

M.Com. DEGREE EXAMINATIONS- MARCH 2016
FOURTH SEMESTER
COMMERCE

44004-A

PAPER – IV: FINANCIAL DERIVATIVES

Time: 3 Hours

Max. Marks: 75

(No additional sheet will be supplied)

Part – A

5x 3 = 15 Marks

Answer any FIVE questions.

Each question carries 3 (Three) marks

Each answer should not exceed One (1) page.

1. What are financial derivatives?
2. Who are the traders in derivative markets?
3. What is forward rate contract?
4. What is put option?
5. What is arbitraging?
6. What is spread?
7. American Option vs. European Option
8. What is delta hedging?

Part – B

4x15 = 60 Marks

Answer All questions.

Each question carries 15 (Fifteen) marks

Each answer should not exceed SIX (6) pages.

9. What is the role of derivatives in risk management? Discuss the misconceptions of derivatives?
(Or)
10. Explain the growth and development of financial derivatives business in India.
(Or)
11. Discuss the various trading strategies involving derivatives business.
(Or)
12. Discuss the differential features between the forward contracts and future contracts.
(Or)
13. What is an option? How is it different from other derivative products?
(Or)
14. Explain the Black Scholes model on valuation of options and point out its limitations.
(Or)
15. Explain the features of swaps contract and also types of swaps.
(Or)
16. Discuss the role of swaps in derivative business and recent trends of swaps business in India.