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Name.....

Reg. No.....

**SIXTH SEMESTER U.G.(CBCSS—UG) DEGREE EXAMINATION
MARCH 2024**

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 do you mean by hedging ?
2. What is a forward contract ?
3. What is marking-to-market ?
4. What is straddle ?
5. What is spread ?
6. What do you mean by option ?
7. What is option premium ?
8. What is a Bermudan option ?
9. What do you mean by swap ?
10. What is LIBOR ?
11. What is strike price ?
12. What is a call option ?
13. What do you mean by derivatives ?
14. What is Arbitrage ?
15. Who is a spreader ?

(15 × 2 = 30 marks, Ceiling 25 marks)

Turn over

Section B

*Answer all questions.
Each question carries 5 marks.
Ceiling 35 marks.*

16. Briefly explain about the participants in derivative market.
17. Discuss the features of future contracts.
18. Distinguish between futures and options.
19. Discuss the important terms used in swap contract.
20. Write about the important features of options.
21. Discuss the factors that contribute to the growth of derivatives market.
22. List out the limitations of forward contracts.
23. Briefly discuss the various types of futures.

(8 × 5 = 40 marks, Ceiling 35 marks)

Section C

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

24. Discuss the various stock market derivatives in India.
25. What are derivatives ? What are the important classification of derivatives ?
26. What are options ? Explain the fundamental option strategies with suitable examples.
27. What are swaps ? Explain in detail the various types of swaps.

(2 × 10 = 20 marks)

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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 × 2 = 30 marks ; ceiling 25 marks)

Turn over

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 × 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 × 10 = 20 marks)

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BCM 6B 15—FINANCIAL DERIVATIVES (FINANCE SPECIALISATION)

(2019 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

Section A*Answer atleast **ten** questions.**Each question carries 3 marks.**All questions can be attended.**Overall ceiling 30.*

1. What is Derivative market ?
2. What is an Interest rate future ?
3. What do you mean Swaps ?
4. What is Basket option ?
5. What is Strangle ?
6. What is Currency future ?
7. What is making to market ?
8. What is Long position ?
9. List out the limitations of Forward contracts.
10. What is an Index options ?
11. What is Futures ?
12. What is Swaption ?
13. Who is Speculator ?

Turn over

14. Difference between Spot contract and Forward contract.
15. What is Employee Stock Options ?

(10 × 3 = 30 marks)

Section B

*Answer atleast **five** questions.
Each question carries 6 marks.
All questions can be attended.
Overall ceiling 30.*

16. Explain the importance of derivative markets.
17. What are the difference between Arbitrage and Speculation ?
18. What are the functions of clearing house ?
19. Describe the functions of regulatory authorities in derivative market.
20. What are the advantages of Commodity futures ?
21. Difference between Intrinsic value and Time value options.
22. Explain the difference between Swaps and Futures
23. Explain the features of Currency futures.

(5 × 6 = 30 marks)

Section C

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

24. Define Future contracts. Discuss the types of Future contracts.
25. Discuss the major players or participants of Derivative markets.
26. Explain the factors contributing to the growth of Derivatives.
27. Explain the role of clearing house in the future contracts.

(2 × 10 = 20 marks)