

MMS/M- 13
FINANCIAL DERIVATION
Paper- FM- 404

Time allowed : 3 hours] *[Maximum marks : 70*

Note : Attempt any five questions. Question No. 1 is compulsory. Any four all questions carry equal marks.

1. Explain the following :

- (a) Financial Derivative**
- (b) Forward Contracts**
- (c) Future Contracts**
- (d) Swaps**
- (e) Interest rate futures**
- (f) Currency futures**
- (g) Optim spreads.**

- 2. What is hedging? How are currency derivatives facilitate hedging for Currency rise ? Explain.**
- 3. Conceptualize and illustrate “in money” trading strategies involving stock options.**
- 4. Write a comprehensive note on the Black Scholes stock options pricing model.**
- 5. Discuss the mechanism and trading strategies for options on stock indices.**
- 6. Explain, in detail, the guiding principles of pricing derivative securities in general.**
- 7. What do you mean by Binomial option pricing model? How is it different from Black Scholes model? Explain.**
- 8. Write a comprehensive note on the derivative market in India.**