C 22462 (Pages : 2) Name...................................

Reg. No................................

FOURTH SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2022

(CBCSS)

Master of Commerce

MCM 4C 14—FINANCIAL DERIVATIVES AND RISK MANAGEMENT

(2019 Admission onwards)

Time : Three Hours   Maximum : 30 Weightage

General Instructions

1. *In cases where choices are provided, students can attend* **all** *questions in each section.*

2. *The minimum number of questions to be attended from the Section / Part shall remain the same.*

3. *The instruction if any, to attend a minimum number of questions from each sub section / sub part / sub division may be ignored.*

4. *There will be an overall ceiling for each Section / Part that is equivalent to the maximum weightage of the Section / Part.*

Part A

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

1. What are credit derivatives ?

2. Define LEAPS.

3. What is spot price ?

4. Define currency future ?

5. What is put option ?

6. What is delta ?

7. What are currency swaps ?

(4 × 2 = 8 weightage)

Part B

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

8. What do you mean by exchange traded derivatives ? What are its merits ?

9. What is margin system ? What are the different types of margins ?

Turn over

10. Explain the role of SEBI in protecting the interest of investors in the derivatives market.

11. Explain hedging a short position in an asset.

12. Explain time value and intrinsic value of option contract.

13. Explain the advantages of swap contract.

14. Who is a speculator ? Explain the functions of a speculator.

(4 × 3 = 12 weightage)

Part C

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

15. Define Risk Management. Describe the need and significance of risk management

16. What do you mean by currency futures ? Explain how currency futures are priced.

17. What are options ? Explain the classification of option contracts.

18. Derivatives trading in India has evolved over the years. Explain the above statement in the context of recent changes in India.

(2 × 5 = 10 weightage)