

# Beginner's Guide to Futures

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## The Definition.

Futures are **agreements** to buy or sell an **asset** at a specified **quantity** and future **date** at today's traded price.



### AGREEMENT

Contract (just like options) joining two parties for the future delivery of an asset (seller) and the full sum of money (buyer) reflecting the agreed upon price.



### ASSET

Anything of value that people want to invest in, hedge against, or speculate on usually falling under commodity or security (stock index, energy, currency, etc.).



### QUANTITY

Usually seen as a simple multiplier (like 100 shares in stock options) but also defined in commodity amounts (like bushels of corn or ounces of gold).



### DATE

Predetermined date and time (also known as expiration) when the long or short transforms into the underlying or cash (most positions are closed by this point).

## How can you get started?

### OPEN AN ACCOUNT

Find a broker that offers futures trading, competitive fees, and easy-to-use tech (e.g. [tastyworks](#), [Interactive Brokers](#)).

### ENABLE FUTURES

Be sure to enable futures in the account opening process, or contact broker's support if account is already open.

### SEARCH AND SEND

Search futures just like stocks, and it can be helpful to start by simply buying and selling a [small product](#).

## Where are you coming from?

### STOCKS

Futures give you **directional exposure** for traditionally **less money** without **short restrictions** or **pattern day trading rules**.

Buying a future with \$100 multiplier is like buying 100 shares of stock

### OPTIONS

Futures give you **fixed deltas** at the **at-the-money strike** with **no change in P/L** from **gamma, theta, or other greeks**.

Buying a future is like selling an ATM put while buying an ATM call