44004-A

M.Com. DEGREE EXAMINATION, APRIL 2018.

FOURTH SEMESTER

Paper IV — FINANCIAL DERIVATIVES

Time : Three hours | Maximum : 75 marks

(No additional sheet will be supplied)

SECTION A — (5 × 3 = 15 marks)

Answer any FIVE questions.

Each question carries 3 marks.

Each answer should not exceed 1 page.

1. Financial derivatives.
2. Hedging.
3. Forward market.
4. Financial futures.
5. American option contract.
6. Spreads.
7. Structure of swaps.
8. Currency swaps.

SECTION B — (4 × 15 = 60 marks)

Answer ALL questions.

Each question carries 15 marks.

Each answer should not exceed 6 pages.

9. Narrate the benefits and risks of derivative market.

Or

10. Elucidate the objectives and strategies of risk management.

11. How do classify the future contract? Explain.

Or

12. Narrate the uses of forward and future contract.

13. Explain the mechanism of future market.

Or

14. Bring out the importance of Black schools model.

15. How do you classify the interest rate swaps? Elucidate.

Or

16. Differentiate between the commodity swaps and equity swaps.