

Roll Number: \_\_\_\_\_

**Vidya Vikas Mandal's**  
**Shree Damodar College of Commerce & Economics, Margao-Goa**  
**TY BBA(FS), Semester V (Repeat) 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.

**Q. 1. Answer ANY FIVE from the following:**

**(05x04=20 Marks)**

1. Explain the various products of derivatives.
2. On 01<sup>st</sup> January 2022, Mr. X purchases four futures of Tata Steel at Rs. 1100/- each. The lot size of Tata Steel is Rs. 1,000/-. Calculate the amount of profit/loss to the investor under the two different situations wherein the market price:
  - i. Increases to Rs. 1120/-
  - ii. Decreases to Rs. 1080/-
3. Write a short note on CME Group Inc. being the world's largest financial derivatives exchange.
4. Highlight the role of clearing banks in physical settlement of derivative instruments.
5. Write a short note on tick size and ticker symbol for derivatives contracts.
6. 'A sound risk management system is integral to an efficient clearing and settlement system.' Explain.

**Q. 2. Answer ANY ONE from the following:**

**(01x10=10 Marks)**

- A. Explain the concept of Derivatives and various types of participants in Derivatives Market.

**OR**

- X. Differentiate between commodity derivatives and financial derivatives.

**Q. 3. Answer ANY ONE from the following:**

**(01x10=10 Marks)**

- A. Explain the various terminologies associated with Option Contracts.

**OR**

- X. Explain the payoff profile for the buyer of and the seller of a futures contracts with the help of a neat diagram and an example.

**Q. 4. Answer ANY ONE from the following:**

**(01x10=10 Marks)**

- A. Explain the role of Commodity Exchanges.

**OR**

- X. Elaborate on Multi Commodity Exchange of India (MCX) and National Commodity and Derivatives Exchange of India (NCDEX).

**Q. 5. Answer ANY ONE from the following:**

**(01x10=10 Marks)**

- A. Explain the various entities involved in the Futures Trading System.

**OR**

- X. Elaborate on the mechanism involved in the settlement of derivatives contracts.

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