D4ACM2301 **(1 Page)** **Name.............................**
Reg.No...........................

FOURTH SEMESTER M.Com DEGREE EXAMINATION, APRIL 2025
(Regular/Improvement/Supplementary)

COMMERCE
FMCM4C14 - FINANCIAL DERIVATIVES AND RISK MANAGEMENT

Time: 3 Hours **Maximum Weightage: 30**

Part A: Answer any *four* questions. Each carries *two* weightage.

1. Define Derivatives.
2. State the Cost of Carry model.
3. What are Over the Counter Options?
4. Distinguish between time value and intrinsic value of options.
5. What do you mean by SWAPS?
6. "Derivatives are effective risk management tool". Comment on this statement.
7. What is Shorting?

(4 × 2 = 8 weightage)

Part B: Answer any *four* questions. Each carries *three* weightage.

8. List out the differences between Currency Swaps and Interest Rate Swaps.
9. Explain briefly the various types of financial futures.
10. What are the economic functions of Swap transactions?
11. Enumerate the different types of Options.
12. State briefly the various factors affecting option pricing.
13. What are the criticisms against derivatives?
14. Write a note on margin systems in futures.

(4 × 3 = 12 weightage)

Part C: Answer any *two* questions. Each carries *five* weightage.

15. Discuss the various strategies of hedging with stock index futures.
16. Explain the different types of derivatives along with their features.
17. "Black-scholes model is an important model for pricing options". Discuss the statement.
18. Write a detailed account on the important fundamental trading strategies using options.

(2 × 5 = 10 weightage)