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Paper Id: 270234 Roll No.

MBA (SEM-IV) THEORY EXAMINATION 2018-19 FINANCIAL DERIVATIVES

Time: 3 Hours Total Marks: 70

Note: 1. Attempt all Sections. If require any missing data; then choose suitably.

SECTION A

1. Attempt *all* questions in brief.

 $2 \times 7 = 14$

- a. What do you mean by 'OTC' trading?
- b. What do you mean by "Underlying"?
- c. Define a forward contract.
- d. What do you mean by NTDC Contracts?
- e. Discuss the concept of American Style and European style of an option.
- f. What is currency swap?
- g. What are the various types of derivatives?

SECTION B

2. Attempt any *three* of the following:

 $7 \times 3 = 21$

- a. Clearly discuss the functions of futures market.
- b. Clearly differentiate between forward contracts and futures Contracts.
- c. Clearly explain the concept of call options and put options in detail.
- d. Clearly discuss the Black Schole model.
- e. What is an interest rate swap? Also discuss the features of an interest rate swap

SECTION C

3. Attempt any *one* part of the following:

 $\sqrt{3} \times 1 = 7$

- (a) Clearly explain the concept of currently swap? What are the various types currency swap, clearly discuss?
- (b) Clearly differentiate between options and futures.

4. Attempt any *one* part of the following:

 $7 \times 1 = 7$

- (a) What is Hedging? What are the various applications of hedging in case of forwards.
- (b) Explain the concept of forward market transactions.

5. Attempt any *one* part of the following:

 $7 \times 1 = 7$

- (a) Clearly discuss the classification of forward contracts.
- (b) How the hedging can be done in case of currency options? Justify your answer with a suitable example.

6. Attempt any *one* part of the following:

 $7 \times 1 = 7$

- (a) Clearly discuss the concept of cost –of –carry approach in relation to futures pricing.
- (b) What do you mean by swaps? Also discuss the features of swaps.

7. Attempt any *one* part of the following:

 $7 \times 1 = 7$

- (a) What do you mean by Index options? how the hedging and speculation can be done through Index options.
- (b) Clearly write a note on Indian Derivates market.