C 22138 (Pages : 2) Name.................................

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

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, JUNE 2017

(CUCSS)

Commerce

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 is expiration date ?
2. What is *Contango* ?
3. Define credit derivatives.
4. Explain the term 'Hedging'.
5. What do you mean by Currency swaps ?
6. What is Option premium ?

(6 × 1 = 6 weightage)

Part B

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

7. Explain three uses of interest rate swaps for corporate/banks.
8. State how bear spreads are created with calls and puts differentiated.
9. Briefly explain the Intrinsic value of option and Time value of option.
10. Explain the basic principle of cost of carry model for pricing of futures.
11. Write a short note on stock index futures.
12. Explain different types of swap agreements.
13. Futures contracts are improvised forward contracts-Do you agree ? Explain.
14. Explain the factors affecting option pricing.

(6 × 3 = 18 weightage)

Turn over

Part C

Answer any **two** *of the following.*
Each question carries 6 *weightage.*

15. "Future contracts are obligations, whereas options are rights'. Do you agree ? Justify it.
16. Explain the various functions of derivative market and types of players.
17. State the underlying relationship between stock and exercise prices for the in-the-money and out-of-money call and put options.

(2 × 6 = 12 weightage)