

M. COM DEGREE END SEMESTER EXAMINATION- MARCH 2025**SEMESTER 4 : COMMERCE****COURSE : 21P4COMT19EL : DERIVATIVES AND RISK MANAGEMENT***(For Regular - 2023 Admission and Supplementary 2022/2021 Admissions)*

Duration : Three Hours

Max. Weights: 30

PART A**Answer any 8 questions****Weight: 1**

1. What is credit risk in a forward contract? ()
 2. Define portfolio management. ()
 3. What is the formula of cost-of-carry model? ()
 4. Who are the participants in derivative market? Name them. ()
 5. What is meant by an Option? ()
 6. What is : ()
 - a. Strike price
 - b. Expiration date
 - c. Option premium
 7. What is call money? ()
 8. What is a commodity swap? ()
 9. What do you mean by clearing and settlement. ()
 10. What is Speculation. (U)
- (1 x 8 = 8)**

PART B**Answer any 6 questions****Weights: 2**

11. Explain briefly the advantages of stock index futures. ()
12. Write short notes: ()
 - Global-local openness
 - Technology support to derivatives
 - Risk management tools
 - Innovations in derivatives
13. Describe briefly the steps involved in a commodity swap. ()
14. How to determine the price for the following investment assets: ()
 1. Investment asset which generates no income.
 2. Investment asset which generates a known cash income.
 3. Investment asset which generates a known dividend.
15. What are the foundations of a futures contract design? Discuss. ()
16. "Forward price of an investment asset would be determined in the market in such a way that it does not provide any arbitrage opportunities." Discuss and illustrate, Briefly ()

17. State the uses of options. ()
18. Define Forward Market Commission? What are its functions? ()
- (2 x 6 = 12)**

PART C
Answer any 2 questions

Weights: 5

19. Describe the Indian Financial System. ()
20. Define Currency Swap? What are the features? Discuss. ()
21. Discuss the various approach to pricing of futures contracts? Discuss. (A)
22. "Derivative securities and their trading have much significance in the modern economic environment." Discuss. ()
- (5 x 2 = 10)**

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.
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Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;