

# ReadySetCrypto Futures Masterclass



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**Module Eight (e):** Digitex Futures Exchange



# **Module Eight(e)**

## **Digitex Futures Exchange**

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# Zero Commissions With Digitex Futures

After endless starts and stops, the Digitex Futures Interface went “live” to MainNet in July 2020, allowing retail traders to trade live DGTX utility contracts against the BTC/USD spot price.

**The key advantage behind Digitex is that trades using this DGTX token are commission-free!** This encourages scalping behavior which is impossible to achieve with competitive exchanges due to the friction of commissions, and this behavior creates maximum liquidity right where it’s needed, at the “best bid and offer” price right around the price of BTC/USD spot.

Once the company and exchange stabilizes their operations, other liquid trading pairs will be added, such as ETH/USD...and there have been discussions about placing the S&P and NASDAQ emini futures contracts on Digitex as well, which would truly put Digitex into the big leagues with token demand as these are among the most heavily-traded futures contracts in the world.

There are a few essential requirements to getting started trading Digitex Futures:

- **Currency** - you must “fund” your account with DGTX tokens, which can be either transferred in from your own wallet, another broker, or can be purchased outright via the Digitex Treasury on their website.
- **Restricted Jurisdiction** - customers must originate their sessions from a country other than their restricted list, which includes the United States of America, the province of Québec in Canada, the Hong Kong Special Administrative Region of the People’s Republic of China, the Republic of Seychelles, Israel, Vatican, Bermuda, Cuba, Crimea and Sevastopol, Iran, Syria, North Korea or Sudan. Since no “Know Your Customer” (KYC) rules have been implemented nor are any planned in the near future, then users can bypass this curtailment of civil liberties by implementing the VPN of their choice to originate their internet traffic from a “supported” country of origin.
- **Desktop/Web Login** - the Digitex Futures interface is currently web-based and would be very difficult to run successfully on a mobile web interface. A purpose-built mobile interface could be viable in the future but would have to be minimized to feature the ladder, as we’ll see later. This is a very active style of trading and requires the right interface to properly use.

Let’s get into a few details of the Digitex Futures contract...



# Digitex Futures Contract Details

Before you consider trading with Digitex, you should carefully read their Terms and Conditions, which you can find by navigating to the bottom of their [digitexfutures.com](https://digitexfutures.com) home page and looking for the “Terms & Conditions” link. You will also be required to checkbox that you have read this document before you open an account with them.

Here are some basics of the Digitex Futures contract:

## What is the Leverage per Contract?

Leverage per contract starts at 1:1 and currently is limited to 25:1, with plans to bring this up to 100:1 in the future. As I’ve stated in many other places in this program, incrementing “leverage” does not increase the profit/loss with price movement, and only allows the user to trade a larger contract size than margin rules permit for a specific account size. The Leverage control should only be used once a trader has a fully-vetted system with detailed expectancy figures and rock-solid discipline.

## What is the Tick Size?

Funding:	0.010000%
Payout:	0.0224 DGTx
IN:	7:56:17
<b>Tick Value:</b>	<b>0.1 DGTx</b>
Contract Value:	224.5 DGTx

The tick size is currently set for .1 DGTx tokens. This means that for every \$5 move in BTC/USD, your position will increment/decrement in value by (.1 tick) x (contract size). For example, with a 1 contract position size, to gain 1 DGTx or to double your position value, the price would need to move 10 “ticks” or \$50 in BTC/USD value.

## Where Can You Trade It?

You can only trade Digitex futures on their web interface at [digitexfutures.com](https://digitexfutures.com). At the time of this writing, there was no mobile app interface.

## What Days/Hours does it Trade?

Trading of these contracts is essentially available 24x7, however be aware of maintenance windows which might be very disruptive to order flow in the spot market as this style of trading becomes more popular.

