



Code: 9E00403a

MBA & MBA (Finance) IV Semester Supplementary Examinations November/December 2017

FINANCIAL DERIVATIVES

(For students admitted in 2013, 2014 & 2015 only)

Time: 3 hours

Max. Marks: 60

Answer any FIVE questions
All questions carry equal marks

- 1 Define the term financial derivatives. Brief out the feature and uses of derivatives.
- 2 Write a brief note on linkage between derivatives and spot market. Also give the misuses of derivatives.
- 3 What are the characteristics of futures? Explain how future trades settled in the stock market is.
- 4 Explain the payoffs in the long and short positions in futures.
- 5 What are the assumptions of the Black-Scholes formula of option valuation? What are the attributes of the model?
- 6 "Hedging strategies with options are based on risk management tools or Greeks" – Discuss in detail.
- 7 Discuss the concept of "SWAP" and brief out the features, advantages and disadvantages of SWAP contracts.
- 8 What are the different types of swaps and methods of price & valuation methods of swap options?
