

QP CODE: 23004427



Reg No : .....

Name : .....

**M.Com DEGREE (CSS) EXAMINATION, JUNE 2023**

**Fourth Semester**

MASTER OF COMMERCE AND MANAGEMENT

**Elective - CM900401 - FINANCIAL DERIVATIVES**

2020 ADMISSION ONWARDS

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Time: 3 Hours

Weightage: 30

**Part A (Short Answer Questions)**

Answer any **eight** questions.

Weight **1** each.

1. Explain the term Expiration date.
2. Explain the legal framework for Indian Derivatives market
3. What is long position?
4. What is long hedge?
5. What are currency forwards?
6. Write a short note on clearing and settlement of currency futures.
7. What is time value of options?
8. State the assumptions of BOPM.
9. How do you trade equity options?
10. Write a short note on Asset Liability Management.

(8×1=8 weightage)

**Part B (Short Essay/Problems)**

Answer any **six** questions.

Weight **2** each.

11. An amount of Rs. 60,000 is invested for 3 years at 15% annual interest. Calculate the terminal value of the investment at the end of three years, when interest is compounded a) Annually b) Semi-annually c) Quarterly.



12. Describe the features of a futures contract.
13. A T-bill having a face value of US\$1,000,000 with a maturity of 90 days is issued at a discount of 6.55% p.a. Calculate the cash price or delivery price of the T-bill.
14. Explain the terms:-direct and indirect quotes, spot and forward rates and bid and offer rates.
15. What do you understand by the term spread in option trading? Discuss the types of spreads.
16. "Options are the safest instrument for the investors for investment purposes". Examine critically the statement.
17. Explain the different types of debt markets.
18. Briefly explain the methods of portfolio optimization.

(6×2=12 weightage)

### **Part C (Essay Type Questions)**

*Answer any **two** questions.*

*Weight **5** each.*

19. Briefly discuss the various types of derivatives and participants in derivatives market.
20. Briefly explain about stock futures and index futures.
21. Explain currency futures? List the features of currency futures. Also cite the various uses of currency futures.
22. The current market price of Asian paints is Rs.3120. The volatility of the share is measured at 30%. The risk free interest rate is 7.5% per annum. There is a call option as well as put option expiring in 4 months, with strike price of Rs.3100. Calculate price of call option and put option using Black Sholes Model.

(2×5=10 weightage)