Sub - Derivatives
Sem. V

T.Y FM - V
1/11/12

Con. 7186–12. **BT–5884**

(2 Hours) **[Total Marks : 60**

N.B. (1) **All** questions are **compulsory**. Internal choices are given.
(2) **Each** question **carries** 15 marks.

1. (a) What are derivatives ? Briefly explain the origin and development of derivative market. 8
   (b) Compare the role of Hedgers and Speculators in derivative market. 7

OR

   (c) Explain the need for derivatives. 7
   (d) Distinguish between 'futures' and 'forwards' contract. 8

2. (a) Explain the various settlement of forward contracts. 8
   (b) Write note on any 4 types of orders in derivative market. 7

OR

   (c) Raman sold a January Nifty futures contract for Rs. 2,40,000; on 15th January. Each Nifty futures contract is for delivery of 100 Nifites. On 25th Jan, the index closes at Rs. 2350. How much profit/loss did he make ? 8
   (d) Illustrate the futures pay-off with diagrams. 7

3. (a) Explain Moneyness of an option. 7
   (b) Draw diagrams on pay-off for :— 8
      (i) a seller of a call option
      (ii) a seller of a put option.

OR

   (c) Explain any three option greeks. 7
   (d) Mr. Nowbej writes a European call option on stock of L & P Ltd; having excercise price of 50 on which he receives option premium of Rs. 3. 8
   Calculate intrensic value and profit and loss of Mr.Nowbej for spot prices of expiry at Rs. 46 and Rs. 55.

4. (a) Explain the NSCCL's risk mechanism on futures and option segment. 8
   (b) Explain the concept of value at Risk. 7

OR

   (c) Write short notes on :— 15
      (i) Over the counter exchange in India.
      (ii) Arbitrageurs.
      (iii) Cost of carry.