

HYPERAGENT

The Hyperliquid Risk Playbook

*A practical guide to protecting capital when automating
perpetual futures trading on a decentralized exchange*

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Free to share, unmodified.

Why this playbook exists

Most material about automated crypto trading is written to sell you an upside. This document is about the other side of the ledger: everything that can quietly take your capital away on a perpetual futures DEX — and the concrete controls that limit each of those risks. It reflects how we build and operate HyperAgent, but the principles apply to any automation you run on Hyperliquid, including your own.

One belief shapes every page: **on leveraged venues, survival is the strategy**. Returns are an output you cannot force; risk is an input you can control. Whoever controls risk best gets to keep compounding.

Trading perpetual futures involves substantial risk of loss. Nothing in this document is investment advice, and no configuration described here guarantees any outcome. Past performance is not indicative of future results.

1 • Custody risk: where your funds actually sit

The first question for any bot is not “what is the strategy?” but “who can move my money?” On Hyperliquid, the safe answer is: only you. The exchange supports **trade-only API wallets** — keys that can place and cancel orders but can never withdraw or transfer funds. A correctly built automation provider never asks for more.

What to verify before connecting any bot

- The service requests an **agent/API wallet**, not your seed phrase or main private key. No legitimate provider ever needs your seed phrase.
- Withdrawal remains impossible with the credentials you hand over — test it: the permission set should fail any transfer attempt.
- You can revoke the API wallet unilaterally, on-chain, at any time, without the provider's cooperation.
- Your equity is visible in your own wallet on the Hyperliquid explorer at all times — not in an omnibus account.

Rule of thumb: if you cannot revoke it yourself in under a minute, it is not non-custodial.

2 • Leverage and liquidation: the geometry of ruin

Leverage does not create edge; it multiplies whatever is already there — including noise, fees, and error. The liquidation price is the single most important number of any leveraged position, and it moves closer with every increase in size.

Leverage	Approx. adverse move to liquidation*	Practical reading
3×	~30%	Survives normal volatility and most flash moves
5×	~18%	Reasonable for systematic strategies with hard stops
10×	~9%	A single volatile hour can end the position
20×	~4.5%	Routine intraday noise becomes lethal
40×	~2%	Spread + slippage alone can take you halfway there

*Isolated margin, before fees and funding; exact thresholds depend on the asset's margin tiers.

- **Size from the stop, not from conviction.** Decide the maximum loss per trade first (e.g. 0.5–1% of equity), then derive position size from the stop distance. Never the other way around.
- **Cap concurrent exposure.** Three “independent” crypto positions are rarely independent — in a crash, correlations go to one.
- **Pin your leverage explicitly.** A subtle failure mode we have seen in the wild: a wallet retains a high leverage setting from a previous manual trade, and an automation sized for 5× executes at 20×. Verify what the exchange has stored, not what the bot intends.

3 · Exit discipline: outcomes are decided at the exit

Entries get the attention; exits decide the account. An automation without a complete, pre-committed exit policy is not a strategy — it is an open-ended liability. A complete policy answers three questions for every position, before entry:

1. **Where is the disaster line?** A hard stop, held on-exchange (not only in the bot's memory), that caps the worst case even if the bot dies mid-trade.
2. **What takes profit?** A rule — trailing stop, target, or time-based — that converts unrealized gains without asking anyone's opinion in the moment.
3. **What is the maximum hold?** Time is exposure. A position that has not worked within its designed window should not stay open on hope.

Every exit needs a reason you can audit. We publish an exit reason for each closed trade (trail, max-hold, disaster stop). If your provider cannot tell you *why* a position closed, they also cannot tell you why the next one won't close badly.

4 • Fees, funding and slippage: the silent compounders

No single fee ruins an account; frequency does. A strategy that trades often enough turns even small costs into the dominant term of the P&L.

- **Maker vs. taker.** On Hyperliquid the difference is a multiple, not a rounding error. Strategies designed around resting orders keep more of their gross edge.
- **Funding.** Perpetuals pay or charge funding continuously. Holding against a crowded side means paying the crowd, hour after hour.
- **Slippage and spread.** Order-book depth on a DEX is thinner than on the largest centralized venues. Size that ignores depth pays an invisible entry fee both ways.
- **The honest test:** expected value must be computed *net*: $(\text{win rate} \times \text{average win}) - (\text{loss rate} \times \text{average loss}) - \text{average round-trip cost}$. If a provider quotes gross numbers, ask why.

5 • Operational risk: the failures nobody backtests

Strategy risk gets the headlines; operational risk quietly causes many of the real losses. Ask these questions of any automation — including one you build yourself:

Failure mode	Control that limits it
Bot process dies with a position open	Hard stop resting on the exchange, independent of the bot
Stale configuration (running yesterday's parameters)	Config loaded and logged at runtime; deployments verified against live logs
Duplicate or phantom orders after reconnect	Idempotent order logic; reconciliation against exchange state on every cycle
Silent degradation (no trades, no alerts)	Heartbeats, watchdogs, and a public status page you can check yourself
Provider incident with no disclosure	A public incident log — transparency after failures is the best predictor of how the next failure is handled

6 · Evaluating any provider: the transparency test

You cannot audit code you cannot see, but you can audit behavior. Five questions separate serious operators from marketing sites:

1. Is there a **public, continuous track record** — including losing trades and fees — or only screenshots of good weeks?
2. Is every claim **verifiable** (on-chain, in logs, on a status page), or must you take their word for it?
3. Does the provider state **what can go wrong**, in writing, before you sign up?
4. Are returns **promised**? On leveraged derivatives, a promised return is a red flag by itself — and in many jurisdictions, unlawful.
5. Can you **leave in one click** — stop the agent, revoke the key, withdraw — without asking permission?

7 • The 15-point pre-automation checklist

Before you let any system trade your capital	
1	The provider holds trade-only credentials; withdrawals are cryptographically impossible for them.
2	You have personally revoked and re-created an API wallet, so you know how fast you can pull the plug.
3	Your seed phrase has never been typed anywhere except your own wallet.
4	You know the exact leverage stored on the exchange for each asset you trade.
5	Maximum loss per trade is defined in percent of equity — and position size is derived from it.
6	A hard stop rests on the exchange for every position, independent of any bot process.
7	Maximum concurrent positions and total exposure are capped.
8	Every position has a maximum hold time.
9	You can state the strategy's exit rules from memory — if you can't, you don't know what you're running.
10	Expected value is computed net of fees, funding and slippage.
11	You start with capital whose total loss would not change your life.
12	There is a status page or heartbeat you can check without asking support.
13	The provider publishes incidents, not only successes.
14	You have read the risk disclosure — the real one, not the marketing page.
15	Nobody — not the provider, not this document — has promised you a return.

About HyperAgent

HyperAgent is a non-custodial trading agent built exclusively for Hyperliquid by Exatoshi AG, a Swiss company. It runs a single published strategy with capital-protection-first exit logic, and publishes its live trade journal — entries, exits, fees and exit reasons — for anyone to inspect at **hyperagent.ch/performance**. A free 15-day trial is available; no card required. Whether or not you ever use it, we hope this playbook makes your automation safer.

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