

22P443

(Pages: 2)

Name:

Reg.No:

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, APRIL 2024

(CBCSS - PG)

(Regular/Supplementary/Improvement)

CC19P MCM4 C14 - FINANCIAL DERIVATIVES AND RISK MANAGEMENT

(Commerce)

(2019 Admission onwards)

Time : 3 Hours

Maximum : 30 Weightage

Part-A

Answer any *four* questions. Each question carries 2 weightage.

1. What is exchange rate risk?
2. What are OTC derivatives?
3. What are commodity futures?
4. Define cash and carry arbitrage.
5. Define option.
6. Define short strangle.
7. Distinguish between time value and intrinsic value.

(4 × 2 = 8 Weightage)

Part-B

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

8. What are the merits and demerits of exchange traded derivatives?
9. Who are arbitrageurs? What are their functions in the derivative market?
10. Explain the process of hedging through futures.
11. Distinguish between bull and bear spreads.. How can each of these created with put options?
12. Discuss the process of interest rate swap
13. Define swaptions. What are their applications?
14. What is cross-currency interest rate swap?

(4 × 3 = 12 Weightage)

Part-C

Answer any *two* questions. Each question carries 5 weightage.

15. Explain briefly the various trading strategies involving options.
16. State the Black and Scholes formula for the valuation of European call option.
17. Explain currency sap with the help of an example.
18. The share of X Ltd. stands at Rs.120, put options with a strike price of Rs. 130 are priced at Rs. 15
 - (a) What is the intrinsic value of options?
 - (b) What is the time value of options?
 - (c) If the share price falls to Rs. 60 by the expiry date, what would be the profit/loss for the holder and writer of the options?

(2 × 5 = 10 Weightage)
