D6BCM2304 **Reg. No..............................**

Name: ....

SIXTH SEMESTER B. Com. DEGREE EXAMINATION, APRIL 2026
(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. Define derivatives.
2. What do you mean by in the money option?
3. Write a short note on currency future.
4. What is stock index option?
5. What do you mean by long position in the call option?
6. Comment on long hedge.
7. Name the different types of swaps.
8. Who is a swap facilitator?
9. Define swap.
10. What is intrinsic value?
11. State the needs for derivatives.
12. Mention the participants in derivative markets.
13. What is hedging?
14. Comment on over the counter derivatives.
15. What is spot price?

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

16. What are the differences between hedging and speculation?
17. Distinguish between futures and options.
18. How are the derivatives classified?
19. Differentiate between cash market and derivative market.
20. Write a note on commodity futures in India.
21. Explain call option with the help of an example.
22. Discuss the characteristics of derivatives.
23. Explain marking to the market with an example.

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

24. What are the advantages of futures? Explain various types of futures.
25. Discuss fundamental option strategies with suitable examples.
26. What are the advantages and disadvantages of swaps? Make a comparison of swaps and futures.
27. Discuss the regulatory framework of derivatives trading in India.

(2 × 10 = 20 Marks)