

Question – 3

a) Derivatives are budgetary rebellious whose payees determine from other more embryonic financial variables such as a stockpile cost, a product cost, a list point, an intrigued rate, or an exchange rates. The world advertise for subordinates is a monstrous one. The idea sums exceptional in the over the counter subsidiaries showcase around the world surpasses 50,000 million, with a collective gross showcase esteem of over 17,000 million. The exchange swapped advertise has another 40,000 million in exceptional notional. The development of subsidiaries utilization over the final two spans has been rapid in both progressed economies and rising markets; in both OTC contracts and individuals that are exchange traded and over all basic classes, counting interest rate, cash, value, and the most later expansion, credit.

The most advantage of heading is that it makes a difference the individuals to constrain or diminish the misfortune. For occurrence, in case an person buys a unused car and insurrection it by taking a car protections, at that point it is basically a hedging against the hazard which will trim up since of harm to the vehicle due to the mischance, fire, surges and so on. Subsequently, if a car gets harmed due to a mischance and you endure the losses amounting to 1,000 pounds. On the off chance that the protections company is prepared to persevere the misfortune of 900 pounds, at that point the misfortune of a person is as it were 100 pounds and not 1,000 pounds since of supporting.

One of the conspicuous preferences of supporting is that it ensures the benefits of the financial specialists or theorists who are locked in within the supporting movement. Let us understand it way better with the assistance of a basic case. Assume, a person has 100 offers of a Company XYZ at 100 pounds buy cost.

Within the cash showcase, the offers are right now exchanging at 120 pounds. Presently, the most issue is that a person is in two minds whether to hold or offer the offers. Presently, in case the share costs of the Company XYZ are exchanging at 125 pounds, at that point the investor can sell the offers within the prospects showcase at 125 pounds. In this way, a person isn't required to require any stretch with respect to cost of the offers after one month and the benefit of 5 pounds is very secure as distant as the intrigued of the speculator is taken into the thought.¹

b) There is a lot of difference between management and leadership. Where management only follows the orders and bound to work only what they are asked to, leadership brings ideas, innovation and not only work for themselves but work for the entire company.²

Where management only set goals, leadership sets visions. Management is usually hired by the leaders to get those result oriented work done which management want to achieve their targets.³

Following comparison will further explain the terms management and leadership.

Management	Leadership
People work for them	People choose to follow them
A concern with task	A concern with people
Administrative and practical	Inspirational and charismatic
Maintain the status quo	Set goals and direction

¹ Drucker, 5 functions:

² *We need managers or our organisations would have no real structure. PPT-SL-3*

³ *If owners want to be able to grow their companies, they need to be able to deputise responsibilities. PPT-SL-3*

Following are the three key characteristics a leader must have in the context of a Law firm: ⁴

- A leader must have a vision.
- A leader must know how to execute his vision and plans
- A leader must be decision maker

✚ In the context of a law firm it is very important for a leader be visionary, he/she must have a vision of making progress in the context of serving not in the context of monetary terms. A leader always considers everyone to grow together.

✚ A leader not only have a vision and plan but also know how to execute that plan in real terms, a leader can never create a vision if it looks impossible, as with this one vision many people are associated with, a hard work and time used be associated.

✚ Last but not the least, a leader must be a decision maker and for making a decision and getting stick to it he/she must have a very strong will power to make a decision in practice, because leaders can never make wrong decisions as they know one wrong decision will lead the company to a place where it would be impossible to recover the damages.

All of these qualities are very important for a law firm leadership because a good business can only be done with good intentions and leaders does not have wrong intentions.⁵

⁴ Jhon Maxwell

⁵ *Leadership Qualities*