K26P 0662

Reg. No. : ....

Name : ....

IV Semester M.Com. Degree (C.B.C.S.S. – O.B.E. – Regular/Supple./Imp.) Examination, April 2026
(2023 Admission Onwards)
A-FINANCE
CMCOM04E02 : Derivatives and Risk Management

Time : 3 Hours Max. Marks : 60

SECTION – A

Answer **any five** questions in this Section. **Each** question carries **3** marks. **(5×3=15)**

1. Define derivatives. State its characteristics.
2. Write a note on :
   a) Forward contract
   b) Spot contract.
3. Who are Arbitrageurs ? List out their functions.
4. Enlist the key features of Currency Futures.
5. Compute the 6-month forward price of a stock : Spot = ₹ 500, r = 8% p.a., T = 0.5 years.
6. Differentiate between Call option and Put option.

SECTION – B

Answer **any three** questions in this Section. **Each** question carries **5** marks. **(3×5=15)**

7. What is Margin ? Categorise its important types.
8. Distinguish between Straddle and Strangle as Option trading strategies.
9. "Futures are improved versions of a forward contract". Do you agree ? Illustrate.

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10. Classify the different types of risks involved in derivatives trading in India.

11. Given the following details of both Call option and Put option :

    i) Stock Price (S) = ₹ 120

    ii) Strike Price (K) = ₹ 100

    iii) Call Option Premium = ₹ 25

    iv) Put Option Premium = ₹ 10

    Compute the Intrinsic Value (IV) and Time Value (TV) for the Call and Put options.

SECTION – C

Answer **any three** questions in this Section. **Each** question carries **10** marks.

(3×10=30)

12. Define Swaps. Elaborate on the advantages and disadvantages of the swap transactions.

13. Detail the different types of Options.

14. Evaluate the Future pricing models in detail.

15. Trace the evolution of derivatives transactions in the global context.

16. Compute the option price using single-period BOPM from the following details :

    i) Stock Price (S_0) = ₹ 100

    ii) Up factor (u) = 1.2, Down factor (d) = 0.8

    iii) Strike Price (K) = ₹ 100

    iv) Risk-free rate (r) = 5% p.a.

    v) Option type : European Call.

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