K25P 0854

Reg. No. : ....

Name : ....

IV Semester M.Com. Degree (CBCSS – OBE – Regular)
Examination, April 2025
(2023 Admission)
CMCOM 04E02 : DERIVATIVES AND RISK MANAGEMENT

Time : 3 Hours Max. Marks : 60

SECTION – A

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

1. What is risk-free interest rate ?
2. What is forward market hedging ?
3. Explain briefly the concept of commodity market.
4. Define the concept of 'Marking To Market'.
5. The premium of SBI 700 put option is Rs. 25, when the spot price is Rs. 685. Calculate intrinsic value and time value of the option.
6. Define callable swap.

SECTION – B

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

7. A stock is currently trading at Rs. 50. You are given the following information :

   Spot price of the stock – Rs. 50

   Risk-free interest rate – 6% per annum

   Time to maturity – 1 year

   What is the forward price of the stock for a 1 year forward contract ?

8. Illustrate how futures are used for speculative purpose ?

9. What are the basic concepts applicable in futures pricing ?

10. Distinguish between futures and options.

11. Give a summary of Option Greeks.

SECTION – C

Answer **any three** questions. **Each** question carries **ten** marks. **(3×10=30)**

12. What are futures ? What are the characteristics of futures ?

13. What is an option contract ? What are its types ?

14. Give a detailed account of Currency swap.

15. Explain the role and significance of commodity markets in India.

16. A stock is currently trading at Rs. 100. You are given the following information :

    Price of the European call option – Rs. 10

    Price of the European put option – Rs. 5

    Strike price – Rs. 100

    Risk-free interest rate – 5%

    Time to maturity – 1 year

    Is the put-call parity satisfied ? If not, what is the arbitrage opportunity ?

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