

Q.P. Code :21185

[Time: 2:30 Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. Draw diagram if required.
 2. All questions carry equal marks.

- Q.1
- A) Define derivatives. Examine the economic benefits of derivatives. 07
 - B) Explain the characteristics of derivatives. 08
- OR**
- C) Examine the various underlying assets in derivatives contract. 08
 - D) Briefly distinguish between forward and future contracts. 07
- Q.2
- A) Explain the different types of traders in the derivative market. 07
 - B) Define the following of terms in short 08
 - I) Cost of carry model
 - II) Cash settlement
 - III) Physical settlement
 - IV) MTM
- OR**
- A) Mr. Aditya Fute took a position in future market. He sold futures of ICICI bank Ltd; when the futures is at Rs. 2530. At expiry, the cash market price closes at Rs. 2500. Find the profit or loss. When the lot size is 50 shares. Also draw a payoff diagram for the same. 07
 - B) Explain the concept of hedging with a suitable example. 08
- Q.3
- A) Examine the long and short call with relevant pay off; diagram. 07
 - B) Explain the following terminologies in short. 08
 - I) Time value
 - II) Intrinsic value
 - III) Premium
 - IV) Write of option
- OR**
- A) Explain the following Greek options. 08
 - I) Vega
 - II) Gamma

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- B) Mr. Yoginath buys a call option of Axis Ltd. @ 20 premiums with a strike price of Rs. 1110. On expiry the spot closed as Rs. 800. Lot size is 100 shares. Find the profit / loss situation to him. Also draw a payoff diagram. 07

- Q.4 A) What are the different types of risks in derivative market? 07
B) Examine how NSCCL manage risk. 08

OR

- A) Explain the clearing house mechanism in short. 07
B) What are the methods of value at risk? (Va R) 08

- Q.5 Write short notes on following (any three) 15

- 1) Functions of clearing house
- 2) Put call ratio
- 3) Swaps
- 4) American and European option
- 5) Types of orders