Huobi Futures to Launch Bitcoin Options on Sep 1st Investors Rush to Hedge Inflation Risk

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LONDON, UK — AUGUST 31, 2020 — Huobi Futures, the crypto derivatives market of Huobi Group, today announced the upcoming launch of Bitcoin (BTC) options for trading on September 1st at 10:00 UTC. The new options product follows the successful roll-out of Huobi Futures' Perpetual Swaps earlier this year and aims to give traders more ways to create arbitrage and hedge risk in the crypto market.

Similar to options in traditional financial markets, Huobi's BTC option is a derivative product that gives users the right, but not the obligation, to buy or sell BTC at an agreed upon price and date. Call options give the options buyer the right to buy the underlying asset at a specified price on the expiration date, while put options give options buyer the right to sell a specified amount of an underlying asset at a specified price on the expiration date.

"As investors brace for prolonged economic uncertainty across global financial markets, the influx of institutional capital and other forms of 'smart money' into digital assets like Bitcoin are driving a surge in demand for more diverse trading products," said Ciara Sun, Vice President of Global Business at Huobi Group. "Our new options product was launched in response to market demand and this economic new reality. With this latest addition to our growing line-up of derivative products like Perpetual Swaps and Futures, we're giving users a robust set of tools to execute more sophisticated trading strategies."

Huobi's exchange-traded BTC options are quoted in USDT and offered in increments of weekly, bi-weekly, and quarterly options. Options on Huobi are European Options, a version of an options contract that limits execution to its expiration date. When the options expire, the arithmetic average of the index prices in the last hour is used as the delivery price. Both the options buyer and seller can close positions before the expiry or hold until the expiration date.

As more sophisticated investors enter the crypto market, Huobi has experienced a surge in derivatives trading volume, which is indicative of the broader market. In the aggregate, growth in crypto derivatives trading volume is now outpacing that of spot trading. According to data analytics company Cryptocompare, cryptocurrency derivatives trading volumes climbed 32% in May of this year to a new record high of $602 billion, compared to 5% growth in total spot trading volumes.

With the surge in derivatives trading, options can provide lower risk as the maximum loss an options holder can incur is the options Premium, with no limit on gains. When used in conjunction with other trading strategies, options can also help traders hedge against risks like extreme market volatility. Sun added, "Financial instruments like options don't guarantee profits, but they do provide traders with greater flexibility and more opportunities. More importantly, we're giving users access to an options product backed by the security and reliability they've come to expect from a global exchange like Huobi."

In the coming months, Huobi Futures plans to add options support for other major cryptocurrencies.

About Huobi Group

Huobi Group is the world's leading blockchain and cryptocurrency infrastructure provider with a financial product suite that includes the largest digital asset exchange by liquidity and real-trading volume. Trusted by users over 170 countries, the Huobi platform is dedicated to improving the freedom of money for users, and features an unmatched portfolio of crypto products and offerings, including: trading and finance, cryptocurrency finance infrastructure solutions, education, data and research, social welfare, investment and incubation, and many more. For more information, visit https://blog.hbg.com/

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