



K.R. MANGALAM UNIVERSITY

THE COMPLETE WORLD OF EDUCATION

Rollno.....

End Semester Examination, December 2024
BCOM (H) with NSE-SEMESTER-V
FINANCIAL DERIVATIVES (SMMC645A)

Time: 2.5 hrs.

Max Marks:50

Note: *All Questions are compulsory. Marks are indicated against each question.*

PART-A

Q.1

(a) State Whether the below mentioned statement is TRUE or FALSE

According to SCRA 1956, The term “Derivative” includes a security derived from a debt instrument, share, loan, whether secured or unsecured, risk instrument or contract for differences or any other form of security; [CO-1] [L-1]2

(b) Based on the type of contract, name the four popular derivatives contracts [CO-2] [L-2]2

(c) How are interest rates and securities market investments related? Explain. [CO-3] [L-3]2

(d) acts as a broad benchmark for performance of mutual fund industry (Fill in the blank) [CO-4] [L-4]2

(e) Briefly explain NIFTY BANK Options [CO-5] [L-5]2

(f) Define the terms Self Clearing Member and Professional Clearing Member [CO-6] [L-6]2

(g) State the price conditions with which orders can be placed in the trading system. [CO-7] [L-7]2

2x5

PART-B

Q.2 Name the three risk management strategies provided by Derivatives. Explain hedging in Detail with suitable examples [CO-2] [L-]10

OR

Explain in detail the role played by derivatives in functioning of an economy [CO-2] [L-]10

- Q.3 The Securities Contracts (Regulation) Act, 1956 (SC(R)A) is the legislative framework governing securities markets and derivatives markets in India. Write a note on It explaining the key highlights pertaining to derivatives. [CO-7] [L-7]**10**

OR

SEBI has established a suitable regulatory framework for the development of derivatives market in India. Write a note on this framework highlighting at least 5 key frameworks included In it. [CO-3] [L-] **10**

- Q.4 Differentiate between Futures and Options contracts. Further elaborate the terms In-the-money Options, Intrinsic value of option and time value of option. [CO-4] [L-4]**10**

OR

A client bought 2 XYZ stock Put contract at Rs.380 Strike Price for Rs.25 each. The lot size Is 1000. On the expiry day, XYZ Stock closed at Rs.344. Your option was automatically exercised. What is your net profit or loss in this transaction? [CO- 4] [L4]**10**

- Q.5 Describe in detail the six variables affecting option price. Give some examples. [CO-5] [L-5]**10**

OR

Elaborate upon the term “Binomial Option Pricing Method”. Also state the limitations of calculating Option premium using this method. [CO- 5] [L-] **10**