

Re-appears-2009

Roll No.

Subject Code—2214

M.B.A. EXAMINATION

(Fourth Semester)

(2 Years New Scheme)

FM-407

FINANCIAL DERIVATIVES

Time : 3 Hours

Maximum Marks : 100

Note : Attempt any *Five* questions. All questions carry equal marks.

1. (a) What are forward and futures contracts ?
Explain. 10
- (b) What is the difference between forward contracts and futures contracts ? 10
2. Explain in brief the fundamentals of futures and options trading on Indian Stock Exchanges.

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3. (a) What are the factors that affect the value of an option (Premium) ? 10
(b) Explain 'in the money', 'at the money' and 'out of the money' options. 10
4. "Black-Scholes model of option pricing provides a limiting case of Binomial model." Explain. 20
5. What is the regulatory framework for financial derivatives trading in India ? Explain. 20
6. Explain the Risk containment measures of SEBI for derivatives trading. 20
7. Write short notes on the following :
 - (a) Calender spread 4
 - (b) Option Greeks 4
 - (c) Arbitrage 4
 - (d) Hedging 4
 - (e) Interest rate futures. 4
8. A stock is selling at Rs. 900. A dividend payment of Rs. 40 per share is due after six months and twelve months. The Risk free interest rate is 9%. The one year future contract for the stock is available at Rs. 932. What would an arbitrageur do in these circumstances ? 20