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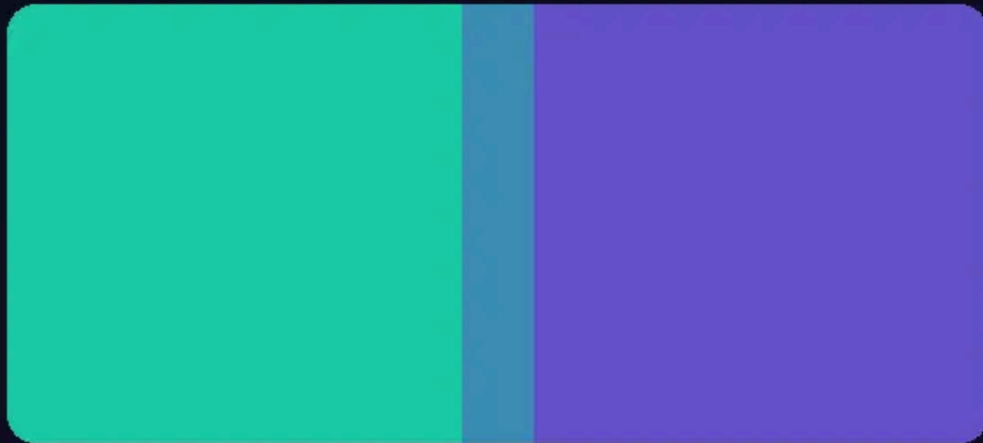
Cross Margin vs Isolated Margin Explained

The key differences between cross margin and isolated margin — how each mode works, when to use them, and how your choice affects liquidation risk.



Liquid
Editorial team

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When you open a leveraged perp position, your **margin mode** decides what collateral can be used to support the trade. That choice can matter as much as

your leverage.


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Cross margin and isolated margin are not just interface settings. They define whether risk is *pooled* across your account or *contained* to one position — and that difference rewrites your liquidation profile entirely.

ISOLATED RISK	CROSS RISK	CROSS LIQ DISTANCE	CROSS FAILURE MODE
Walled	Pooled	Further	Contagion
Loss capped at the position's posted margin	Whole account backs every open position	More cushion on any one trade	One bad trade can take the rest with it

The Core Difference

Isolated margin assigns collateral to a specific position. If that position goes badly, the loss is generally limited to the margin allocated to that position.

Cross margin uses a shared collateral pool across eligible positions. Profits, losses, and available account equity can support multiple positions at once.

Same market. Same entry. Same leverage. Same direction. Different margin mode → different liquidation profile.

A LOSING ETH TRADE DRAINS...

Cross Margin

Isolated Margin

ACCOUNT COLLATERAL

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Total posted	\$5,000
Trade loss	-\$2,000
Remaining	\$3,000

POSITIONS

ETH long (the loser)	\$2,000
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BTC short	\$1,500
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SOL long	\$1,500
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Cross margin pools collateral — the ETH loss draws from the same well that supports BTC and SOL. Better survival on any one trade, more contagion when one goes badly.

Isolated Margin - Defined Position Risk

With isolated margin, you decide how much collateral to commit to one trade.

ISOLATED EXAMPLE — \$5,000 ACCOUNT, 10× ETH LONG

Effective leverage = $\frac{\$5,000}{\$500}$

ON-TRADE LEVERAGE

10×

10× isolated

5× isolated

3× isolated

If ETH moves far enough against you, the position can be liquidated and the assigned isolated margin is at risk. Your remaining account balance is not supposed to directly support

that position unless you manually add more margin.

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That makes isolated margin useful when you want a **clear risk boundary**.

Cross Margin - Shared Collateral

With cross margin, eligible positions share account-level collateral. The same \$5,000 account backing the same \$5,000 ETH long has access to the full pool — so the liquidation price moves further away.

That extra room is useful — but it comes with a tradeoff. If ETH keeps falling, the loss can consume collateral that was backing the rest of your account.

SAME LOSING TRADE, TWO OUTCOMES	
ISOLATED — WALLED OFF	
ETH liquidated	
ETH crashes 10%. The position hits maintenance margin and is liquidated. The other two trades are untouched. Total damage: the \$500 isolated margin.	
ETH outcome	BTC short
Liquidated	Unaffected
SOL long	Account loss
Unaffected	-\$500
CROSS — POOLED, SURVIVES	
ETH still open	
Same 10% crash. The shared \$5,000 pool absorbs the unrealised loss. ETH stays open — but account equity drops and every other position is now closer to its own liquidation threshold.	
ETH outcome	BTC short
Still open	Cushion eroded

Cross margin can make liquidation less likely on one position, but **more damaging** if account-level risk is not controlled.

Why Liquidation Price Changes

Liquidation depends on equity, maintenance margin, mark price, fees, funding, and margin mode. The mode is what changes *which equity number the engine looks at*.

