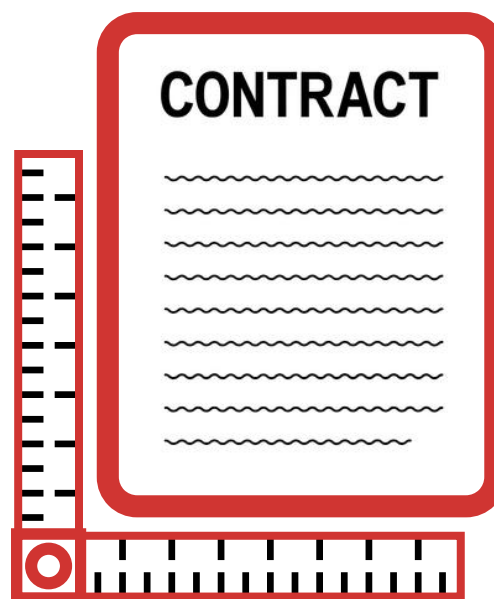


FUTURES LINGO

CONTRACT SIZE



WHAT IS CONTRACT SIZE?

A **standardized quantity** of the underlying asset that is specified in each futures or options contract specification.

Represents the **actual amount** of assets that will be **bought or sold** when contracts are traded.

Standardized by the **Exchange** and vary based on the underlying assets.



IMPORTANCE OF CONTRACT SIZE

Liquidity

Larger contract sizes **attract more participants**, leading to tighter spreads and smoother trading.



Standardization

Ensures the size **uniformity and consistency** across all contracts for the underlying assets.



Risk Management

Enabling traders to calculate their **exposure and potential risk**.



Leverage Calculation

Enables the control of a large position with less capital thus amplifying potential gains or losses.



EXAMPLE FOR SOYBEAN FUTURES OFFERED BY THE CME GROUP

Standard Contract

A **Standard** Soybean
Futures contract.



5,000 bushels

Mini Contract

A fraction of $1/5$ the
size the **Standard**
Soybean Futures.



1,000 bushels

Micro Contract

A fraction of $1/10$ the
size of the **Standard**
Soybean Futures.



500 bushels