

No. of Printed Pages : 03

Roll No.

CC-358

M.B.A. EXAMINATION, Dec. 2018

(Third & Fourth Semester)

(Old Scheme) (Re-appear Only)

FM02

FINANCIAL DERIVATIVES

Time : 3 Hours]

[Maximum Marks : 70

Before answering the question-paper candidates should ensure that they have been supplied to correct and complete question-paper. No complaint, in this regard, will be entertained after the examination.

Note : Attempt *Five* questions in all, selecting at least *one* question from each Unit. All questions carry equal marks.

Unit I

1. State the term underlying assets and derivatives instruments. Explain the structure and growth of financial derivatives market in India. **14**
2. Explain the following :
 - (a) Role of SEBI as a regulator in F&O market
 - (b) Functions of participants in financial derivatives markets. **7 each**

Unit II

3. Differentiate forwards and future contracts. Explain mark to market system of future market with different types of margin with examples. **14**
4. Explain the following with examples : **7 each**
 - (a) Factors affecting the pricing of future contract (stock)
 - (b) Process of future trading on NSE.

Unit III

5. Which derivative strategies are beneficial in (i) Bullish and (ii) unstable market conditions ? Explain with examples and give reasons in support of answer. **14**
6. Differentiate future and options contracts in financial derivatives market. Examine the factors affecting the choice of options contracts instead of futures or choice of futures contracts instead of options. **14**

Unit IV

7. (a) “Options provide right and not obligation to the buyer of an option whereas the writer is always under obligation, if buyer desire so” explain the statement in the light of features of options contract.
(b) Strike price and intrinsic value. **10+4**
8. What is option pricing ? Explain the Binomial model of option pricing with its assumption. How the value of option is determined through Binomial model ? Examine. **14**