

## MITF Sem.-4 Examination

MITF-207T

## Derivative Management

May-2025

Time : 2-30 Hours]

[Max. Marks : 70

**Instructions:**

- **Figures to the right indicate Full Marks.**
- **Do not write anything on the question paper.**
- **Simple calculator is allowed. Do not use a scientific calculator.**

Q.1	Explain the major types of derivative products and discuss the key functions performed by the derivatives market. Also, it highlights the risks associated with derivatives. Illustrate your answer with suitable examples.	14
	<b>OR</b>	
Q.1	A company expects to receive a foreign currency payment after three months. How can it use a forward contract to hedge this risk?	14
Q.2	Explain the different types of futures contracts with examples: Individual stock futures, index futures, currency futures, commodity futures, and interest rate futures.	14
	<b>OR</b>	
Q.2	Differentiate between forward and futures contracts regarding trading, risk, and settlement.	14
Q.3	Explain the key characteristics and specifications of options contracts. How do call and put options differ in terms of rights and obligations?	14
	<b>OR</b>	
Q.3	How do put options and call options function? Explain with suitable examples.	14
Q.4	Compare and contrast warrants and options. Highlight differences in terms of issuance, duration, tradability, and dilution effect.	14
	<b>OR</b>	
Q.4	What are currency swaps? How do they help multinational corporations in managing exchange rate risks?	14
Q.5	<b>Answer in one line/one word ( any 7)</b>	14
	1. What is a derivative??	
	2. Name any two common derivative products.	

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	<ol style="list-style-type: none"><li>3. When was the derivatives market introduced in India?</li><li>4. Which regulatory body oversees derivatives trading in India?</li><li>5. What is the difference between exchange-traded and OTC derivatives?</li><li>6. What are the two main types of options?</li><li>7. What is the strike price of an option?</li><li>8. Which option strategy is used in a bullish market?</li><li>9. What is the difference between spot and forward exchange rates?</li></ol> <p style="text-align: center;"><b>END</b></p>	
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