**23U675** (Pages: 2) Name: ..................................

Reg.No: ..................................

**SIXTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2026**

(CBCSS - UG)

(Regular/Supplementary/Improvement)

**CC19UBCM6B15 - FINANCIAL DERIVATIVES**

(Commerce: Finance - Core 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 economic risk?
2. What is speculation?
3. What is risk assessment?
4. Who are spreaders?
5. What is cash market?
6. What is T+2 trading?
7. What is open interest?
8. Define interest rate futures.
9. State the principle of convergence.
10. What are over the counter options?
11. Define short straddle.
12. What is call back spread?
13. What is fixed for fixed rate swap?
14. What are non-generic swaps?
15. What is total return swap?

**(Ceiling: 25 Marks)**

**Part B** (Paragraph questions)

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

16. "Derivatives are effective risk management tool". Comment.

17. What are the economic functions of derivatives?
18. What are the measures taken by the SEBI for protecting the investors in the derivative market?
19. Distinguish between exchange traded derivatives and OTC derivatives.
20. Briefly explain the various strategies of hedging with futures.
21. Explain hedging a long position in an asset.
22. When is a bull spread used for hedging? What is the cost involved in taking a position in bull spread?
23. Briefly elaborate on the evaluation of swap dealings.

**(Ceiling: 35 Marks)**

**Part C** (Essay questions)

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

24. Who are the major players in the derivative market? What kind of risk they are exposed to?
25. What do you mean by Forward Contract? Discuss its features in detail.
26. "Call writers and put buyers exhibit bearish sentiments" Do you agree? Explain.
27. Discuss how swaps can be used to manage the risk exposure.

**(2 × 10 = 20 Marks)**

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