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**SX/S-6/UG(P) —**

**BBA (XXX) F**

**2017**

**Time : 3 hours**

**Full Marks : 70**

**Candidates are required to give their answers in  
their own words as far as practicable.**

**The questions are of equal value.**

**Answer any five questions.**

1. "Derivatives are effective risk management tools". Comment on the statement.
2. What are Derivatives ? Explain, in detail, the various participants in derivatives market.
3. Define Option. "Option contracts are relatively more safe derivative instruments". Explain how ?



4. What do you mean by Swap ? Explain the two ways through which credit default swap can be settled.
5. Differentiate the selling a call option and buying a put option. Illustrate your answer.
6. Explain briefly about the Future Market Trading Mechanism.
7. Explain Binomial Option Pricing Models. What are the variables needed in this model to calculate the option price ?
8. "Stock Index Future as the powerful tool or risk management used by mutual funds, pension fund and investment companies." Discuss.
9. What are the difference between Credit risk and Market risk ? Is it possible to hedge credit risk ?

10. Write short notes on any **two** of the following :

- (a) Warrants
- (b) Foreign Currency Swap
- (c) Convertibles
- (d) Credit derivatives

