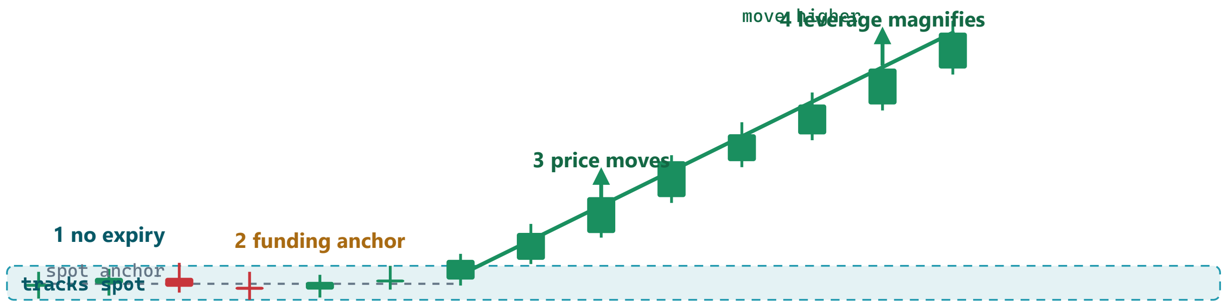
FIELD GUIDE · CRYPTO & DERIVATIVES

What is a perpetual future?

A perpetual future ("perp") is a contract that tracks an asset's spot price but never expires. A payment called funding keeps it near spot, and you can hold a long or a short. An educational walkthrough.

QUANTREEF
market microstructure



PHASE 1 · NO EXPIRY

It never settles

Unlike a dated future, a perp has no settlement date. The contract just keeps trading, so a position can stay open for minutes or months. Its price is meant to shadow the underlying spot market rather than a far-off delivery date.

PHASE 2 · FUNDING

Funding anchors it to spot

Because there is no expiry to force convergence, a periodic payment called funding does that job. When the perp trades above spot, longs pay shorts; when it trades below, shorts pay longs. This pressure keeps the perp price near spot.

PHASE 3 · LONG OR SHORT

Price moves, both sides exist

A perp lets you take a long (you gain if price rises) or a short (you gain if price falls). Here spot makes a clean move higher, so the perp tracks it up. A long follows the move up; a short would move the opposite way.

PHASE 4 · LEVERAGE

Leverage magnifies the move

Perps let you post a fraction of a position's value as margin, so a given percent move in price changes your balance by a larger percent. Leverage magnifies gains and losses alike, and can trigger liquidation.

Key terms

perpetual future — a derivative contract that tracks spot price and has no expiry or settlement date

funding rate — a periodic payment between longs and shorts that nudges the perp price back toward spot

leverage — posting only a fraction of a position's value as margin, magnifying both gains and losses

long / short — a long profits if price rises; a short profits if price falls

How to read & use it

What the gap to spot means

If a perp drifts far from spot, funding is the force meant to pull it back. A persistent gap tells you which side is currently paying to hold the position.

Read leverage as a multiplier

At higher leverage a small percent move in price becomes a large percent move in your margin, in either direction, and raises the chance of liquidation.

Direction is a choice, not a call

A perp simply lets you express up or down. Understanding that both sides exist is different from deciding which way price will go.

HOW TO READ THIS

What Quantreef displays about perps is descriptive context and education, not a signal, recommendation, or prediction. Nothing here tells you to open, close, or size a position, and none of it is a forecast of future prices.