

17 XB F03

FINANCIAL

DERIVATIVES

UNIT I: INTRODUCTION

- *Financial Derivatives: Definition - Different Classification of Traders – Types of Derivative Instruments - Forwards, Futures, Options, Swaps and Other Instruments – Types of Order - Futures Vs Forwards – Different Classification of Derivative Market - OTCEI and Exchange Traded Derivatives Market.*

Derivatives Market

Trading System

- Trading system – Fully automated trading environment – screen based, floor-less trading
- Online Monitoring and Surveillance mechanism
- Supports Order-Driven Market
- Complete transparency
- Orders placed are processed for potential match
- Orders stored in Price-time Priority

Order Matching Rules

- Best Buy Order with Best Sell Order
 - *Best Buy Order – Highest Price, Best Sell Order – Lowest Price*
- Active Orders
 - *Orders that are matched with the existing Order*
- Passive Orders
 - *Unmatched Orders*

Order Conditions

- Types of order – based on individual's requirements
- Orders can be categorized on the basis of

a) Time

b) Price

a) Time Condition

i) *Day Order / Good Till Day Order*

- Valid for the day when it is entered
- system will not carry forward the order for next day

ii) *Immediate or Cancel Order (IOC)*

- Allows to buy/sell securities as soon as the order is released into the market
- Partial match is possible
- Unmated portion is cancelled immediately

b) Price Condition

i) *Limit Order*

- Limit Price is specified

ii) *Market Order*

- Matched at the best price available at the time of entering the order

iii) Stop Loss Order

- Order gets activated and placed as limit order only when the market price reaches the Threshold Price/ Trigger Price.
 - a) **Sell Order** – Gets triggered only when the market price reaches or falls below the Threshold Price
 - b) **Buy Order** - Gets triggered only when the market price reaches or exceeds the Threshold Price

Other Order Terms

- **Good Till Date (GTD) Order**
 - valid & remain in the system till the given date
- **Good-Till-Cancelled (GTC) Order**
 - remain in the system until the date that it is filled or until a maximum of 90 calendar days from date of entry

- **All-or-none (AON)**

- An order that must be filled in its entirety. There are no partial fills.

- **Fill-or-Kill (FOK)**

- An order that must be filled in its whole or immediately killed.

ORDER ENTRY

F&O MARKET



CLOSE

F&O Orders - 222

[Order Book](#)

Enter Transaction Password :

Submit

(Transaction Password is required to be entered only once for a session)

<u>Exchange</u>	NSE	<u>Inst. Type</u>	OPTIDX	<u>Expiry Date</u>	25-APR-2013	<u>Contract</u>	<input type="text"/>
<u>Buy / Sell</u>	--SELECT--	<u>Quantity</u>	<input type="text"/>	<u>Strike Price</u>	<input type="text"/>	<u>Options Type</u>	--SELECT--
<u>Stop Loss</u>	<input type="text"/>	<u>Order Term</u>	Good Till Day	<u>Price</u>	LIMIT	<input type="text"/>	

Confirm Order

Clear Order

CNX Nifty - NIFTY

[Index Watch](#) | [Option Chain](#) Index Derivatives Stock Derivatives Currency Derivatives

Instrument Type:

Select...

Symbol :

NIFTY

Expiry Date :

26FEB2015

Select...

26FEB2015

26MAR2015

30APR2015

Option Type :

Select

Strike Price :

Select..

[Get Data](#)

8,631.00

▼ -39.90 -0.46%

Prev. Close

8,670.90

High

8,720.00

8,729.90

Low

8,626.00

Close

-

Fundamentals

Historical Data

	Print
Traded Volume (contracts)	1,76,855
Traded Value (lacs)	3,83,325.70
VWAP	8,669.83
Underlying value	8,602.25
Market Lot	25
Open Interest	2,52,64,025
Change in Open Interest	4,55,725
% Change in Open Interest	1.84
Implied Volatility	-

Order Book

Intra-day

Buy Qty.	Buy Price	Sell Price	Sell Qty.
25	8,631.00	8,631.50	75
100	8,630.05	8,631.55	3,675
150	8,630.00	8,631.80	25
25	8,629.40	8,631.85	100
50	8,629.30	8,631.90	100
5,60,400	Total Quantity		7,12,225

 Cost of Carry Other Information

Time	Trading Activity	Open Interest
Jan 1	A buys 1 option and B sells 1 option contract	1
Jan 2	C buys 5 options and D sells 5 options contracts	6
Jan 3	A sells his 1 option and D buys 1 options contract	5
Jan 4	E buys 5 options from C who sells 5 options contracts	5