18P438 (Pages: 1) Name: ………….……….

Reg. No………….………

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2020

(CUCSS - PG)

CC15P MC4 C14 - FINANCIAL DERIVATIVES AND RISK MANAGEMENT

(Regular/Improvement/Supplementary)

(2015 Admission onwards)

Time: Three Hours Maximum: 36 Weightage

Part A

Answer ***all*** questions. Each question carries 1 weightage.

1 What is Option margin?

2 What do you mean by Credit Derivatives?

3 What is Value at Risk?

4 Define Put Call Parity Relationship.

5 What are Covered calls?

6 What do you understand by LIBOR?

(6 x 1 = 6 Weightage)

Part B

Answer any ***six*** questions. Each question carries 3 weightage.

7 Discuss the process of Interest Rate Swap.

8 What are the various factors affecting Option Price?

9 What are the different types of positions in Option Contract?

10 Distinguish between Forwards and Futures.

11 Who are the major players in Derivative Markets?

12 Explain the process of Risk Management.

13 What is an Option Spread? Distinguish between Vertical Option Spread and Horizontal Option Spread.

14 What are the economic functions of Swap Transactions?

(6 x 3 = 18 Weightage)

Part C

Answer any ***two*** questions. Each question carries 6 weightage.

15 Discuss the Binomial Option Pricing model. What are its advantages and limitations?

16 Discuss the fundamental option strategies with suitable examples.

17 Explain different types of derivatives along with their features.

(2 x 6 = 12 Weightage)

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