

2019.

DERIVATIVE MARKETS

Marks : 70

Time : 3 hours

General instructions :

- i) Approximately 15 minutes is allotted to read the question paper and revise the answers.
 - ii) The question paper consists of 24 questions. All questions are compulsory.
 - iii) Marks are indicated against each question.
 - iv) Internal choice has been provided in some questions.
- N.B:** Check that all pages of the question paper is complete as indicated on the top left side.

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| 1. | What is market impact cost? | 1 |
| 2. | Define index derivatives. | 1 |
| 3. | What is meant by beta in derivatives? | 1 |
| 4. | Define strike price. | 1 |
| 5. | What is meant by delta neutrality? | 1 |
| 6. | What is meant by cfi? | 1 |
| 7. | Write the objectives of NSCCL-SPAN. | 1 |
| 8. | What is the main objective of the 24 member committee under the Chairmanship of Dr. L C Gupta? | 1 |
| 9. | Mention any two desirable attributes of an index. | 2 |
| 10. | Write the other names of systematic and unsystematic risk. | 2 |
| 11. | Define Rho and Vega. | 2 |
| 12. | What is meant by open interest figure? | 2 |
| 13. | Name the types of settlement of futures contracts. | 2 |
| 14. | Explain any four economic functions of the derivative market. | 4 |

15. Write any four points of distinction between futures and forwards contracts. 4
16. Explain in brief the different types of risks. 4
17. Explain the activities of each member in corporate hierarchy. 4
18. Discuss the entities in the trading system of NSE. 4
19. What is mark to market (MTM) settlement? How are the profits or losses computed under MTM settlement for futures contracts? 1+3=4
20. Explain any four accounting for options. 4
21. a. Explain with figure the pay off profile for writer of put options.
Or 6
b. Explain any three options of basic pay off with figure.
22. a. What is the immediate or cancel (IOC) order? Discuss the generation of strikes for stock options. 1+5=6
Or
b. Explain the eligibility criteria of stocks for derivative trading on account of corporate restructuring. (6)
23. a. Discuss any six salient features of risk containment mechanism on the F&O segment. 6
Or
b. Explain the margining system of F&O segment.
24. a. Explain the powers of SEBI. 6
Or
b. Elaborate any six adjustments for corporate actions.