DEPARTMENT OF MANAGEMENT
SCHOOL OF MANAGEMENT &BUSINESS STUDIES
JAMIA HAMDARD

Even Semester Examination (Online) June 2021

MBA [Semester IV]

Paper Name: Financial Derivatives — MM: 75

Paper Code: MBA-GE-FM-07 — Time: 03Hours

Email Id of the Examiner: matloobullahkhan@jamiahamdard.ac.in

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Note:

- Students have to submit the **Scanned hand written solutions** to the Examiner, Assistant Superintendent of Examination and Dean on the email ids as mentioned above.
- Students shall use **ruled white paper & blue ink** to write the solution. Each page must have a **serial number and the signature** of the student.
- An additional ½ an hour will be given to the examinees to scan the answer sheets, convert it into single PDF and upload it on the id's given on the question papers.
- If any two copies are found to be similar then both the copies shall be cancelled. Such students will be considered/ tried for unfair means.
- The attached PDF shall be named as follows –
  Full Name-Enrollment Number-Course-Semester-Subject Abbreviation (Example: Rabia Shaheen-2017-334-032-MBA-IV-QTM) and students shall also mention the same in subject line of the email & his/her answer copy also.
- Answer All Questions, each carry equal marks.

Q1: (a) Explain the concept of Underlying Assets with Example

(b) Why OTC derivatives contract are more in number as compare to exchange traded derivative contract? Give reason in this direction

(c) What is the difference between trading in Cash market and Derivatives Market? Which one is more risky? Explain With example

Q2: (a) What is the Role of Index number in the creation of Sensex and Nifty?

(b) What do you mean by exchange traded fund? Explain with example

(c) Suppose Interest rate in India and the U.K are respectively 10.5% and 4.7%. The spot rate of British Pound is Rs. 74/British Pound. What is the 90 days forward rate of British Pound?

Q3: (b) Why the trade volume in Future and Option more as compare to Cash Market? Explain with example.

(b) Explain the concept of Mark to Market (MTM) in Future contract with example

(c) What kind of probability structure are used in Binomial Tree model in Options Valuation?

Q4: (a) Briefly explain Options Trading Mechanism with the help of Hypothetical Example?

(b) Why Convertible securities are called Hybrid Securities?

(c) What is the difference between Currency Coupon Swaps and Basis Rate swaps? Explain with example.

Q5: Briefly explain the use of these Greeks in Derivative Market.

(a) Delta

(b) Theta

(c) Gama