

VVM's Shree Damodar College of Commerce & Economics, Margao- Goa  
TY BBA(FS), Semester-V(Repeat) Semester End Examination, April 2023  
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 indicate maximum marks.*
- 3) *Q1 is compulsory*
- 4) *Answer any FOUR from Q 2 to Q.6*

**Q1. Answer ANY FIVE of the following**

**(5x4=20 Marks)**

- a. Derivative market comprises of various participants. Discuss.
- b. An options contract is an agreement between two parties to facilitate a potential transaction on an underlying security at a present price, prior to or on the expiration date. Explain the features of option contract.
- c. Forward contracts are different from future contracts. Discuss.
- d. Major Commodity Exchanges in the World - Australian Securities Exchange Ltd (ASX) and Multi Commodity Exchange of India (MCX)
- e. Discuss moneyness of an option and its types.
- f. Describe quantity freeze and permitted lot size of a contract with relevant illustrations

**Q2. The derivative is a contract between two or more parties based upon the asset or assets. In derivative contracts commodity derivative differ from financial derivative. Elucidate** **(10 Marks)**

**Q3. Moneyness of a contract determines its payoff and thus play an important role in selecting a derivative contract. In light of this statement elaborate the payoff profile for long and short call.** **(10 Marks)**

**Q4. Commodity markets are constantly evolving, reflecting growth in population and income as well as changes in relative prices, technological advances, and government policies. Discuss the evolution of commodity exchanges and its role.** **(10 Marks)**

**Q5. Enumerate the cash settlement and physical settlement of Derivative contracts.** **(10 Marks)**

**Q6. Discuss in detail the process involved in the commodity futures trading cycle.** **(10 Marks)**

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