18U663		(Pages: 2)	Name: .	
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	SIXTH SEMESTI	ER B.Com. DEGREE	EXAMINAT	TION, Al	PRIL 2021
		(CUCBCSS-	-UG)		
		Regular/Supplementar	-		
	CC17U	(Commerce – Con		TIVES	
		(2017 Admission	,		
Time: Three Hours		`	,	N	Maximum: 80 Marks
		Part A			
	Answei	all questions. Each qu	uestion carries	1 mark.	
Choos	e the correct answer:				
1.	is a double edged sword.				
	(a) Hedging	(b) Speculation	(c) Arbitrage	e	(d) Spreading
2.	is the amount that has to be deposited by the trader with the broker to bring				
	the balance of margin account to the initial margin level.				
	(a) Initial margin		(b) Maintenance margin		
	(c) Variation margin		(d) Minimur	n margin	
3.	Treasury bill is an example of				
	(a) forward	(b) currency future	(c) interest r	ate future	e (d) swap
4.	Selling an option is also known as an option.				
	(a) long call	(b) buying	(c) long put		(d) writing
5.	is an intermediary, an economic agent and helps in identifying the counter				
	parties in a swap deal.				
	(a) Swap dealer	(b) Swap broker	(c) Fixed rat	e payer	(d) Fixed rate receiver
Fill in	the blanks:				
6.	OTC stands for				
7.	The system of daily settlement in the futures market is called				
8.	DTSS stands for				
9.	Once the option is offered, the have an obligation to fulfill the contract.				
10	is an exch	ange contract between	two parties t	to exchar	nge a series of cash
	flows over a period i	n the future.			
				($10 \times 1 = 10 \text{ Marks})$

Part B

Answer any *eight* questions. Each question carries 2 marks.

- 11. What are OTC Derivatives?
- 12. What is short hedging?
- 13. What is Basis?
- 14. What do you mean by cost of carry?
- 15. Write a note on intrinsic value and time value.
- 16. What are stock index options?
- 17. What do you mean by exercise or strike price?
- 18. What is an interest rate swap?
- 19. What is open interest? How is it calculated?
- 20. Write a note on Margin system in futures.

 $(8 \times 2 = 16 \text{ Marks})$

Part C

Answer any six questions. Each question carries 4 marks.

- 21. Explain the economic functions performed by a derivative market.
- 22. Differentiate forward contract and futures contract.
- 23. Who are the major players in the derivative market?
- 24. Define Currency futures. Discuss the hedging with currency futures.
- 25. Define interest rate futures. What are the applications of interest rate futures?
- 26. Distinguish between financial futures and commodity futures.
- 27. Explain the put option with example.
- 28. Explain the mechanism of currency swap with example.

 $(6 \times 4 = 24 \text{ Marks})$

Part D

Answer any *two* questions. Each question carries15 marks.

- 29. Explain the regulatory framework of derivatives trading in India.
- 30. What are Stock Index futures? Discuss the hedging with Stock Index futures.
- 31. Explain the fundamental option strategies with suitable examples.

 $(2 \times 15 = 30 \text{ Marks})$
