known as the total assets.

#### Available Balance:

The entire number of tokens now accessible for trading in Spot Trading or Margin Trading is known as the Available Balance. There are no limitations on how you can deposit or withdraw money using this sum.

#### Locked Balance:

The number of tokens that are currently being used for open orders and are therefore unavailable for use in order creation.

### 1.2 Leverage

#### Borrowing Limit:

The maximum number of tokens that can be borrowed from the associated token pairs is the borrowing limit. All platform users have access to the same level of leverage, and Koinpark will choose the maximum level of leverage (which can range from 1x to 5x) based on the token pairings' volatility, funding availability, and liquidity.





## Margin Trading Definitions

### 1.3 Forced Liquidation and Stop Loss

Each margin order has a unique liquidation price that is based on the amount of leverage applied to that particular transaction. The balance locked for a margin order serves as the user's maximum loss cap. In the case that a circumstance calls for liquidation, Koinpark will place a market sell order right away.

Koinpark will follow the guidelines below when liquidating a margin order:

#### A) Long:

i)  $(\text{Entry Price} + \text{Entry Price}/\text{Leverage})$  is the formula for the ideal liquidation price.

ii) In order to account for market slippage and order placement latency, a safety factor of 7.5 percent (wrt entry price) has been used. This will stop the user's account from going bankrupt.

iii) In accordance with the currency's pricing precision, the Actual Liquidation Price is calculated as the Ideal Liquidation Price -  $(0.075 * \text{Entry Price})$ .

#### B) Short:

The number of tokens that are currently being used for open orders and are therefore unavailable for use in order creation.

### 1.4 Multiple Target Orders

A single order used to consist of a single entry and a single target (exit) order, thus if you had 100 XRP long, you could just name a single target price at which to sell them. However, as margin trading now allows for multiple target orders, you can choose to sell that 100 XRP in segments at various price points. You may, for instance, sell 40 XRP for 8000 Sats and the remaining 60 XRP for 7000 Sats. Consequently, you can exert more precise control over your target orders and use a variety of price points to close out your position gradually and independently.





## Margin Trading

# 02

### 2.1 Margin Trading Definition

Margin Trading is a tactic that, when used properly, can provide a sizable profit by enabling you to trade more tokens than you would typically be able to. Similar to borrowing money from your broker or exchange.

### 2.2 Types of Margin Positions

#### Long Position :

In this position, the trader purchases funds and later sells them at the target price. In anticipation that the price would rise in the future, traders open a long position. In this long position, in addition to the trader's own 0.045 BTC, the exchange forwarded 0.045 BTC to the trader for purchasing 500 XRP.

#### Short Position:

A short position involves first selling money (that the trader does not own) and later buying it again. In other words, when you create a short position, the exchange sells the cryptocurrency on your behalf, and you owe the exchange the amount of cryptocurrency involved in the trade. You fulfill this commitment later on by purchasing the coin for less.

A short position is opened by traders in anticipation of a future decline in price. For instance, if a trader using 4x leverage shorts 1000 XRP on the XRP/BTC exchange. Given that XRP/BTC is now trading at 0.00009000, the exchange will lend the trader 1000 XRP in exchange for 0.09 BTC as collateral of 0.0225 BTC.

The trader owes the exchange 1000 XRP, which they might repay at a later date by purchasing it for less.





## Margin Trading

### 2.3 Available Order Types

**Limit Margin Order:** This limit order has leverage. The Stop Loss Price and Target Price of this order are identical to those of the Market Order. You can choose the leverage by switching between 1x and 4x.

**Market Margin Order:** This is a leveraged market order. Leverage, Target Price, and Stop Price are the components of this order.

#### Other Terminologies used in Margin Trading:

**Price:** This is the price at which the trader hopes to enter the trade or open a position.

**Target Price:** The Target Price is the price at which the trader intends to purchase, sell, or terminate the order position. The deal is closed when the target price is reached, and the trader's funds are settled in accordance with the P&L incurred. If the trader selects the Bracket order checkbox, the target price function becomes available.

**SL Price:** The trader's desired Stop Loss price is the SL Price.

**Quantity of a position:** A position is the total amount of cryptocurrency being traded. Positions are in two varieties: Long and Short. A position may be profitable or unprofitable depending on market trends, movements, and volatility.

**P&L:** The profit or loss represents the potential outcome of an open position. Keep in mind that the Profit or Loss is not actually realized or added to/subtracted from the trader's balance until the position is concluded.

**Initial Margin:** The initial price that the investor must cover with his own collateral is known as the initial margin. The initial margin is based on the amount of leverage used.

**Margin Taken:** The money that the exchange lends to the trader in exchange for the collateral is known as the margin taken.





## Margin Trading

### 2.4 How to open a Margin Position

#### 2.4.1 Steps for opening a long position

1. Access the Trading page, choose Margin, and then choose the right pair.
2. Create an order for a margin buy.
3. If you choose a BO (Bracket Order), enter additional information such as the Target Price and Stop Loss.
4. Click Long to place your order.

