

**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 × 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 × 6 = 12 weightage)