



SDV – 15

M.Com. (Semester – IV) Examination, April 2014
ACCOUNTING AND FINANCE
CO 4A2 : Derivatives Markets

Duration : 2 Hours

Total Marks : 50

Instructions : 1) *All questions are compulsory.*
2) *Each question carries 10 marks.*

1. Answer the following : (5×2=10)
 - a) What is Short Selling ?
 - b) What is Moneyness in Options Derivatives ?
 - c) What is Mark – to – Market Margin ?
 - d) Forward Market Commission.
2. A) What are Financial Derivatives ? Explain different types Financial Derivatives ? 10
OR
B) Explain briefly the different types of traders in Derivatives Markets.
3. A) What is futures contract ? Differentiate between futures and forward contracts. 10
OR
B) What is Option Price ? Explain the various factors affect option price.
4. A) What is Financial Option ? Illustrate the pay off in call and put options with the help of diagrams. 10
OR
B) Explain the market structure for commodities derivatives trading in India.
5. A) Assume that the spot price of Gold on April 1st, 2014 is Rs. 32,000 per 10 grams and the Risk Free Interest Rate for investment in the market is 12% p.a. Find out the arbitrage trading possibility if the futures are available for :
 - i) 3-months futures on Gold at Rs. 38,000, or
 - ii) 3-months futures on Gold at Rs. 35,000. 10
OR
B) Explain the trading mechanism of Derivatives in Indian Derivatives Markets.