

20U674

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Name:

Reg.No:

SIXTH SEMESTER B.Com. DEGREE EXAMINATION, APRIL 2023

(CBCSS - UG)

(Regular/Supplementary/Improvement)

CC19U BCM6 B15 - FINANCIAL DERIVATIVES

(Commerce - 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. Define warrants.
2. Name the exchange traded financial derivatives in India.
3. What is financial innovation?
4. What is a derivative market?
5. What is cash market?
6. What is T+2 trading?
7. What is trading cycle?
8. What is long position?
9. What is long hedge?
10. What do you mean by short position in the call option?
11. What is strap?
12. What is put ratio spread?
13. What do you understand by LIBOR?
14. What is quanto swap?
15. What is digital swap?

(Ceiling: 25 Marks)

Part B (Paragraph questions)

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

16. What are the factors driving the growth of derivatives?
17. Discuss about the price discovery function of derivatives.

18. Distinguish between speculation and arbitrage.
19. Distinguish between hedging and arbitrage.
20. Discuss the relationship between futures price and forward price.
21. What is call option? What are its features?
22. Explain hedging a long position in an asset.
23. Discuss the process of interest rate swap.

(Ceiling: 35 Marks)

Part C (Essay questions)

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

24. Explain the different types of derivatives along with their features.
25. Explain the future trading process.
26. Discuss the important hedging strategies using option.
27. Discuss the various types of swaps and their features.

(2 × 10 = 20 Marks)
