**II MBA - II Semester - Regular/Supplementary Examinations
April - 2018**

FINANCIAL DERIVATIVES

Duration: 3 hours   Max. Marks: 70 M

SECTION-A

1 Answer any FIVE of the following: 5 x 2 = 10 M
   a) Types of derivatives
   b) Properties of stock option
   c) Spread
   d) Causes of volatility
   e) Currency swaps
   f) Credit derivatives
   g) Forwards
   h) Stock options

SECTION – B

Answer the following: 5 x 10 = 50 M

2. a) Discuss about Development and Growth of Derivatives
      Market.

                              OR
   b) What are the Uses and Misuses of Derivatives?

3. a) Explain about the Put option, Call option with example.

OR

b) What is the Structure of Option Market?

4. a) What is Hedging and Explain about its Strategies?

OR

b) What are the Strategies involved in Options?

5. a) Define Volatility and what are the causes of Volatility?

OR

b) Explain about Black Schools Model.

6. a) Discuss about Interest Rate Swaps and currency swaps.

OR

b) Explain how swaps are used to manage risk.

SECTION-C

7. Case Study   **1x10=10**

Mr Shaker wants to earn by writing call option on reliance stock the current price of stock is Rs 28 and shaker wants to write a four month call option with the strike price of Rs 30.Mr shaker wants to determine the appropriate premium to change for call option .the stock standard deviation is 30% the risk less rate of interest is 10% p.a. Determine the premium value of call option.