

VVM's Shree Damodar College of Commerce & Economics, Margao, Goa
 SY BBA(FS), Semester V, Semester End Assessment, November 2022
BFS DSEC 4: DERIVATIVES: EQUITY AND CURRENCY

Duration: 02 Hours**Marks:60****Instructions:**

1. *Start each question on fresh page.*
2. *Figures to the right indicates the full marks.*
3. *Q1 is compulsory.*
4. *Answer any FOUR from Q2 to Q6*

Q.1. Answer any FIVE of the following**(5x4 = 20 Marks)**

- a. Discuss any four instruments of Derivatives.
- b. Futures and Options are tools used by investors that offer the potential to earn huge profits. Highlight the differences between Futures and Options.
- c. Explain the characteristics of a Futures Contract.
- d. National Commodity and Derivatives Exchange (NCDEX) and National Multi Commodity Exchange (NMCE) are two commodity exchanges in India. Explain.
- e. Write a short note on National Exchange for Automated Trading (NEAT) system and BSE's Online Trading (BOLT) system.
- f. Derivatives can be classified as Over The Counter (OTC) derivatives and Exchange-Traded derivatives. Contrast the differences between Over The Counter and Exchange Traded Derivatives.

Q.2. Derivatives exert a significant impact on modern finance as they provide numerous advantages and disadvantages to the financial market. Elaborate.

(10 Marks)

Q.3. Pay off diagram is a good way to understand the profits and losses of a Derivative Contract. Explain the payoff profile for Long Put and Short Put.

(10 Marks)

Q. 4. Commodities exchanges are the central location where commodities are traded. Explicate the Role of Commodity exchanges.

(10 Marks)

Q.5. Some of the derivative contracts shall be physically settled. Highlight the parties involved in the physical settlement.

(10 Marks)

Q.6. Investors can use different types of orders while purchasing or selling the futures and options as per their investing objective. Considering the above statement, explain various types of orders with the help of examples.

(10 Marks)