Hovering over your trade will provide the options to Exit the position, edit, or cancel when you want to close the transaction. When you choose to exit, your exit will be confirmed at the going rate. As an alternative, your position will be closed when your Stop Loss price is reached. Upon repayment of the borrowed cash, the profit or loss will be adjusted and settled in your account.

### 2.5 Short with a 3x leverage

If a trader using 3x leverage shorts 1000 XRP on the XRP/BTC pair. The exchange lends the trader 1000 XRP in exchange for a collateral of 0.03 BTC if the BTC equivalent of 1000 XRP is 0.09 BTC (XRP/BTC is currently trading at 0.00009000).

The trader owes money to the exchange and has the option to repay it later by purchasing it at a discount.



## Margin Trading

### 2.6 Changing margin (or the leverage):

You can increase or decrease a given open order's effective leverage by adding or removing margin, accordingly. This could be used to stop your order from hitting StopLoss as a result of unexpected market volatility. This could be helpful if a trader is convinced that the market price will rebound and wants to add more margin to an order that is on the verge of liquidation. It might also be employed if he discovers a better opportunity and wants to place a new order but lacks the cash to do so. In this case, the margin allotted to another open order would be reduced, which would free up some funds in his wallet.

#### 2.6.1 Ways for expanding margins (or lowering leverage)

1. To add a margin to an open order, click "Add Margin."
2. Add the extra sum you want to add as a margin to that specific order.
3. After entering the amount, you may examine the new [estimated] leverage as well as the new [estimated] hard liquidation price.
4. Verify that your wallet has enough money to cover the amount you're trying to add.
5. Hit submit to send the request for an additional margin.
6. As soon as the request is processed properly, the requested amount should be taken out of your wallet, and your order's leverage and hard liquidation price should have been modified.





## Margin Trading

### 2.6.2 How to remove margin (or increase leverage):

1. Select "Remove Margin" for the specific open order.
2. Type the sum you want subtracted from the order's initial margin.
3. After entering the amount, you can examine the new [estimated] hard liquidation price and the new [estimated] leverage.
4. Ensure that the price of the new hard liquidation is not too close to the price of the stock at the moment.
5. Click submit to request the removal of the margin.
6. The requested amount should show up as available funds in your wallet after the request is processed successfully, and your order's leverage and hard liquidation price should have been adjusted.

### 2.6.3 Important Aspects for Margin Change:

1. As the values displayed prior to submitting the request are only estimates, always check the updated StopLoss price and updated leverage after the request is processed.
2. If the order's StopLoss price was never manually set (or if it is the same as the hard liquidation price), it will likewise be adjusted to match the new hard liquidation price.
3. If the order's StopLoss price is higher than the hard liquidation price after the margin has been adjusted, the StopLoss price will also be adjusted to match the revised hard liquidation price.
4. If the request for a change in margin results in effective leverage that exceeds the limits for a particular market, it won't be approved. Consequently, it cannot be lower than 1x or higher than 2x.





## Trade Charges, P&L Calculation Schema

# 03

### 3.1 Trading Charges

Entry + exit fees = total fee.

Fee for entry = (Quantity \* Average Entry Price) \* (% of the fee) / 100

Fee for exit = (Quantity \* Average Exit Price) \* (% of the fee) / 100

### 3.2 Interest Calculation

You receive the extra margin automatically from Koinpark, which also assesses interest at a rate of 0.0667% per day (or 0.0027% per hour). The sum a trader has borrowed from the exchange to complete a specific order is known as the additional margin. The following formula is used to determine interest costs when a position is active for longer than one hour:

Interest Charged is equal to 100 divided by (Interest Rate Per Hour \* Hours \* Additional Margin).

In which Extra Margin = (Order Value - Locked Balance for the order).

In case of a bracket order and if your order is partially settled, you will be only charged for the margin which is remaining on your open order, only for the duration the order is open on Koinpark margin. In case you add more margin in an open position, the interest rate will only be charged on the updated (lesser) borrowed amount.

### 3.3 P&L Calculation

**Long:** Gross P&L = Quantity \* (Avg Exit price - Avg Entry price)

Profit = Gross P&L - Total fee - Interest charged

**Short:** Gross P&L = Quantity \* (Avg Entry price - Avg Exit price)

Profit = Gross P&L - Total fee - Interest charged

Please note that we show Gross P&L and Net P&L on the website.





## Rules for Margin Trading

### 04

#### 4.1 Basic Guidelines

**4.1.1** To maintain appropriate control over the loan or borrowing of digital assets and margin trading, maintain an orderly market, and safeguard the legal rights of all investors, these rules were developed in a lawful, fair, and transparent manner.

**4.1.2** The loan and margin trading described in this document refer to the investment practice where a shareholder offers Koinpark collateral in exchange for the right to borrow assets for trading.

**4.1.3** The guidelines laid out in this document must be followed for all loan and margin trading on <https://koinpark.com>. Other actions must follow the website's other rules and the "Koinpark Terms of Service," which are not specifically included in this article.

