



[Glossary]

Derivatives in the International Finance Market

Subject:	Business Economics
Course:	B. A. (Hons.), 6 th Semester, Undergraduate
Paper No. & Title:	Paper – 611 International Finance
Unit No. & Title:	Unit – 2 Derivatives in the International Finance Market
Lecture No. & Title:	Lecture – 1 Derivatives in the International Finance Market

Glossary

1. Underlying Asset: The asset on which the value of the derivative is derived is known as an underlying asset.
2. Long position: Long Position is the buying of a security such as a stock, commodity or currency with the expectation the asset will rise in value. In case of Options Contract, it means that the contract is bought by that party.
3. Short Position: Short Position is the selling of a security such as stock, commodity or currency with the expectation that the asset will fall in value. In case of Options contract, it means that the contract is sold by that party.
4. Strike Price: It is that price at which the Call or Put Option can be exercised.