

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)
