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TM244398R

Reg. No : .....

Name : .....

MASTER'S DEGREE (C.S.S) EXAMINATION, MARCH 2024  
2022 ADMISSIONS REGULAR  
SEMESTER IV - M. Com  
CO4E04TM20 - Derivatives and Risk Management (group 1)

Time : 3 Hours

Maximum Weight : 30

**Part A**

**I. Answer any Eight questions. Each question carries 1 weight**

**(8x1=8)**

1. Define derivatives.
2. Discuss liquidity risk and legal risk.
3. Enumerate currency forward contracts.
4. Identify the types of forward contracts.
5. Explain margins in futures contracts.
6. Explain futures contracts.
7. Describe index futures.
8. Explain the types of options based on underlying asset.
9. Explain option trading in India.
10. Describe plain vanilla swaps.

**Part B**

**II. Answer any Six questions. Each question carries 2 weight**

**(6x2=12)**

11. Explain the types of derivative products with help of a figure.
12. Explain techniques used for finding present value of a single cash flow and present value of an annuity with examples.
13. Identify types of speculators in stock market.
14. Explain the following risks in detail, also identify the markets in which each risk is found. a) Counterparty risk  
b) Operational risk c) Exchange rate risk d) Leverage risk
15. List out the important features of futures contract.
16. Describe cost-of-carry model in detail.
17. Explain the types of currency swaps with appropriate examples.
18. Compare currency swaps with interest rate swaps using examples.

**Part C**

**III. Answer any Two questions. Each question carries 5 weight**

**(2x5=10)**

19. Explain how the forward contract works using examples.
20. List out important commodity exchanges in India.
21. Explain the following; a) Option pricing b) Factors affecting option pricing c) Put- call parity d) Black's approximation
22. Explain how option contract works and also describe pay-offs from options