## Are There Any Biases to Short vs. Long?

There is no difference to the cost of trading short vs. long, but the answer to that might depend on the current “funding rate” if you hold a position over one of the funding time stops.

## What Underlying Crypto Assets are Traded?

At the time of this writing, only BTC/USD is traded.

## What Sovereign Countries May Trade PrimeXBT?

Here’s the rub; there is no KYC so you can literally sign up an account within 40 seconds, but you do so at your own risk. As noted before, here are the country-of-origin restrictions:

- *The United States of America, the province of Québec in Canada, the Hong Kong Special Administrative Region of the People’s Republic of China, the Republic of Seychelles, Israel, Vatican, Bermuda, Cuba, Crimea and Sevastopol, Iran, Syria, North Korea or Sudan.*

If you don’t currently live in an area that meets their residency requirements, then you trade at your own risk and hold currency in their account at your own risk.

## Is There a Funding Rate?

Funding:	0.010000%
Payout:	0.0224 DGTX
IN:	7:46:10
Tick Value:	0.1 DGTX
Contract Value:	223.8 DGTX

There is a small one; here is the description of the funding process from Digitex’ wiki:

*“Funding consists of regular payments between buyers and sellers, according to the current funding rate. When the funding rate is above zero (positive), traders that are long (contract buyers) have to pay the ones that are short (contract sellers).*

*In contrast, negative funding rates mean that short positions pay longs. When a perpetual futures contract is trading higher than the spot markets, long positions have to pay shorts due to a positive funding rate. Such a situation is expected to drive the price down, as longs close their positions and new shorts are opened.*

*On the Digitex exchange, funding occurs every 8 hours at 00:00, 08:00, 16:00 UTC. If a trader holds a position, he/she will pay or receive payout value.*



*Funding rate depends on the Premium Index (PI)*

$$PI = \text{Max}(0, IBP-FP) \times FR - \text{Max}(0, FP-IAP) \times FP$$

*PI is calculated each minute.*

*where: IBP (Impact Bid Price) - Bid price for BTC IAP (Impact Ask Price) - Ask price for BTC and Fair Price (FP): Fair price = Spot Price(1+Funding Rate Time Until Funding8 hours)*

*Funding Rate: Funding Rate\* = TAPI + clamp(I - TAPI, 0.05%, - 0.05%) where: I = 0.01%, TAPI that are average PI for previous trading period.*

*Funding Rate = cap(Funding Rate\*, 0.75immm) where: im=1%, mm=0.5*

*The value that the trader must pay or receive at the moment of funding depends on the number of contracts in the trader's position.*

*Payout value = q \* Payout*

*where*

*Payout = Funding RatePerpetual PriceTick Index, that is rounded to 10-4 Perpetual Price = avg Price for last 1000 traded contracts*

*When a trader receives funds, the payout value is added to the balance. When a trader pays funds, the payout value is withdrawn from the position margin and balance."*

*This is such a small amount that it's not worth concerning yourself with unless you are holding very large positions over the "funding" windows at 0000, 0800, and 1600UTC.*

