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Name.......................................

Reg. No...................................

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FOURTH SEMESTER M.Com. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2024

(CBCSS)

Master of Commerce

MCM4C14—FINANCIAL DERIVATIVES AND RISK MANAGEMENT

(2019 Admission onwards)

Time : Three Hours

Maximum : 30 Weightage

Answers should be written in English only.

Part A

Answer any **four** *questions.*
Each question carries 2 weightage.

1. Distinguish between Pure risk and Speculative risk.
2. What do you mean by Enterprise Risk Management ?
3. What is the main objective of Risk Management ?
4. What is Asian Option ?
5. What is VAR ?
6. What is Long Hedge ?
7. What is Contango market ?

(4 × 2 = 8 weightage)

Part B

Answer any **four** *questions.*
Each question carries 3 weightage.

8. Explain history of Derivative trading in India.
9. Briefly explain the classifications of Derivatives.
10. Write short note on: (a) Straddle, (b) Initial Margin, (c) Option Premium.
11. Explain the process of risk management.
12. Distinguish between Futures and Options.
13. Who are Arbitrageurs? Discuss their functions in the derivative markets.
14. Explain Binomial Option Pricing Model.

(4 × 3 = 12 weightage)

Turn over

Part C

Answer any **two** *questions.*
Each question carries 5 weightage

15. What is risk ? Explain different types of risk.
16. Explain Black Scholes Option Pricing Model.
17. Explain different Option trading strategies.
18. Explain the Hedging strategies using futures.

(2 × 5 = 10 weight