

(4) . MBA-403(F2)

- (ii) Calculate the payoff for both Mr. X (long position) and Mr. Y (short position) if the initial margin ₹ 6,000 and maintenance margin ₹ 4,500.

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330

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Roll No.

MBA-403(F2)

M. B. A. (FOURTH SEMESTER)

MID SEMESTER

EXAMINATION, May, 2023

FINANCIAL DERIVATIVES

Time : 1½ Hours

Maximum Marks : 50

Note : (i) This question paper contains two Sections—Section A and Section B.

(ii) Both Sections are compulsory.

(iii) Answer any *two* sub-questions among (a), (b) & (c) in each main question of Section A. Each sub-question carries 10 marks.

(iv) Section B consisting of Case Study is compulsory. Section B is of 20 Marks.

Section—A

1. (a) Explain the term Financial Derivative. Discuss its important features with suitable Examples. (CO1)

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(2)

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- (b) Define the following : (CO1)
- (i) Underlying Asset
 - (ii) Counterparty Risk
 - (iii) Liquidity Risk.
- (c) Explain the meaning and features of Forward Contracts with suitable examples. (CO1)

2. (a) Discuss the historical development of derivatives market in India. (CO2)
- (b) Explain different types of market participants of derivatives market. (CO2)
- (c) Explain the different types of financial derivatives. (CO2)
3. (a) Differentiate between Exchange Trade derivatives and Over the Counter derivatives. (CO3)
- (b) On January 1, price of Reliance Share is ₹ 450, and two parties enter into a forward contract for delivery of 1000 shares of

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- Reliance on April 15 at a price of ₹ 460. Calculate the Profit/Loss Profile of seller (short Position) if the price of Reliance share turns out be (a) ₹ 470 (b) ₹ 400 on April 15.
- (c) Elucidate the Cost of Carry model of futures pricing.

Section—B

2×10=20

4. Let's assume Mr. X has purchased one contract of the SBI futures and Mr. Y sold one contract of the SBI futures on F & O exchange. The SBI future contract prices of the month of Sep. for 6 days is given. The lot size is of 100 shares and price for one share is ₹ 600. The Settlement price of the contract From Sep 2 to Sep 8 is ₹ 600, ₹ 594, ₹ 584, ₹ 577, ₹ 568, ₹ 577, and ₹ 578 respectively.
- (i) Elucidate the margin requirements and mechanism of settlement of Futures.

P. T. O.