

**MASTER OF BUSINESS ADMINISTRATION
(FINANCIAL MARKETS)
(MBAFM)**

00225

Term-End Examination

June, 2015

MCT-074 : DERIVATIVES

Time : 3 hours

Maximum Marks : 100

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

1. What are derivatives ? What is the need for derivatives' markets ? Explain the different segments of these markets. 20
2. What is Hedging ? How can Options be used to hedge risk ? Why do companies hedge risk using derivatives ? 20
3. What are Options ? Explain when a call option and put option are in-the money, at-the money and out-of-the money. 20
4. Explain any *two* of the following in detail : 20
 - (a) Vega
 - (b) Theta
 - (c) Gamma

5. What is risk ? Discuss the various types of risks and explain some of the techniques to reduce risk exposure. 20
 6. What are credit derivatives ? Discuss the features and applications of Credit spread option and Credit linked notes. 20
 7. What do you understand by 'Commodity Market' ? Explain the benefits of trading in commodity derivatives. 20
 8. What are commodity derivatives ? Differentiate critically between financial and commodity derivatives. 20
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