WHAT THE LIQUIDATION ENGINE WATCHES UNDER EACH MODE	
Isolated	Cross

The practical difference: isolated margin trades **more frequent position-level liquidations** for a **smaller blast radius**. Cross margin does the opposite.

When Isolated Margin Makes Sense

PEACH FOR ISOLATED WHEN...		Sign up
01	You want defined risk You know exactly how much margin is committed to the trade — and you can lose it without losing anything else.	
02	You're testing a strategy A failed experiment should not threaten unrelated positions.	
03	You're trading volatile assets Isolated margin prevents one fast move from consuming your whole collateral pool — think thin altcoins, pre-IPO names, or event-driven stock perps.	
04	You run multiple unrelated trades A short-term ETH idea should not drain collateral from a separate BTC or stock-perp setup.	

For many traders, isolated margin is the cleaner default because it forces every position to stand on its own.

When Cross Margin Makes Sense

REACH FOR CROSS WHEN...	
01	You manage a portfolio, not one-off trades Profits on one position can offset losses on another. The pool is the point.
02	You're hedging

	A long and short pair can be managed with shared collateral when the relationship is intentional and you understand the basis risk. Sign up
03	You need capital efficiency Avoid locking separate collateral pools behind every position.
04	You actively monitor account-level risk Cross margin requires watching total maintenance margin, not just one liquidation price.

Cross margin is not automatically more advanced. It is **less forgiving** if you ignore the full account.

Multi-Venue Margin Can Vary

! READ THE FINE PRINT BEFORE YOU TRUST THE OFFSET

On platforms that route across multiple venues or execution layers, cross-margin scope may vary. Cross margin on one venue does not always mean every position across every venue shares the same collateral. Some products may use isolated-style behaviour, stricter isolated settings, or venue-specific collateral rules. Confirm which positions actually share collateral *before* you rely on the offset.

Can You Switch Margin Modes?

This depends on the platform and the venue. Some platforms let you switch margin mode before opening a position but restrict changes afterward. Others let you adjust margin on an open isolated position, change leverage settings, or remove margin if requirements remain satisfied.

Do not assume you can always convert a live position from isolated to cross or back again.
Check before entry — especially for large or event-driven trades.

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The Simple Framework

KEY TAKEAWAY

Isolated when your goal is defined risk per trade. **Cross** when your goal is account-level capital efficiency *and* you understand how your positions interact. When in doubt: isolated, lower leverage, and a position size where liquidation is not close to normal market volatility.

Further Reading

- [Liquid docs: leverage and margin modes](#)
- [Liquid docs: liquidations](#)
- [What Is Liquidation and How to Manage It](#)

Trade Perps on Liquid

Liquid lets you choose margin mode with the liquidation impact visible before confirmation.

- **Create your account.** Sign up with email or connect a wallet.
- **Fund your account.** Use supported funding methods or crypto deposits.
- **Choose margin mode intentionally.** Use isolated for defined position risk or cross for managed account-level risk.
- **Monitor collateral.** Margin mode can change how quickly one trade affects everything else.

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Frequently Asked Questions

What is cross margin?



What is isolated margin?



Which margin mode is better for beginners?



Can you switch between cross and isolated margin?



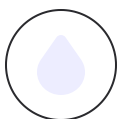
How does margin mode affect liquidation price?



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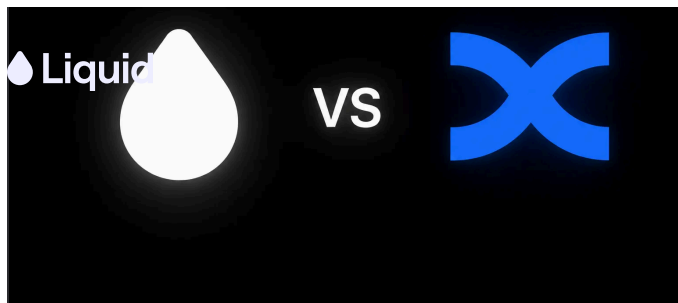
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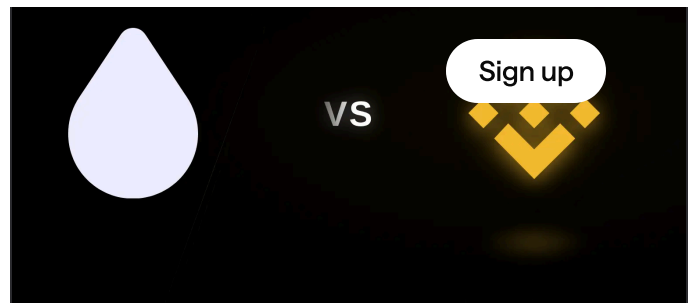


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