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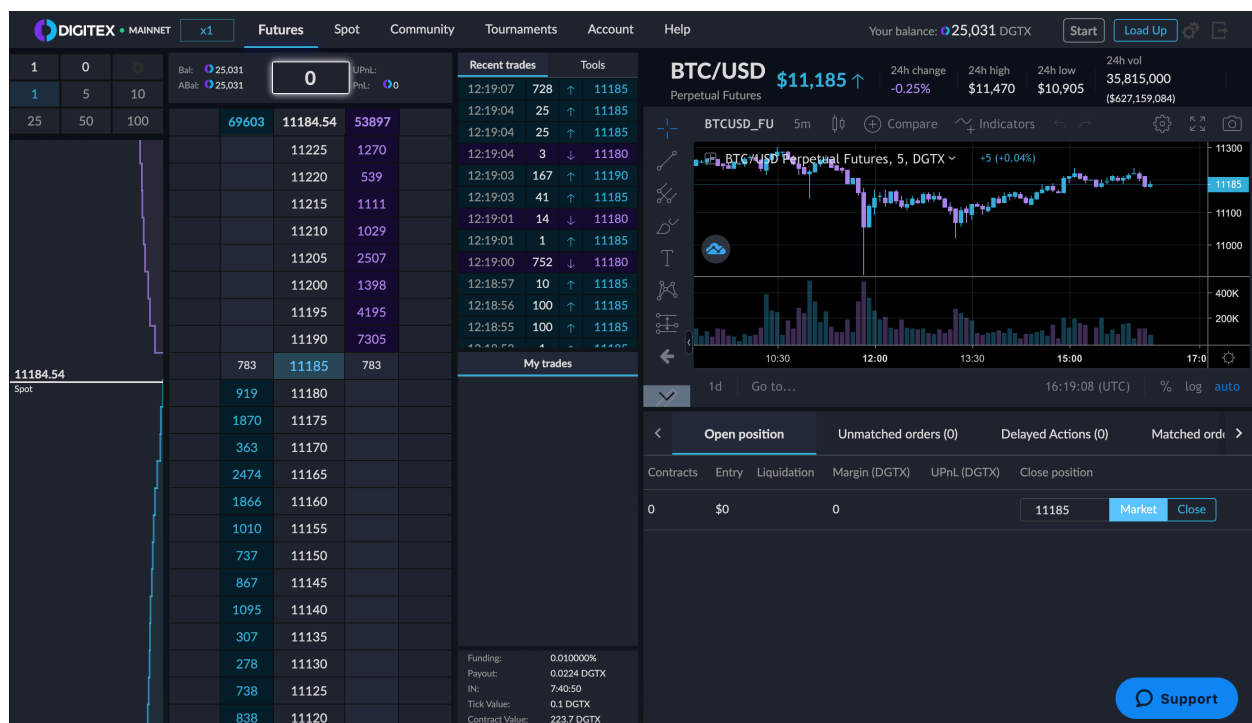
# The Digitex Futures Trading Interface

First off, I'll just go over the basics of using the UI in this module guide, so definitely check out the accompanying videos that I did for this module. A video is a much more efficient way to show you how to trade this interface.

## [The Overall Trading Interface](#)

This is shown below in Figure 1:

Figure 1



Let's break up the interface into the sub-modules that you'll need to use.

## [Chart API](#)



Most of you will probably recognize the chart module as being a Tradingview API plug-in. You can do just about anything that you can do with your own TradingView account, however you cannot import custom studies nor any other scripting that you use with your own TradingView account.



## Time and Sales

Recent trades		Tools	
12:30:07	16	↓	11170
12:30:07	308	↑	11175
12:30:05	65	↓	11170
12:30:05	343	↑	11175
12:30:03	12	↓	11170
12:30:03	348	↓	11170
12:30:03	700	↓	11170
12:30:00	7	↓	11170
12:29:59	76	↓	11170
12:29:58	100	↑	11175
12:29:54	7	↑	11170
12:29:53	541	↑	11170
12:29:52	1	↓	11170

“Time and Sales” shows recent trades that have executed on the exchange; you can see the position size and direction of the trade based on time and sales. Using this tool can help you understand who is getting the “better” of the exchange in the online auction between bid and offers.

## Trade History

My trades		
12:29:42	1	11170
12:29:20	1	11170

Your own trading history is shown in a module called “My Trades.” The time is shown in your own time zone, with quantity and entry/exit price shown. Orders on the bid and offer side will be color-coded differently, as this long entry order and sell limit closing order show.

## Position Management Bar

<		Open position		Unmatched orders (0)		Delayed Actions (0)		Matched orders (0)		>	
Contracts		Entry		Liquidation		Margin (DGTX)		UPnL (DGTX)		Close position	
0		\$0		0				11180		<div>Market</div> <div>Close</div>	

Once you’re in a live position, this tool can help you figure out not only what you’ve done, but also how you can manage it on the fly. From this tool, you can see what your open positions are, any “unmatched” or “matched” orders, delayed actions, order history, and trade history.

