

[Time: 2½ Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B: 1. Draw the diagram if required
2. Figures in bracket indicate marks.

- Q.1 A) What is Derivatives? Explain the economic benefits of derivatives. (8)
B) What are the types of derivatives instruments? (7)
OR
C) Distinguish between futures & equities (7)
D) Explain the features of forward contract. (8)
- Q.2 A) Sameer is bullish about XYZ ltd. & buys ten one month XYZ ltd future contracts at Rs.296. On the last day of the month, XYZ ltd closes at Rs271. How much profit/loss did he make? (7)
B) Explain the concept of hedging with suitable example. (8)
OR
C) Mr. Suraj purchased futures of SBI Bank when the future is at Rs.1060. At expiry, the cash market price closes at Rs1810. Find the profit/loss when the lot size is 125 shares. (7)
D) Explain the following terms:- (8)
1. Contract cycle
2. Expiry date
3. Basis
4. Trading volumes
- Q.3 A) Mr. Suresh buys one month July Nifty 6400 put option at a premium of Rs 75. After one month, Nifty closes at 6390. Calculate profit/ loss on his above position. (7)
B) Explain the following terms:- (8)
1. Strike price
2. Writer of option
3. Call option
4. Time value
OR
C) Mrs. Pooja buys 100 calls on HDIL with strike price of Rs2, 100. She pays premium of Rs.50 per call. A month later, the stock trades in the market at Rs.2, 800. Calculate profit/loss. (7)
D) Explain the Binomial Option Pricing Model (BOPM) (8)
- Q.4 A) Explain the different types of risks associated with derivative instruments (7)
B) What are the methods to calculate VAR? (8)
OR
C) Explain the clearing house mechanism of NSE (7)
D) Explain the NSCCL & risk management in derivatives. (8)
- Q.5 Write short notes on:- (any 3) (15)
1. Cost of carry
2. Arbitrageurs
3. OTC Derivatives
4. Credit Default Swaps
5. Types of Options