

**Subjt Code: R16MBA404F1****MBA - IV Semester Regular Examination, April-2018.****FINANCIAL RISK MANAGEMENT AND DERIVATIVES (ELTIVE-I)****Time: 3 hours****Max Marks: 60**Question Paper Consists of **Part-A** and **Part-B**.Answering the question in **Part-A** is Compulsory & Four Questions should be answered from Part-B

All questions carry equal marks of 12.

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**PART-A (CASE STUDY)****1 X 12 = 12**

1. What is a lower bound price of a 4 month call option on a non dividend paying stock when the stock price is 28 \$, strike price is 25\$ and risk free interest rate is 8% per annum.

**PART-B****4X 12 = 48**

2. (a) define risk? Explain about risk management process?  
(b) Write short notes on types of risk?
3. (a) Discuss the noninsurance methods of risk management?
4. (a) what is the role of derivatives in managing risk?  
(b) Name the participants and their role in derivatives market?
5. (a) Differentiate between forwards and futures?  
(b) Explain the various types of margin? What is market to market?
6. (a) Define Swap? Explain the features and types of swaps?  
(b) what are currency swaps? Explain about pricing of a currency swap?
7. (a) Illustrate each of the following- IN THE MONEY, OUT OF THE MONEY, AT THE MONEY?  
(b) Differentiate between call option and put option?

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