



Bitcoin (BTC)
SHA256 ALGORITHM
HASHRATE: 312.2 Ph/s
powered by whatmine
HEIGHT: 350310
DIFF: 46.72 Bln

Bitcoin (BTC)
MARKET CAP: \$ 3,464,815
VOLUME (24H): \$ 23,293.2

WIN MORE BITCOINS PLAY NOW Admiral coin

Author Tone Vays

Tip 57 tips

2014-11-20 04:39 PM

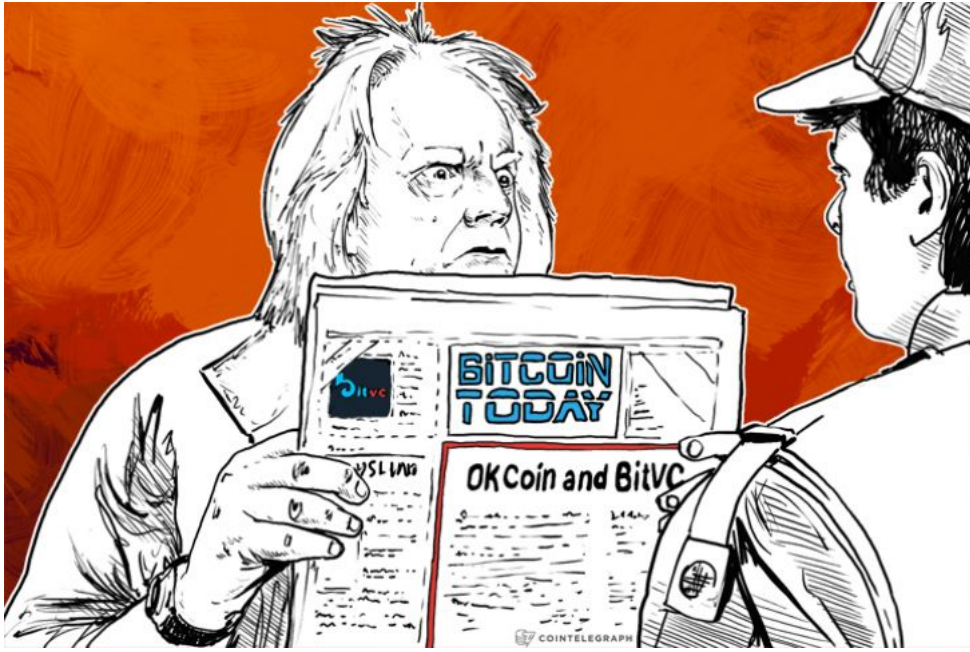
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The Future of Bitcoin Trading

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The days of Mt. Gox are long behind us, and with the slaying of the giant, there was plenty of room for competitors to fill the void and spread the wealth. The scope is brought home when you see the Global Price Index (<http://bitcoin.info/>) by BraveNewCoin (<http://bravenewcoin.com/>) is being comprised from 60 of the world's most liquid Bitcoin exchanges.

It did not take long for the experienced financial talent to capitalize on the trading frenzy and in 2014 the race was on to build the perfect leverage trading platform since the most volatile asset in the world was clearly not enough for the Bitcoin believers.

While more traditional exchanges like Bitfinex (<https://www.bitfinex.com/>) and BTCe (<https://duckduckgo.com/?q=1&uddg=https%3A%2F%2Fbtc-e.com%2F>) added some leverage in the 3x area along with the ability to enter short positions, startups like BTC.sx (<https://btc.sx/>) took it all the way to 10 times leverage even though they were still subject to the traditional forces of executing direct trades on other exchanges.

Futures & Socialized Loss

This brought us to the next phase of trading where the concept of Futures was first implemented within the Bitcoin space. The movement started with the Chinese exchange 796 (<https://796.com/weeklyFutures/settle>) offering positions with up to 20 times leverage. Like a traditional future, it was just as easy to go long or short with all the volume being handled without actually hitting the Blockchain.

Amid Double Taxation, Austr Govt Now Links Bitcoin to Corporate Tax Evasion

In the latest hurdle to beset the cryptocurrency sphere in Australia, new government tax paper has list Bitcoin among the methods which

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Continuing its open ear policy towards digital currency, the Canad Senate last week held an in-depth Q&A with an industry spokesperson...

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The United States SOCOM has outlined how it views Bitcoin, admitting to monitoring and tracking transactions. A proposal for a decentralized...

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iNation Joins Forces with the IBREA to Put Deeds on the Blockchain

iNation and the International Bitcoi Real Estate Association (IBREA) are joining forces to allow real estate deeds to be copied to the bloc...

(/news/113825/ination-joins-forces-with-the-ibrea-to-put-deeds-on-the-blockchain)

However, the problem that had to be resolved first was Counterparty Risk and the idea of "Profitable Accounts Socialized Loss (https://796.com/help/help_bitcoins_futures_counterparty_risk_management.html)" was born. This idea has now been adopted across other Futures Exchanges like OKCoin (<https://www.okcoin.com/>) and BitVC (<https://www.bitvc.com/?lang=en>) is definitely an interesting solution to the problem.

