

**POST GRADUATE DIPLOMA IN
FINANCIAL MARKETS PRACTICE**

Term-End Examination

December, 2021

MFP-004 : CURRENCY AND DEBT MARKETS

Time : 3 hours

Maximum Marks : 100

Weightage : 70%

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

1. Explain the meaning of 'Foreign Exchange' and describe the features of foreign exchange market. Differentiate Foreign Exchange Market vis-à-vis other segments of financial markets.
2. What are 'Forward Rates' and how are they quoted ? What determines forward margin ? Explain the relation of forward to spot and describe the calculation process of forward premium/discount points.
3. How is delivery under Forward Contracts done ? Explain the Non-Deliverable Forwards (NDF) and discuss the market dynamics of NDF.
4. Explain the following :
 - (a) Put-Call Parity
 - (b) Delta Hedging

5. What do you understand by Debt Market ? Explain its evolution in India, its main functions, participants and the factors that exert their impact on such market.
 6. What are Repurchase Agreements (REPO) ? Describe various types of REPOs and explain the dynamics of repurchase agreement process ranging from pricing to dealing and settlement.
 7. What is interest rate risk ? Describe its sources and effects. Discuss the GAP Analysis technique used to measure interest rate risk exposure.
 8. Write short notes on the following :
 - (a) Interest Rate Floor
 - (b) Forward Rate Agreement (FRA)
 - (c) Credit Default Swaps
 - (d) Credit Linked Notes
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