

	Forward Contract	Futures Contract
What is it?:	A forward contract is an agreement between two parties to buy or sell an asset (which can be of any kind) at a pre-agreed future point in time.	A futures contract is a standardized contract, traded on a futures exchange, to buy or sell a certain underlying instrument at a certain date in the future, at a specified price.
Structure:	Customized to customers need. Usually no initial payment required.	Standardized. Initial margin payment required.
Method of pre-termination:	Opposite contract with same or different counterparty. Counterparty risk remains while terminating with different counterparty.	Opposite contract on the exchange.
Risk:	High counterparty risk	Low counterparty risk
Market regulation:	Not regulated	Government regulated market
Institutional guarantee:	The contracting parties	Clearing House
Contract size:	Depending on the transaction and the requirements of the contracting parties.	Standardized
Expiry date:	Depending on the transaction	Standardized
Transaction method:	Negotiated directly by the buyer and seller	Quoted and traded on the Exchange
Guarantees:	None. It is very difficult to undo the operation; profits and losses are cash settled at expiry.	Both parties must deposit an initial guarantee (margin). The value of the operation is marked to market rates with daily settlement of profits and losses.

Source: www.diffen.com