

Roll Number: _____

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
TY BBA(FS), Semester V (REGULAR) Semester End Examination, January 2022
Code: BFS DSEC 4 Subject: Derivatives: Equity and Currency

Max. Marks: 60

Duration: 2 hours

Instructions:

- 1) Start each question on fresh page.
- 2) Figures to the right indicate maximum marks.

(05x04=20 Marks)

Q. 1. Answer ANY FIVE from the following:

1. 'There are several derivative instruments.' Elaborate.
2. On 01st January 2022, Mr. X purchases four futures of Tata Steel at Rs. 1100/- each. The lot size of Tata Steel is ... 1,000 . Calculate the amount of profit/loss to the investor under the two different situations wherein the market price:
 - i. Increases to Rs. 1110/-
 - ii. Decreases to Rs. 1090/-
3. Write a short note on CME Group Inc. being the world's largest financial derivatives exchange.
4. Highlight the role of Clearing Corporation in physical settlement of derivative instruments.
5. Write a short note on Base Price.
6. 'A sound risk management system is integral to an efficient clearing and settlement system.' Explain.

(01x10=10 Marks)

Q. 2. Answer ANY ONE from the following:

- A. As a financial advisor, you are required to explain the various functions of Derivatives to the potential investor.
- OR**
- X. Differentiate between commodity derivatives and financial derivatives.

(01x10=10 Marks)

Q. 3. Answer ANY ONE from the following:

- A. Explain the various terminologies associated with Futures Contracts.
- OR**
- X. Explain the payoff profile for the buyer of a call option and the writer of a call option with the help of a neat diagram and an example.

(01x10=10 Marks)

Q. 4. Answer ANY ONE from the following:

- A. Explain the role of Commodity Exchanges.
- OR**
- X. 'Multi Commodity Exchange of India (MCX) and National Commodity and Derivatives Exchange of India (NCDEX) are two major commodity exchanges in India.' Elaborate.

(01x10=10 Marks)

Q. 5. Answer ANY ONE from the following:

- A. Explain the various entities involved in the Futures Trading System.
- OR**
- X. Elaborate on the differences in settlement methods of the futures and options in India.
