

POST GRADUATE DIPLOMA IN FINANCIAL  
MARKET PRACTICE

00851

Term-End Examination

December, 2012

MFP-4 : CURRENCY AND DEBT MARKETS

Time : 3 hours

Maximum Marks : 100

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Note : All questions carry *equal marks*.

Attempt *any five* questions.

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1. What are the risks associated with hedging instruments ? Explain correlation risk, basis risk, credit risk and opportunity cost.
2. Describe the trading, clearing and settlement process of currency and debt markets.
3. What is the Government debt market ? What is the rationale of Government debt issuance and how does price discovery of Government bonds happen ?
4. Describe the different types of money market instruments and briefly discuss the guidelines for the issuance of commercial paper.

5. Explain the difference between Bonds and Debentures and indicate the issues impacting market growth of these instruments.
  6. How is interest rate risk measured ? Describe Gap analysis.
  7. Describe the product features of interest rate futures. How are they priced ?
  8. What are the investor protection guidelines of SEBI for currency and debt markets ? How are investor grievances redressed ?
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