

Dr. Babasaheb Ambedkar Open University
Term End Examination January - 2026

Course	: MBA	Date	: 03/03/2026
Subject Code	: MBA04EF403	Time	: 03:00pm to 05:15pm
Subject Name	: Derivatives & Risk Management	Duration	: 02.15 Hours
		Max. Marks	: 70

Q-1 Explain the Risk Reporting Process in detail. **14**

OR

Explain the Types of Derivatives in detail.

Q-2 Explain the Important Entities in the Trading System of F & O Market. **14**

OR

Discuss the valuation process of a Futures Contract, and Explain how futures prices are determined in an Exchange-Traded market in detail.

Q-3 Explain the Option Positions through Profit/Loss Diagrams. **14**

OR

Explain the Factors Affecting Options Pricing.

Q-4 Explain the Advantages & Limitations of Interest Rate Futures. **14**

OR

Explain the Black-Scholes Model of Option Pricing.

Q-5 (A) Short notes (Any three) **09**

1. Difference between Forward contracts and Future contracts
2. Eligibility Norms for Clearing Members
3. Short Hedge
4. Difference Between Interest Rate Swaps and Currency Swaps
5. Covered Call Strategy

(B) Choose the correct option: **05**

1. Derivatives are instruments of the _____ market.
(A) Capital Market (B) Primary Market
(C) Secondary Market (D) None of the above
2. Which of the following investment strategies has unlimited profit potential?
(A) Writing a call (B) Bull spread (C) Covered Call (D) Long Call
3. Long Straddle strategy involves _____ transaction
(A) 1 (B) 2 (C) 3 (D) 4
4. What happens to the price of interest rate futures when interest rates rise?
(A) The price of the futures rises (B) The price of the futures remains unchanged
(C) The price of the futures falls (D) The futures contract becomes invalid
5. What is the role of a swap dealer in a swap contract?
(A) To regulate interest rates
(B) To match counterparties and facilitate the swap
(C) To determine stock prices
(D) To issue corporate bonds
