

00583

**MASTER OF BUSINESS ADMINISTRATION  
(FINANCIAL MARKETS)  
(MBAFM)  
Term-End Examination  
December, 2013**

**MCT-074 : DERIVATIVES**

*Time : 3 hours*

*Maximum Marks : 100*

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

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1. What are derivatives ? What is the need for derivatives market ? Explain the different segments of these markets. 20
2. What is 'Hedging'? Explain the different types of Hedges and discuss how is hedging done using Equity Futures and Equity Index Futures. 20
3. Explain the clearing and settlement mechanism in the Futures and Option segments. Who are the participants in this process ? Briefly explain. 20
4. Explain **any two** of the following in detail :- 10+10
  - (a) Delta
  - (b) Gamma
  - (c) Theta

5. What are credit derivatives ? Explain the applications of credit derivatives. 20
  6. How is volatility computed for short and long horizons? What is standard deviation and probability of success ? Discuss. 20
  7. What is the need for risk management in the trading of derivatives ? Describe the trading strategies that can be used to avoid this risk. 20
  8. What do you mean by 'Commodity Market' ? Explain the benefits of trading in commodity derivatives. 20
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