

# END TERM EXAMINATION

SIXTH SEMESTER [B.COM(HONS.)] MAY - JUNE 2019

Paper Code: B.COM-312

Subject: Introduction to Derivatives

Time: 3 Hours

Maximum Marks: 75

Note: Attempt five questions in all including Q no. 1 which is compulsory.  
Select one question from each unit.

- ~~Q1~~ Comment on the following statements:- (5x3=15)
- ~~(a)~~ Put option buyer pays no premium.
  - ~~(b)~~ Derivatives promote speculation.
  - ~~(c)~~ Position in futures contracts can be squared off by reverse trade.

## UNIT-I

- Q2 Trace the history of evolution of derivative contracts. (15)
- ~~Q3~~ Explain how derivatives are used as a risk management tool? (15)

## UNIT-II

- Q4 What is cash and carry arbitrage? How it is executed? (15)
- Q5 State the theoretical models for pricing the futures contracts. Which of these are widely used? Also, indicate their assumptions behind these models. (15)

## UNIT-III

- Q6 List the various factors indicating their impact on the valuation of financial options. (15)
- ~~Q7~~ Discuss the role of clearing house in settlement of Futures and Options contracts. (15)

## UNIT-IV

- Q8 Highlight the major provisions of Securities Contracts (Regulation) Act, 1956 dealing with derivative transactions on stock exchanges in India. (15)
- ~~Q9~~ Briefly describe the following:- (7.5x2=15)
- ~~(a)~~ Taxation of Derivatives Transactions
  - ~~(b)~~ Accounting for Options

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