

VVM's
Shree Damodar College of Commerce and Economics
Comba –Margao Goa
M.Com. (Semester-IV) Examination, April 2015

CO4A2: DERIVATIVES MARKETS

Duration: 2Hour

Total Marks: 50

**Instructions: 1) Answer all the questions
2) Figures to the Right Indicate Full Marks**

- 1. Discuss briefly the following questions:- (5x2=10)**
- a) SPAN in futures and option contracts
 - b) Daily premium settlement in option contracts
 - c) Strips and straps
 - d) Swaptions
 - e) What is hedge ratio?

Q.2 (A) Illustrate the payoffs of options in the Indian derivatives market? (10)

OR

(B) Distinguish between futures and forwards contracts. Also explain the types of settlements for future contracts? (10)

Q.3 (A) What are the different types of options? Discuss the various factors affecting the prices of options. (10)

OR

(B) Explain sensitivity of option premia? (10)

Q.4 (A) Explain the salient features of risk containment mechanism on the derivatives segment? (10)

OR

(B) Explain the market structure for commodities derivatives trading in India? (10)

Q.5 (A) Growell Ltd is considering buying the following call and put options on April 10, 2015.
Find the Intrinsic value and time values of these options under different situations of the strike price

Stock : Infosys technology, Spot price: Rs5,000

(10)

June 2015 Call Option		June 2015 Put Option	
Strike Price (Rs)	Premium (Rs)	Strike price (Rs)	Premium (Rs)
4,900	120	5,100	125
5,000	35	5,000	40
5,100	5	4,900	10

OR

Q.5 (B) From the following information illustrate cash and carry silver arbitrage:-

Spot price of silver per 10 gms Rs3000

Future price of silver per 10 gms Rs3800 (delivery in 365 days)

Interest rate per annum is 15%

(10)
