C 1698   (Pages : 2)   Name.................................

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

FOURTH SEMESTER M.Com. DEGREE (SUPPLEMENTARY/IMPROVEMENT) EXAMINATION, MARCH 2021

(CUCSS)

M.Com.

MC 4C 14—FINANCIAL DERIVATIVES AND RISK MANAGEMENT

(2015 Admissions)

Time : Three Hours   Maximum : 36 Weightage

Part A

Answer all questions.
Each question carries 1 weightage.

1. What do you mean by call option ?

2. What is unsystematic Risk ?

3. What do you mean by Hedging ?

4. What do you mean by over-the counter derivative ?

5. Differentiate naked call and covered call.

6. What do you mean by Amortising Swap ?

                                        (6 × 1 = 6 weightage)

Part B

Answer any six of the following.
Each question carries 3 weightage.

7. "Financial risk is the financial function of leverage". Explain.

8. Lists the available future contracts traded in secondary market in India. And explain how future contract can be closed out ?

9. Lists the assumptions in the Black-Scholes Option Pricing Model.

10. What are the features of forward contract ?

11. Illustrate types of participants in derivative market.

12. Differentiate futures and options contract.

                                                      Turn over

13. What are the types of Currency Swaps ?

14. How a financial derivative helps to hedge the risk in financial transactions ?

$(6 \times 3 = 18$ weightage$)$

Part C

Answer any **two** *of the following.*

Each question carries 6 weightage.

15. "Risk management becomes strategic rather than defensive". Discuss the risk management processes.

16. What do you mean by swap contract ? Explain its applications.

17. Discuss the determinants of Option Pricing.

$(2 \times 6 = 12$ weightage$)$