

SIXTH SEMESTER B.Com DEGREE EXAMINATION, APRIL 2023**(Regular/Improvement/Supplementary)****FINANCE****GBCM6B17T: FINANCIAL DERIVATIVES****Time: 2 ½ Hours****Maximum Marks: 80****SECTION A: Answer the following questions. Each carries *two* marks.****(Ceiling 25 Marks)**

1. What is hedging?
2. "Call writers and put buyers exhibit bearish sentiments". Do you agree? Explain.
3. Give an account on exotic option.
4. What is arbitrage?
5. Comment on index futures.
6. What are currency swaps?
7. What is meant by short and long position in call option?
8. Differentiate between intrinsic value and time value of options.
9. Explain LIBOR.
10. Define swaption.
11. What is Marking to market?
12. List out the advantages of Interest rate swaps.
13. Bring in to light the merits of Derivative trading.
14. What are the factors responsible for the growth of derivative market in India?
15. Distinguish between Speculation and Hedging?

SECTION B: Answer the following questions. Each carries *five* marks.**(Ceiling 35 Marks)**

16. Discuss the fundamental option strategies with suitable examples.
17. What are the advantages and disadvantages swap contracts?
18. Briefly explain future hedging strategies with example.
19. What are the measures taken by SEBI to protect the investors in derivative market?
20. Explain the major players in derivative market.
21. What are the economic functions of Derivatives?
22. 'Derivatives are efficient tools for risk management'. Do you agree?
23. Distinguish between Futures and Options.

SECTION C: Answer any two questions. Each carries *ten* marks.

24. Discuss the risk –return profile of option contracts
25. Define futures. Explain various types of futures.
26. Discuss the regulatory framework for Derivative trading in India.
27. Explain the trading mechanism of future contracts.

(2 × 10 = 20 Marks)