NOIDA INSTITUTE OF ENGINEERING AND TECHNOLOGY, NIET BUSINESS SCHOOL, GREATER NOIDA

(An Autonomous Institute Affiliated to AKTU, Lucknow)

PGDM (Global)

TRIMESTER: V - THEORY EXAMINATION (2024 -2025)

Subject: Financial Derivatives

Time: 2.5 Hours　　　　　　　　　　　　　　　　　　　　　　Max. Marks: 60

General Instructions:

IMP: *Verify that you have received the question paper with the correct course, code, branch etc.*

*1. This Question paper comprises of three Sections -A, B, & C. It consists of Multiple Choice Questions (MCQ's) & Subjective type questions.*

*2. Maximum marks for each question are indicated on right -hand side of each question.*

*3. Illustrate your answers with neat sketches wherever necessary.*

*4. Assume suitable data if necessary.*

*5. Preferably, write the answers in sequential order.*

*6. No sheet should be left blank. Any written material after a blank sheet will not be evaluated/checked.*

## SECTION-A　　　　　　　　　　　　　　　　　　　　　　　　　　15

1. Attempt all parts:-

1-a.　　　Derivative in financial markets( CO1,K1)　　　　　　　　　1

　　(a)　A primary financial instrument

　　(b)　A contract deriving value from an underlying asset

　　(c)　A fixed-income security

　　(d)　A risk-free investment

1-b.　　　Primary function of a futures contract.CO2,K1　　　　　　1

　　(a)　Long-term investment

　　(b)　Short-term trading

　　(c)　Risk management and speculation

　　(d)　Fixed income generation

1-c.　　　Following best describes speculation with options.CO3,K1　　1

　　(a)　Buying or selling options to profit from market movements

　　(b)　Using options to reduce risk

　　(c)　Holding an option until expiry

　　(d)　Only trading in currency futures

1-d.　　　In a currency swap, parties exchange which of the following.CO4 K2　　1

　　(a)　Principal and interest in the same currency

　　(b)　Interest only in different currencies

  (c) Principal and interest in different currencies

  (d) Only principal amount

1-e.  How does AI improve risk management in trading CO5,K1  1

  (a) buildings

  (b) inventory

  (c) Patents

  (d) Land

2. Attempt all parts:-

2.a.  Mention one key feature of forward contracts.CO1 K2  2

2.b.  Define a futures contract.  2

2.c.  Define speculation in options trading.  2

2.d.  Define a currency swap.  2

2.e.  What role does Artificial Intelligence (AI) play in trading  2

**SECTION-B**  15

3. Answer any <u>three</u> of the following:-

3-a.  Compare and contrast forward and futures contracts.CO1,K5  5

3-b.  Describe the major types of futures contracts.CO2,K2  5

3.c.  Explain the key differences between hedging and speculation.CO3,K3  5

3.d.  Discuss the risks involved in swap agreements.CO4.K2  5

3.e.  Explain blockchain ensure security in financial transactions.CO5,K2  5

**SECTION-C**  30

4. Answer any <u>one</u> of the following:-

4-a.  Evaluate the role of derivatives in international financial market .CO1,K5  6

4-b.  Explain features of derivatives markets.CO1,K2  6

5. Answer any <u>one</u> of the following:-

5-a.  Analyze the importance of forward and futures markets.CO2,K5  6

5-b.  Evaluate the risks of forward contracts.CO2,K1  6

6. Answer any <u>one</u> of the following:-

6-a.  Analyze the role of currency options in risk management.CO3,K1  6

6-b.  Evaluate the advantages and disadvantages of hedging with options.CO3,K5  6

7. Answer any <u>one</u> of the following:-

7-a.  Evaluate the advantages and disadvantages of currency swaps.CO4,K5  6

7-b.  Explain the role of financial derivatives in managing interest rate exposure.CO4,K2  6

8. Answer any <u>one</u> of the following:-

8-a.  Evaluate the impact of AI on financial market efficiency.CO5,K1  6

8-b.    Compare the advantages and limitations of AI-driven trading systems.C05 K4    6

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