

DERIVATIVES & COMMODITIES MARKET

Duration: 2Hours

Max Marks: 60

Instructions:

- *Figures to right indicate maximum marks*
- *Start each new question on a fresh page*
- *Question ONE is Compulsory*
- *Answer any FOUR questions from Q2 to Q6*

- Q1. Write a short note on ANY THREE of the following:** (3x4=12)
- a) Importance of Warehousing in Derivatives contracts.
 - b) Out-The-Money (ITM) Option.
 - c) American Options.
 - d) Mark to market margin.
- Q.2 A) Explain the evolution of Commodity Derivative Markets in India.** (06)
B) What is forwards contract? Explain its advantages and disadvantages. (06)
- Q.3 A) Explain the participants in the derivatives market.** (06)
B) Discuss the economic function of the derivatives market. (06)
- Q.4 A) Explain the market entities in the Trading System for Derivatives Contract?** (06)
B) Explain the trading and settlement mechanism for derivatives market. (06)
- Q.5 A) Mr. XYZ is bearish about Nifty and expects it to fall. He sells a Call option with a strike price of Rs. 8500/- at a premium of Rs. 200/-when the current Nifty is at 8850. Identify the option strategy and explain the payoff profile of seller.** (06)
B) Explain the entities involved in Physical Settlement of Commodity Derivatives. (06)
- Q.6 A) Mr. ABC is bearish on Nifty on when the Nifty is at 8600. He buys a Put option with a strike price Rs. 8300/- at a premium of Rs. 250/-.Identify the option strategy and explain the payoff profile of seller.** (06)
B) Explain the requirements for successful derivatives markets in India. (06)