You’ll be able to see any “market stops” that you create in the “delayed actions” tab. This is important to keep track of since these orders do not disappear should your profit limit order be executed.

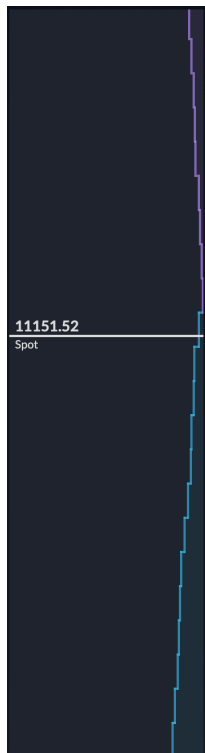
You can also “market close” any position by smashing that button in the “Open Position” tab.

## Contract Order Size

1	0	⚙️
1	5	10
25	50	100

In the upper left corner of the UI, the contract size tool allows you to select the size of contract that you'll place in the ladder. The first time that you use this tool to enter a position in the ladder, you'll see a dialog box asking you if "you really want to do that?" which you'll have to check the "don't show me this again" tick-box if you understand how to use the ladder and don't want to see this step again. You can also edit the contract size steps by clicking on the gear. Keep it small early, folks.

## Depth of Market/Spot Price



The left-hand side of the interface is dominated by the Depth of Market/Spot Price module.

The white horizontal line is the spot price of BTC/USD and is calculated against the spot price of BTC on several different exchanges; this is important to "average" the price on different exchanges to prevent price artifacts from creating erroneous prices that seems to plague futures exchanges like BitMEX.

The "depth of market" is a visual way to express the stack of bids below the current spot price that accumulate at each \$5 price increment of BTC/USD. They are additive and represents the number of orders that are waiting to be filled long at prices below the current spot price.

The same thing occurs with the "sell wall" that is represented by the aggregate offers that are above the spot price. These can also be mapped directly over to the trading ladder futures prices.



## The Trading Ladder

x1 Futures Spot Community				
Bal: 25,031	0		UPnL:	
ABal: 22,793			PnL:	0
10	95116	11145.18	56950	10
		11195	1733	
		11190	909	10
		11185	2474	
		11180	529	
		11175	647	
		11170	1010	
		11165	323	
		11160	1222	
		11155	6419	
		11150	2834	
	1075	11145	1172	
	4353	11140		
	2200	11135		
	723	11130		
	2380	11125		
	3232	11120		
	2856	11115		
10	1456	11110		
	579	11105		
	1128	11100		
	1869	11095		
	1969	11090		

We save the best part for last; the trading ladder is the best part of the Digitex Trading interface. Once you get used to trading futures on a trading ladder like this, you'll wonder how you ever traded without it before.

First off, note the "leverage" setting on the upper left; this is set to "1x" leverage and is just a reference. Should you decide to change your leverage, you'll need to click on that box and then agree to the new settings.

The large box with "0" near the top center is your current position size; this will read +10, for example, if you have a ten contract long position in play, and will read -10 if you have a ten contract short position in play.

Just to the right of the position size are the UPnL and PnL counters; these represent "Unrealized Profit & Loss" for a live position, and "Profit and Loss" for today's session.

The very center column shows the BTC/USD futures prices in \$5 "ticks." You'll see the futures price bounce up and down in this column and the highlighted price represents the "market" price.

Now we get to the heart of the interface; the "bids" column is to the left of the futures price, and the "offers" column is to the right of the futures price. Bids are below the current price, and offers are above the current price.

