**DFIN402 Treasury Management**

**Assignment Set – 1**

1. Explain Repo Market Differentiating from Tri-Party Repo.

2. Identify and Explain Major Functions of Financial Markets.

3. The common stock of ABC Ltd. is trading in the market at ₹ 140/- a share. A contract (Call option) is written allowing the buyer of this contract to purchase 100 shares of ABC Ltd. stock at ₹ 140/- at any time over the next three months. The seller has agreed to deliver the 100 shares at this price on demand. For granting this option, a fee (premium) of ₹ 8 per share is charged by the writer of this option.

Scenario 1: If, after two months, the stock rises to ₹ 165/- a share, will this option be exercised by the buyer. If yes what will be the profit/loss to the buyer in this transaction.

Scenario 2: If, after two months, the stock declined to ₹ 130/- a share, will this option be exercised by the buyer. If yes what will be the profit/loss to the buyer in this transaction.

**Assignment Set – 2**

4. Discuss risk mitigation tools for liquidity risk management differentiating liquidity risk in a Non-Financial Organisation (e.g. a garment trader) and a financial institution (e.g. a Bank). Formulate reasons for liquidity risk.

5. Common Tools for Interest Rate Risk Mitigation.

6a. Interest Rate Parity (IRP) and Spot-Forward Rate Relationship

6b. Calculate Forward Rate and Forward Margin

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