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## What are Inverse Futures Contract? -Full Tutorial

Original:

<https://www.btcc.com/en-US/academy/research-analysis/what-are-inverse-futures-contract-full-tutorial>

### What is Inverse Futures Contract?

Inverse Contracts are USD-quoted but settled in the underlying cryptocurrency derivative. With the right Crypto Contract Trading Account, you can participate in the inverse contract market.

Here, we will use the ETHUSD Inverse Contract as an illustration. Margin requirements for opening a trade in ETH require existing ETH holdings in an ETH Contract Trading Account. At the moment of closing, ETH will be used to settle any winnings or losses.

When you think an asset's price is going up and you want to "long" it, using an inverse contract can help you do so. Let's pretend you've taken a long position in inverse contracts on ETH/USD. Your ETH gains will grow as the price of Ethereum does. As the price of ether rises, so will the worth of your holdings in US dollars. Compared to simply holding ETH at the end of the trade, you would have less USD value if you had used a linear contract.



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## Inverse Futures Contract Example

If Trader A purchases 10,000 contracts at a BTC price of \$23,000, the equivalent BTC for \$10,000 would be 0.435 BTC ( $10,000 / 23,000$ ).

Let's imagine that when the price of bitcoin climbs, Trader A decides to close all of his positions at \$25,000. Trader A repurchases a \$10,000 contract and sells a corresponding amount of Bitcoin ( $10,000 / 25,000 = 0.4$  BTC).

In this scenario, Trader A earned a total of 0.035 BTC ( $0.4 \times 0.435$ ). (excluding trading fees and funding fees).

## BTCC Inverse Futures Contract

The BTCC exchange, the first and still the largest cryptocurrency market, recently debuted inverse quarterly futures and legitimized the use of bitcoin and other cryptocurrencies as reserves.

The introduction marks the addition of Bitcoin (BTC), Ethereum (ETH), and Ripple (XRP) quarterly futures margined at BTCC with variable leverage of 10x, 20x, 50x, and 100x. For example, with USDT futures trading, users don't need to convert their cryptocurrency holdings into a stablecoin like USDT to participate in inverse futures trading.



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## BTCC Inverse Futures Contract Features

Leverage: 10x, 20x, 50x, 100x

Features: Funding fee free

Settlement (maturity) time: Quarterly

**As of October 2022, there are 4 types of BTCC products (trading methods)**

- USDT Short-Term Futures
- USDT Quarterly Futures
- USDT Perpetual Futures
- Inverse Quarterly Futures

**Each product has the following characteristics.**

- Funding fees are waived for short-term futures and quarterly futures
- Perpetual futures have no settlement time
- Inverse futures can be directly coin-margined

There are more than 40 types of coins handled by BTCC. You can trade not only Bitcoin and Ethereum but also various virtual currencies.

### **Types of coins**

BTC, ETH, LTC, 1NCH, ADA, ALGO, APE, APT, ATOM, AVAX, AXS, BSV, BCH, CRV, DASH, DOGE, DOT, ENJ, ENS, EOS, ETC, FIL, FLOW, FTM, GMT, ICP, LINK, MANA, MATIC, MINA, NEAR, NEO, OP, PEOPLE, SAND, SOL, TRX, UNI, WAVES, XLM, XRP, YFI, YFII