Duration: 2 ½ Hours

Marks: 75

NOTE :- 1. All Questions are compulsory (15 marks each).
2. Figures to the right indicate full marks.

Q.1.a).Match the following: (Any 8). (08)

A.	B
1.Underlying Asset.	a) Lot Size
2.Financial risk	b) Subsidiary of NSE
3.Contract Size.	c) Standardized Contract
4.Option Writer.	d) A security on which a derivative is based
5.Asset Backed securities	e) Operating Leverage
6.VAR.	f) Cash or delivery
7.NSCL.	g) Marked-to-market (MTM)
8.Types of settlement.	h) Short position
9.Future Contract.	i) type of Contingent liability
10Settlement of Forward Contact.	j) method of measuring portfolio risk

Q.1.b).State whether the following statements are True or False: (Any 7). (07)

1.Forwards are over the counter instrument.
2.Expiration day is the last trading day of the contract.
3. The strike price is specified in the option contact and does change over time.
4.A buy stop order is entered at a stop price above the current market price.
5.Monte Carlo simulation does not allow to overcome the problems of limited actual observations.
6.Standard Portfolio Analysis of Risk is a method for measuring portfolio risk.
7. Order driven trading mechanism are often supported by an order book.
8.Futures contracts are traded on organized future exchanges.
9. A call option gives the option holder right to sell the underlying asset at exercise or strike price.
10. Time value is maximum when the option is ITM.

Q.2.a) Discuss the role of hedgers and Speculators in the derivatives market. (08)
b) Explain different types of derivatives. (07)

OR

Q.2.c) Explain features and specifications of Stock Index Futures. (08)
d) Discuss the recent development in global derivatives markets. (07)

Q.3.a) Explain the following terminologies: (08)
i) Initial Margin
ii) Expiry date
iii) Pit Trading Hours
iv) LEAPS

b) An investor took two positions in future which are as follow: (07)
(1) Sold future contract of Indian bank with a lot size of 1,000 shares at Rupees 400 and at expiry it closed at Rupees 401.
(2) Sold future contract of SBI bank with a lot size of 2,000 shares at Rupees 80 and at expiry it closed at Rs. 75.
Find the amount of Net Profit or loss for both the positions.

OR

Q.3.c) Mr.M has a long position in a two month November futures contract of Birla Industries Ltd. with a lot size of 3,000 shares trading at Rs.2,420. Show the pay-off with a diagram for the following range of spot prices in September: (i) Rs.2,200. (ii) Rs.2,420 (III) Rs.2,620. (08)

d) Distinguish between Equities and Futures. (07)

Q.4.a) Mr.Aashu buys a call option on stock of Siya Ltd. by paying option premium of Rs.2 having exercise price of Rs.75. Calculate intrinsic value and profit/, loss of Mr.Aashu for spot price at expiry of Rs.71 to Rs.80. (08)

b) Today,on 18th November,2022,Bonanza India,is trading at Rs.3,300.Miss Ayesha is contemplating buying an option expiring on 28th December,2021.From the data given below, calculate Intrinsic Value, Time Value and Moneyness of the following options. (07)

Sr. No.	Call Strike Price	Call Premium	Put Strike	Put Premium
1	3180	350	3460	370
2	3300	300	3300	320
3	3440	40	3070	50

OR

Q.4.c) A share of TXN is trading at Rs.1800. The analysts expect that there will be either a 25% upswing or 20% downswing in two future periods. The Exercise price of a call option is Rs 1980.The free interest rate is 8%. Find the price of this option using Multi Period Binomial Model (08)

d) Explain the Greek options in brief. (07)

Q.5.a) Explain the following terms: (08)

i)A Buy limit order.

ii) Paper Trading .

iii)Real -Time Monitoring .

iv)At the Money Option .

b) Explain types of Risks. (07)

OR

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

i) Cost of Carry Model in Futures Pricing.

ii) Volatile Strategies.

iii) Types of options.

iv) Long Strangle .

v) Index Futures .

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