

TB206800W

Reg. No :

Name :

B. Com. DEGREE (C.B.C.S.) EXAMINATION, MARCH 2023
(2020 Admission Regular, 2019, 2018 Admissions Supplementary)
SEMESTER VI - OPTIONAL CORE (COMMERCE)
(For CAPITAL MARKET)
CO6B24ACB18 - DERIVATIVES

Time : 3 Hours

Maximum Marks : 80

Part A

I. Answer any Ten questions. Each question carries 2 marks

(10x2=20)

1. Define derivatives.
2. List out any two features of derivatives.
3. What is speculation?
4. Who is a hedger?
5. Examine the meaning of a clearing house.
6. List out various commodities traded at National commodity exchanges.
7. Define futures.
8. Examine the meaning of the term spreads.
9. Explain put and call options.
10. Explain the meaning of short-straddle strategy.
11. What are plain vanilla swaps?
12. List out the advantages of interest rate swaps.

Part B

II. Answer any Six questions. Each question carries 5 marks

(6x5=30)

13. Write a short note on money market.
14. Describe the various features of derivative contracts.
15. Explain the importance of forward contracts.
16. Explain the forward pricing of investment assets with known cash income.
17. Explain cash and carry and reverse cash and carry arbitrage.
18. Explain the features of commodity futures.
19. Explain the different types of barrier options.
20. Describe the merits of swaps.
21. Distinguish between asset swap and liability swap.

Part C

III. Answer any Two questions. Each question carries 15 marks

(2x15=30)

22. Critically evaluate the derivative market in Indian economy.
23. Explain the following terms: (a) Exchange Rate Quotations (b) Foreign Exchange Risk (c) Bid and Offer Rates.
24. Describe the factors causing imperfections in determining future price according to cost - of - carry model.
25. Explain the various factors affecting Option prices.