**4.1.4** For token lending, we offer information release, management, and risk control services. There haven't, however, been any assurances, warranties, or promises that any trading will turn a profit or avoid a loss. In light of their personal financial situation and investing goals, investors must carefully examine if a certain investment is suitable and then properly invest at their own discretion.

#### 4.2 Relevant Terms

**4.2.1** Investors must abide by all applicable local laws, rules, and regulations as well as <https://koinpark.com> trading and margin policies. When considered necessary to maintain a stable market, we reserve the right to restrict or deny any user's access to margin trading, take over the account, force-liquidate all positions, or take any other associated risk management steps.

**4.2.2** Less than, beyond, and over/below are exclusive terms, whereas not less than, inside, and not more than are all-inclusive ones.

**4.2.3** Our business has established the terms. This document and any updates are effective as soon as they are posted on our website, FAQ, blog, or other official communication channels.

**4.2.4** We'll interpret this document as we see fit.

**4.2.5** Positions that have been vacant for more than 30 days may be automatically closed by the system. You can accept the post one more.





## Mechanism of Margin Trading

# 05

### 5.1 Entry Order

5.1.1 As soon as the user creates an order, it is placed.

5.1.2 Entry orders are filled based on market conditions and the order-type that the user selected when making the order.

5.1.3 Entry orders are entered as Buy orders while the margin is long and as Sell orders when the margin is short.

### 5.2 Target Order

5.2.1 The target order is not placed until the entire entry order has been fulfilled.

5.2.2 As specified in the multiple target orders, the target order may be submitted as a market order or a limit order.

5.2.3 If no specific target order is specified and a target price is present for the position, a target order is issued as a limit order at the time the position opens (entry is complete) at the specified target price for the entire open amount.

5.2.4 The target order is always placed as a side order.

5.2.5 In order to prevent order fragmentation based on each trade for an entrance order, target orders are not placed for entry orders that have been partially (or completely) filled.

5.2.6 If there are numerous target orders for a given position, each order's quantity should meet the minimal and maximal requirements of a standard order as provided by the currency pair.





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## Future Trading

### Overview

#### What derivative is meant for?

A financial contract known as a derivative is one whose value is derived from an underlying asset. The value of derivatives is reliant on the anticipated price changes of the underlying asset; they do not have a direct value in and of themselves. They are known as cryptocurrency derivatives when a cryptocurrency like Bitcoin serves as the underlying asset. Trading cryptocurrency derivatives is not the same as purchasing or selling genuine cryptocurrency. It gives access to the underlying coin via a different route.

The use of derivatives as a tool to minimize financial risk frequently comes at the expense of other parties receiving large returns. The four primary categories of derivatives are Futures, Forwards, Options, and Swaps.

#### What are futures?

Futures contracts make it possible to purchase or sell an underlying asset at a specified price at a later date. The contract's provisions must be followed by the counterparties, who must buy or sell the asset at the agreed price on the contract's expiration date. There are specific futures contracts that have no set expiration date. The name of these futures is

#### What are cryptocurrency futures?

The specified price is still used to settle the contracts.

Without actually owning any cryptocurrencies, you can speculate on their future pricing by using crypto futures. A crypto futures contract is an agreement between two parties to acquire or sell a security or asset at a pre-determined price on a specified date in the future. The costs of the underlying cryptocurrencies directly affect the costs of cryptocurrency futures. Koinpark users can trade Bitcoin and alternative cryptocurrency futures on the site.





## Future Trading

# 06

### Benefits of Cryptocurrency Futures

- Better risk management and hedging
- Low expenses for transactions
- Exposure: Without really holding an asset, traders can wager against its performance
- Leverage: Trading positions larger than their account balance is possible due to leverage

### Margin trading vs. futures

Margin trading is never preferable to cryptocurrency futures since futures offer

#### Greater leverage

Compared to the maximum leverage permitted in margin trading, futures contracts allow substantially larger leverage. On Koinpark, margin trading is limited to 5x leverage whereas cryptocurrency futures can be leveraged up to 15x

#### Higher liquidity

The margin trading market has less liquidity since it takes longer to develop as a borrowing market. Since future markets are not subject to this restriction and are simple to build, they are more liquid than spot markets.

#### No Interest Cost

Either a premium or a discount will be applied to the futures contract's price. The holding of the futures involves no interest payments. With regard to margin trading, Koinpark provides interest-free margin trading for the first hour before imposing a daily fee of 0.05%.





## Future Trading

### Koinpark - India's Leading Cryptocurrency derivative exchange

Koinpark - The leading cryptocurrency derivatives exchange in India, provides a ton of liquidity for its upcoming Bitcoin and Altcoin products. Users of Koinpark can utilize up to 20x leverage to trade bitcoin futures. On the trading terminal, under the contract details section, is where you may find the maximum leverage limit for each futures contract.

### Future Trading on Koinpark

Futures trading are available on Bitcoin and 8 popular altcoins at Koinpark. These are Tron (TRX), XRP (XRP), Litecoin (LTC), Bitcoin Cash (BCH), EOS (EOS), and Ether (ETH). With Bitcoin and Ethereum perpetual futures, users can also trade perpetual futures contracts.

