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Reg. No. : ....

Name : ....

Fourth Semester M.Com. Degree Examination, July 2024

Elective – Finance

Paper II – CO 242F: RISK MANAGEMENT AND DERIVATIVES

(2018 Admission Onwards)

Time : 3 Hours Max. Marks : 75

SECTION – A

Answer **all** questions. Each question carries **2** marks.

1. What is Equity Stock Option?
2. Explain GRC.
3. What is Volatility?
4. What is Interest Rate Swaps?
5. What is Hedging?
6. What is Strike Price?
7. What are Option Spreads?
8. Explain ERM.
9. What is Arbitrage?
10. What is an Initial Margin?

(10 $\times$ 2 = 20 Marks)

P.T.O.

SECTION – B

Answer any **five** questions. Each question carries **5** Marks.

11. Explain the various types of Risk involved in derivative trading.

12. Elaborate the steps involved in Risk Management Process.

13. Explain the Disclosures to be made in Financial Statements in respect of derivatives.

14. What do you mean by Forward market? Discuss its features and advantages.

15. Explain Hedging through Forwards.

16. Explain the features of index futures.

17. Explain the Long and short straddle.

18. Describe the significance of Speculative Trading Strategies.

(5 $\times$ 5 = 25 Marks)

SECTION – C

Answer any **two** of the following questions. Each question carries **15** Marks.

19. What do you mean by Derivatives? Explain the different types of Derivatives.

20. Describe the accounting treatment in case of Cash settled equity stock options, daily receipt/payment of margin and open option at the end of accounting period.

21. Explain the various models in case of pricing and valuation of derivatives in detail.

22. Explain the nature and features of Credit Derivative.

(2 $\times$ 15 = 30 Marks)