

END TERM EXAMINATION

SIXTH SEMESTER [B.COM(HONS)] JUNE-JULY 2023

Paper Code: BCOM-314

Subject: Introduction to Derivatives

Time: 3 Hours

Maximum Marks: 75

Note: Attempt any five questions.

- Q1 "Derivative instruments serve various purposes in global social and economic systems." Discuss (15)
- Q2 Differentiate between : (7.5x2=15)
a) Exchange Traded and OTC Derivatives
b) Hedgers, Arbitrageurs and Speculators
- Q3 What are the major type of financial swaps? Explain with examples (15)
- Q4 a) A call option with a exercise price of Rs. 50 cost Rs. 2. A put option with a strike price of Rs 45 costs Rs 3. Discuss how a strangle can be created from these two options and show profit of the strangle if stock price on expiration date is Rs. 60. (7.5)
b) A call option on BSES with the strike price of Rs. 400 cost Rs. 35. A put option on BSES with a strike price of Rs. 350 cost Rs. 40. How strangle can be created from these options? What will be the profit pattern if the price BSES on expiration id Rs. 500? (7.5)
- Q5 Define the options contract? How it is different from forward and future contracts? (15)
- Q6 Explain the concept of option in context to: (15)
a) In - the - money
b) At - the -money
c) Of -the - money
- Q7 Discuss the Black- Scholes option pricing model with suitable example (15)
- Q8 Discuss the various measures specified by SEBI to enhance protection of rights of investors in the derivative market. (15)

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