

TM244335S

Reg. No : .....

Name : .....

MASTER'S DEGREE (C.S.S) EXAMINATION, MARCH 2024  
2022 ADMISSIONS REGULAR  
SEMESTER IV - Master of Commerce and Management  
CM4E02TM - Financial Derivatives (for Finance)

Time : 3 Hours

Maximum Weight : 30

**Part A**

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

**(8x1=8)**

1. Write about Margin traders.
2. State the meaning of forward contract.
3. Differentiate between fixed forward contract and option forward contract.
4. Describe covered interest arbitrage.
5. Explain currency forwards.
6. Explain currency swaps.
7. Write about intrinsic value of options.
8. Explain hybrid securities.
9. Mention 3 advantages of gap analysis.
10. Give two examples of ALM risk mitigation.

**Part B**

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

**(6x2=12)**

11. Explain the traders or participants in derivatives market.
12. Explain the essential features of commodity futures.
13. Nifty currently stands at 14200. The risk free interest rate is 9% p.a.(with continuous compounding) and the dividend yield on the index is 5% p.a. Determine the forward price for a 3 month forward contract.
14. Explain the covering operations undertaken by banks to offset foreign exchange risk.
15. Describe interest rate concept and the types of interest rate futures.
16. Write about the basic option positions.
17. Explain the classification of swaps.
18. Discuss the features and risks of hybrid securities.

**Part C**

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

**(2x5=10)**

19. Discuss the evolution, growth and development of derivatives in India.
20. Discuss stock future trading and the contract specification for stock futures at NSE and BSE.
21. Explain how Interest rate futures works and also discuss the functions of interest rate futures.
22. Elucidate the benefits and limitations of swaps.

