



Guest Lecture on “Derivatives by NSE”

Topic :	<i>Derivatives by NSE for the students of MBAIII, specializing in Finance</i>
Date Of Event :	November 16, 2011
Aim Of the Event :	The session was taken by Mrs.Renu Bhandari- Manager Operations, NSE and the talk aimed at increasing the knowledge about derivatives and how its usage can help an investor in maximizing his returns while minimizing the risk.
Description Of the Event :	<p>The lecture began with the question ‘<i>What are derivatives?</i>’</p> <p>After interacting with the student’s, the speaker explained that Derivatives are contracts that originated from the need to minimize risk. Furthermore she explained derivatives, as specialized contracts which signify an agreement or an option to buy or sell the underlying asset of the derivative up to a certain time in the future at a prearranged price .</p> <p>The speaker then went on to explain the types of derivatives which are: commodity derivative i.e if the underlying asset of the derivative contract is coffee, wheat, pepper, cotton, gold, silver, precious stone etc ,financial derivative i.e if the underlying is a financial asset like debt instruments, currency, share price index, equity shares, etc., exchange-traded derivatives i.e. derivative contracts that can be standardized and traded on the stock exchange, over-the-counter (OTC) derivatives are those derivatives that can be customized as per the needs of the user by negotiating with the other party</p>

involved.

She also spoke of Futures **and Forwards** in which she explains that futures are derivative contracts that give the holder the opportunity to buy or sell the underlying at a pre-specified price some time in the future. Forwards are similar contracts but customisable in terms of contract size, expiry date and price, as per the needs of the user. Then, she discussed options under which she covered call option and put option. Those **Option** contracts which give the holder the option to buy the underlying at a pre-specified price some time in the future is known as a **Call Option**. On the other hand, an option to sell the underlying at a specified price in the future is known as **Put Option**. Furthermore she used presentation to explain various examples showing various ups and downs of the share market and how one should go while investing in this market.

To have adequate knowledge of the derivative market is a unique feature and we hope that the session would prove useful to the students who want to build a career for themselves in the field of finance.