If traders were not aware of how it works, they found out this week as the winners were taxed to cover the losses suffered by the exchanges during margin calls of positions that went bust. By only needing to put 5% on margin, the days that Bitcoin moves over 10% can be devastating. The outcomes of socializations to profits were: BitVC (Huobi) - 46.1%, 796 - 25.01%, OKCoin - 5.15% on their Futures contracts expiring at the end of last week.

While there are advantages to these exchanges, like only putting up 5% of your bitcoins to be under control by a third party and also being able to open an account in minutes without any hassle, the possibility of having to give up some profits should also be taken into consideration; especially when the object of the game is spread trading, arbitrage or hedging your current position at more traditional exchanges.

Of course, as volume on these exchanges increases and the expectation of Bitcoin's volatility comes down over time, these socialized losses should not spike to these levels. In the mean time, a slightly different Bitcoin Exchange is entering the playing field with a focus on Risk Management.



Enter BitMEX

Scheduled for live trading as of November 24th, BitMEX (<https://www.bitmex.com/>) intends to be the first Futures Exchange that does not subject profitable accounts to socialized losses. Of course no reasonable Risk Management focused exchange would be able to offer 20 times leverage or the same cheap commissions as the 3 mentioned above, but this is the beauty of this exciting new frontier: there is always an alternative around the corner and plenty of room for all to grow and compete.

"BitMEX centrally clears all its derivative products," said BitMEX Co-Founder and CEO, Arthur Hayes. "On a centrally cleared exchange, the exchange faces both buyer and seller as the central counterparty. In the event that one side goes bust, the exchange steps in and makes good on its obligations." He further explained in a recent [newsletter](http://us3.campaign-archive1.com/?u=db45c09bdf20e1866bb32123f&id=c82eba0aa5&e=b9fe85754d) (<http://us3.campaign-archive1.com/?u=db45c09bdf20e1866bb32123f&id=c82eba0aa5&e=b9fe85754d>):

"BitMEX will be the only Bitcoin derivatives exchange offering this protection. Because BitMEX is the only exchange offering this, it is the only derivatives exchange where one can truly hedge. Our number one focus is risk management because we have skin in the game. As a result, the amount of leverage offered on our products is lower and the attention paid to margin policy is heightened. For example, instead of liquidating entire positions using market orders, during a margin call we incrementally liquidate positions. Liquidation stops once a trader's equity has recovered to the mandated level. Traders can live to fight another day instead of being completely wiped out from a temporary dip or peak."

"Our Chief Risk Officer (CRO) is responsible for determining the amount of leverage offered and implementing margin policy. Using Standardized Portfolio Analysis of Risk (SPAN) scenario analysis, the CRO changes different pricing inputs to determine possible losses to traders' portfolios and adjusts the exchange's margin policy accordingly."

"When the price of Bitcoin can go from US\$380 to US\$475 and back to US\$380 in 24 hours, counterparty risk becomes non-trivial. Choose your exchange wisely, and make sure you understand completely how the exchange conducts its margin policy."

2015-03-30 by Ian DeMartino

BitPay Announces World's First Bitcoin Miner Powered by Car Braking

With bitcoin's price volatility causing a lot of cryptocurrency start-ups to pivot, the world's leading bitcoin processor BitPay has already...

(</news/113843/bitpay-announces-worlds-first-bitcoin-miner-powered-by-car-braking> 2015-04-01 by Cecile Baird

So what is next for this space? We will see, but most likely, traditional Options contracts will be developed soon and perhaps an exchange with a clearinghouse and a liquidity pool accessed by other exchanges. Only time will tell, but it sure is exiting to watch as it all goes down at incredible speed in comparison to traditional fiat financial markets.

Disclaimer: Tone Vays will be speaking on the same panel as Arthur Hayes at the upcoming Bitcoin South conference in New Zealand (<http://nzconference.co.nz/bitcoinsouth2014/>).

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- OKCoin Changes How It Calculates Volume, But Does It Matter? (<http://cointelegraph.com/news/112897/okcoin-changes-how-it-calculates-volume-but-does-it-matter>)
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all do not know, who is honest and who is deceiving, back to you, respectively.

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Like previous, nothing change, I think so. People keep buying and selling it time over time. The only thing to change that price will rising or down, depending on how bitcoin become popular.

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Brian Danny · 4 months ago

essentially all of the stages, do not let the price down to make you panic, because in the world of trading are all subject to change at any time, stay calm and positive minded.

^ | v · Reply · Share ›

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It is time bitcoin plunge in the real world trade where people shop using bitcoin as a means of payment

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I think the future of bitcoin evident in trade, as more and more people are using bitcoin either just to exchange money with bitcoin or earn money through bitcoin.

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Super! I didn't know this was possible: <https://bitcointalk.org/index...>

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Where can I get that t-shirt!!!??

2 ^ | v · Reply · Share ›

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Ah the google.

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Fitri Ameliyanti · 4 months ago

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1 ^ | v · Reply · Share ›

bitcoiner111 · 4 months ago

good stuff Tone. Assume you will do a write up from BitcoinSouth.co ? - looks like a good one.

2 ^ | v · Reply · Share ›

cryptofranc · 4 months ago

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