Q.P. Code :20405

[Time: $2\frac{1}{2}$ Hours] **[Marks:75]**

Please check whether you have got the right question paper.

N.B:
1. Figures in bracket indicates marks.
2. Draw diagram if required.
3. All questions carry equal marks.

Q. 1 A) Explain the underlying asset in derivative contract. **08**
B) What are the characteristics of derivatives? **07**

OR

C) What are the risks in derivatives? **07**
D) What are the different types of derivatives? **08**

Q. 2 A) Explain the difference between futures and forward contract. **08**
B) What are the advantages and disadvantages of option contract? **07**

OR

C) Mr. Suraj bought futures of SBI bank when the future is at Rs. 2060 and at expiry, the cash market price closes at Rs. 2810. Find the profit/Loss to him. The Lot size is 125 shares. **07**
D) Explain the following future terminologies. **08**
1) Contract Cycle
2) Contract Size
3) Basis
4) Tick Size

Q. 3 A) Explain long & short put along with pay off chart. **07**
B) Explain the following greek option. **08**
1) Theta
2) Vega

OR

C) Explain following option terminologies. **08**
1) Premium
2) Writer of option
3) Time Value
4) Intrinsic Value
D) Explain the Binomial option pricing model. **07**

Q. 4 A) Examine the synthetic call & put along with diagram. **07**
B) Mrs. Priyanka buys 100 calls on HDFC with strike price of Rs. 2100. She pays premium of Rs. 50 per call. A month later the stock trades in the market at Rs. 2800. She decided to exercise the call. Calculate pay off. **08**

OR

C) Explain the clearing house mechanism in short. **07**
D) Explain value at risk & its methods. **08**

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Q. 5 Write short notes on following **(Any 3)** **15**

1) American & European option
2) Types of Margins
3) Cost of carry
4) Futures & equities
5) Features of futures

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