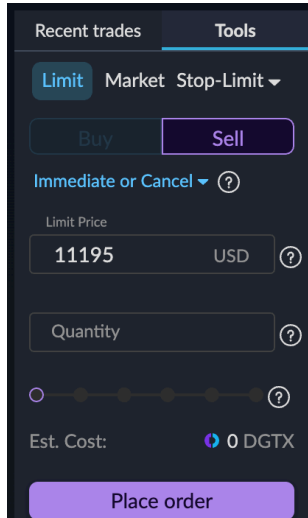
To establish a long position, you'd get filled at a price at or below the current market price; left-clicking in that "bid" column will result in a limit order being placed at that price. You can see that I have a ten-contract limit order waiting at the 11110 BTC price level, showing in the left-most column which is where active orders are listed.

To establish a short position, you'd get filled at a price at or above the current market price; left-clicking in that column (to the right of the price) will result in a limit order being placed at that price. You can see that I have a ten-contract short limit order waiting at the 11190 BTC price level, showing in the right-most column which is where active "offer" orders are listed.

Since the bid limit order is well below the price, that order won't fill until the price moves down to 11110 and starts to chew through the bids at that level. Conversely, the offer limit order is well above the current price, so that order won't fill until the price moves UP to 11190 and starts to work its way through the order book at that price. My offer limit waits in line, first in, first out until it's filled. There is no guarantee that I will be

filled on either order if the price simply moves up/down to one of these limit prices; it must work through the order book until my order is matched.

## Tools Menu

The image shows a screenshot of the 'Tools' menu in the Digitex interface. At the top, there are tabs for 'Recent trades' and 'Tools', with 'Tools' being the active tab. Below the tabs, there are three buttons: 'Limit' (highlighted in blue), 'Market', and 'Stop-Limit' (with a dropdown arrow). Under these buttons are two larger buttons: 'Buy' and 'Sell'. Below the 'Buy/Sell' buttons is a dropdown menu labeled 'Immediate or Cancel' with a question mark icon. The main section of the form is for entering order details. It has a 'Limit Price' field with the value '11195' and a currency selector set to 'USD'. Below this is a 'Quantity' field. At the bottom of the form is a 'Place order' button. To the left of the 'Place order' button, there is a section for 'Est. Cost:' showing '0 DGTx'.

Through the first iteration of the Digitex interface, there was no “stop loss” order. I think is because the CEO of Digitex is such a short-term scalper that he was rarely in a position for more than seconds and would just punch out of a trade working against him. For more mechanical traders, a stop-loss is very important to enforce non-emotional, structured trading.

The Tools menu (located right above the Time & Sales module) is where you can manually construct a stop-loss price, as well as place other Stop-Limit or advanced positions. 99% of the time this will be used for the construction of a stop-loss position, which the associated video for this module shows in detail.

Keep in mind that any market “stop loss” is truly a “market” position, which will be filled “at market” if the spot price hits a specific level that you outline as you construct the position. In a fast-moving market, that “market price” might be quite different from what you asked for; this is called “slippage.”



## Summary - Digitex Futures Exchange

Zero commissions and a trading ladder interface - what's not to like?

There are lots of reasons why we've been waiting for Digitex to finally come to market with the first fee-free futures exchange, and my honest hope is that they take off like a rocket and grow. The applications are endless for this style of trading, especially with bot trading, where anyone could create their own automated algorithms to make money as they sleep, without the associated friction of transaction costs.

What's the downside? Whether the underlying trading currency will remain stable enough. The way that Digitex makes money is to just print more tokens, which will depress the price of the token until demand pulls it higher. If there is not enough demand for the service, then the price of the token drops as does the value of everyone's account. The business model is driven by constant growth and expansion into larger and larger markets.

Can they do it? Your guess is as good as mine. But I intend to leverage what I can from this innovative interface as long as it's around and traders have an edge using it.

Please watch the associated videos for this module of the program, where I cover 1) the overall interface overview, and then 2) some possible trading styles to leverage this style of trading.