

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 cli? | 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. **6**
Or
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.
