SYBIM Sem ID Rely Etam April - 2019.
Paper/Subject Code: 78112/ Financial Derivatives

02/5/19.

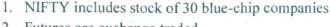
[Time: 2.30 Hours]

[Marks:75]

N.B.: All questions are Compulsory.

## Q1(A) State Whether The Following Statement Are True Or False (any 8)

(8 MARKS



- 2. Futures are exchange traded
- 3. Forward Contracts can be closer prior to delivery
- 4. Basis is future price minus spot price.
- 5. Short Position is taken by option seller.
- 6. Call Premium = Time Value + Intrinsic Value
- 7. Intrinsic Value of an ATM option is zero
- 8. OTC derivatives are highly standardized
- 9. Theoretical future prices is also called as fair price.
- 10. Forward Contracts are bilateral contracts.

## O1(B) Multiple choice questions(ANY 7)

(7 JARKS)

- 1. Payoff for seller of call option is called as
  - a) Holder
  - b) Writer
  - c) Short put
  - d) None of above
- 2. The Primary Purpose of Derivatives product is to
  - a) Transfer Ownership Writer
  - b) Financial Assets
  - c) Transfer Risk
  - d) Transfer Returns
- 3. Future and options are settled through
  - a) Clearing house
  - b) Banks
  - c) Brokers
  - d) Clients
- 4. The underlying asset for a derivative contract can be
  - a) Equity
  - b) Commodities
  - c) Interest rate
  - d) Any of the above
- 5. Current Market Price of a stock is called as
  - a) Derivatives Price
  - b) Forward Price
  - c) Spot Price
  - d) Delivery Price

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	OR	
Q3.A) Explain types of stock Q3 (B) Explain selection crite		(7 MARKS) ((8 MARKS)
Q2(C) Explain derivatives and also elements of derivatives? Q.2 D Explain Advantages and disadvantages of derivatives?		(7 MARKS (8 MARKS)
	OR	
Q2.B) Explain derivatives as	an underlying asset with suitable example	es. (8 MARKS)
Q2.A) Explain types of deriv	atives?	(7 MARKS)
d) None of these		
c) Writer		
b) Seller		
<ul><li>10. One who takes long position</li><li>a) Buyer</li></ul>	on is called as	
10. One who takes loss will!	on it salled as	
d) None of these		
c) ATM		
b) ITM		
<ol> <li>Time Value is always zero</li> <li>OTM</li> </ol>	for which of the following options	
d) None of these		
c) Even Month		
<ul><li>a) On any date till matur</li><li>b) At the maturity</li></ul>	ny sa	
8. Eurpoean Option can be exe		
d) All of the above	e	
c) Arbitrageurs		
b) Hedgers		
7 are the participa a) Speculators	ints in the derivatives market.	
d) None of the abo	ove	
c) Call option		
b) European optio	n	
a) American optio		
6. An option which can be exe	rcised at any time up to the expiration date	e is know as

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Q.3 C) Explain Adjustments for corporate actions? (7 MARKS) Q.3 D) Discuss index management. State the major indices in India. (8 MARKS) Q. 4 (A)An investor buys 100 Nifty call options at a strike of Rs. 8000 On July 15. Nifty Index Is At Rs.8050 Premium Paid Rs.10,000 (Rs.100 Per Call X 100 Calls). Explain call option with the answer. (5 MARKS) Q4 (B) Explain options and pricing fundamentals of option? (10 MARKS) Q.4 (C)) Explain payoff of put option with charts. (7 MARKS) Q4 (D) Explain Option and explain its types. (8 MARKS) Q5 (A) Short Note (Any 3) (15 Marks) 1. Future price 2. Marking to market 3. option trading strategies 4. Strike price 5. limitation of forwards OR Q5 (B) Difference between futures and forwards? (7 MARKS)

(8 MARKS)

Q5. (C) Explain payoff with charts for options?