How to get started with Nasdaq Veles California Water Index futures (H2O)

1. Know the basics
   Before you start trading, get an understanding of how futures work in our interactive Introduction to Futures course.

2. Find a futures broker and open an account
   In order to trade futures, you must find a registered futures broker who will maintain your account and guarantee your trades.

3. Fund your account
   Brokers may require a minimum deposit before you can trade. Such deposits are maintained in segregated customer accounts by your broker.

4. Select a trading platform
   Depending on your anticipated trading behavior/frequency, brokers offer different trading platforms with varying cost structures to most efficiently meet your needs.

5. Things to know before trading
   Learn about permissible order types, how to submit an order, fees, and what happens after your order is placed. Learn more.

6. Select the contract month to trade
   Eight consecutive quarterly H2O contracts (in the March cycle) are listed at any time including the nearest two monthly contracts.

7. To roll or not to roll
   Traders who want to maintain exposure, can roll their position from the front month contract to a later expiry.

8. Understanding daily profit and loss
   The process of mark-to-market (MTM) is used in the futures markets to determine daily futures profit and loss based, in this case, on the H2O settlement price.

9. Where/how do I see my trades, positions, and mark-to-markets?
   Your futures broker will provide you with trade confirmations and statements that show all transactions, charges/credits, and your account balance.

10. Be an informed trader
    Work on your trading strategy with CME Group’s innovative tools, including Price Action Alerts, as well as additional information to expand your understanding of the futures and options markets.
Neither futures trading nor swaps trading are suitable for all investors, and each involves the risk of loss. Swaps trading should only be undertaken by investors who are Eligible Contract Participants (ECPs) within the meaning of Section 1a(18) of the Commodity Exchange Act. Futures and swaps each are leveraged investments and, because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for either a futures or swaps position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles and only a portion of those funds should be devoted to any one trade because traders cannot expect to profit on every trade.

To learn more about NQH2O futures, visit cmegroup.com/water.