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Name.....

Reg. No.....

SIXTH SEMESTER U.G. DEGREE EXAMINATION, MARCH 2023

(CBCSS-UG)

B.Com.

BCM 6B 15—FINANCIAL DERIVATIVES (FINANCE SPECIALISATION)

(2019 Admission onwards)

Time : Two Hours and a Half

Maximum : 80 Marks

Section A

Answer all questions. Each question carries 2 marks ; Ceiling 25 marks.

- 1. What is Warrants ?
- 2. What is Delivery price?
- 3. What is Derivative Contracts?
- 4. What is margin?
- 5. What is Commodity Futures?
- 6. What do you mean by Stock Index Option ?
- 7. What is Cash market?
- 8. What is Currency Swaps?
- 9. What is Intrinsic Value of Option?
- 10. What is Equity Swaps?
- 11. What is Secondary Market?
- 12. What is Hedging ?
- 13. What is an Arbitrageur ?
- 14. Distinguish Call option from Put option.
- 15. What is Future Pay-off?

 $(15 \times 2 = 30 \text{ marks}; \text{ceiling } 25 \text{ marks})$

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Section B

Each question carries 5 marks; ceiling 35 marks.

- 16. Explain the Features of Financial derivatives.
- 17. What are the economic functions of Derivative contracts ?
- 18. Difference between Swaps and Futures.
- 19. Explain the features of Futures ?
- 20. Distinguish between Currency Futures and Interest Rate Futures.
- 21. Difference between Cash Market and Derivative Market.
- 22. Explain the regulatory authorities of derivatives trading in India.
- 23. What are the advantages and disadvantages of swaps ?

 $(8 \times 5 = 40$; ceiling 35 marks)

Section C

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

- 24. Discuss the methods of Settlement of Futures.
- 25. What is Forward Contracts ? What are the advantages and limitations of Forward Contracts ?
- 26. What is Stock option ? Discuss the trading strategies in Stock Options.
- 27. Explain the factors influencing the growth of Financial derivative markets in India.

 $(2 \times 10 = 20 \text{ marks})$