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(Pages: 2)

Name:

Reg.No:

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2024

(CBCSS - UG)

(Regular/Supplementary/Improvement)

CC19U BCM6 B15 - FINANCIAL DERIVATIVES

(Commerce: Finance - Elective Course)

(2019 Admission onwards)

Time : 2.5 Hours

Maximum : 80 Marks

Credit : 5

Part A (Short answer questions)

Answer *all* questions. Each question carries 2 marks.

1. What is hedging?
2. What is risk mitigation?
3. What are linear derivatives?
4. What is a derivative market?
5. What is cash market?
6. What is FMC?
7. What are commodity futures?
8. Define currency futures.
9. What is long hedge?
10. What are exchange traded options?
11. What is mean by short position in the put option?
12. What is put option?
13. Define swap.
14. What is callable swap?
15. What is index amortising swap?

(Ceiling: 25 Marks)

Part B (Paragraph questions)

Answer *all* questions. Each question carries 5 marks.

16. What are the merits and demerits of OTC derivatives?

17. What are the merits and demerits of exchange traded derivatives?
18. Explain about the functions of arbitrageurs in the derivative markets?
19. Distinguish between hedging and speculation.
20. Explain how currency futures are priced or valued.
21. Explain the importance of covered calls in an option.
22. What is an option spread? Distinguish between vertical option spread and horizontal option spread.
23. Explain about currency swaps with examples.

(Ceiling: 35 Marks)

Part C (Essay questions)

Answer any *two* questions. Each question carries 10 marks.

24. Explain the growth and development of financial derivatives in India.
25. Analyse the importance of interest rate futures. What are the applications of interest rate futures?
26. Discuss the features of option markets in India on NSE and BSE.
27. Discuss the various types of swaps and their features.

(2 × 10 = 20 Marks)
