

C 82523

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Name.....

Reg. No.....

FOURTH SEMESTER M.Com. DEGREE EXAMINATION, JUNE 2015

(CUCSS)

Commerce

MC4E (FM) 04—FINANCIAL DERIVATIVE

Time : Three Hours

Maximum : 36 Weightage

Part A

*Answer **all** questions.*

*Each question carries a **weightage** of 1.*

1. What is inter-currency spread ?
2. When is a put option out-of-money ?
3. What is value at risk margin ?
4. Define the term mark to market.
5. Distinguish between Put option and Call option.
6. What do you understand by derivative markets ?

(6 x 1 = 6 weightage)

Part B

*Answer any **six** questions.*

*Each question carries a **weightage** of 3.*

7. Discuss the different types of option contracts.
8. Under what circumstances are a short hedge and a long hedge appropriate ? Explain with example.
9. Explain the evolution of derivatives trading in India.
10. What is speculation ? How it is different from arbitrage ?
11. Explain the surveillance system adopted in **BSE**.
12. Discuss the binomial option and pricing model.
13. Why does an investor need stock market indices ? How are they built ?
14. What is open interest ? How it is calculated ? Give suitable example.

(6 x 3 = 18 weightage)

Turn over

Part C

Answer any two questions.

Each question carries a weightage of 6.

15. Name some of the well-known national and international stock indices. How is BSE sensitive index constructed ?
16. Make a comparative analysis of profit made out of purchase of stocks, bonds and options.
17. State the membership requirement of NSE in the capital and debt market segments.

(2 x 6 = 12 weightage)