

**PG DIPLOMA IN FINANCIAL MARKETS
PRACTICE**

Term-End Examination

June, 2010

00201

MFP-004 : CURRENCY AND DEBT MARKETS

Time : 3 hours

Maximum Marks : 100

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

1. What are the features of foreign exchange markets and how do they compare with other financial markets ?
2. Explain spot and forward rates and the factors determining forward margins.
3. What is a currency option ? What are its types ? What are the factors that impact the pricing of an option ? Discuss.
4. Discuss the various techniques of currency exposure management.
5. What do you mean by Repo ? What are its uses ? How is it priced ? What are the different types of Repos ?

6. Describe the issuance process for Government securities. How does it differ from corporate bond issuance ?

 7. Write short notes on *any four* :
 - (a) Negotiated Dealing System
 - (b) FEDAI
 - (c) STRIPS
 - (d) Commercial Paper
 - (e) Primary Dealers
 - (f) Put - Call Parity

 8. What is meant by interest rate sensitivity policy ?
What are broad parameters ? Discuss.
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