

M.Com. HPP (FFS) Semester-4 Examination

CC-16

Financial Derivatives

April-2023

[Max. Marks : 70]

Time : 2-30 Hours]

- Q.1 Difference between OTC and ETD. 14
- OR
- Q.1 Discuss the features of Forward Contract. 14
- Q.2 Explain Concept of foreign currency futures. 14
- OR
- Q.2 Explain Characteristics of Future pricing. 14
- Q.3 Difference between Options and Futures contracts. 14
- OR
- Q.3 Discuss Determinants of Options Pricing. 14
- Q.4 Define Financial SWAP. Discuss features of SWAPs. 14
- OR
- Q.4 Discuss major types of financial SWAPs. 14
- Q.5 Attempt any Seven out of Twelve: 14
1. The derivatives which are traded on recognized exchanged are known as.
 - a) Exchange transfer derivatives
 - b) Exchange forward derivates
 - c) Exchange traded derivatives
 - d) All of the above
 2. When the underlying futures price is lesser than the strike price, the call option will be _____.
 - a) In-the money
 - b) Out-the money
 - c) At-the money
 - d) Off-the money
 3. A _____ contract is a simple customized contract between two parties to buy or sell an asset at a certain time in the future for a certain price.
 - a) Future b) Forward
 - c) Option d) Swap
 4. _____ are combination of the features of two derivative instruments, i.e., option and swap.
 - a) Extendable swap
 - b) Equity swap
 - c) Combination swap
 - d) Swaptions

5. Give full form of OTC.
 - a) Over the counter
 - b) Over the cash
 - c) Over the credit
 - d) Over the currency
6. _____ is used to refer to a market where futures prices are below expected futures spot prices.
 - a) Cantango
 - b) Cost-of-carry
 - c) Net hedging
 - d) Normal backwardation
7. The price at which the underlying asset may be sold or purchased by the option buyer from the option writer is called _____.
 - a) Open price
 - b) Buying price
 - c) Selling price
 - d) Exercise price
8. _____ is that price of stock where the gain on the option is just equal to the option premium.
 - a) Exercise price
 - b) Breakeven price
 - c) Delivery price
 - d) None of the above
9. LIBOR can be extended as _____.
 - a) London Intra Bank Offered Rate
 - b) London Inter Bank Offered Rate
 - c) London Intra Bank Official Rate
 - d) London Inter Bank Official Rate
10. A long contract requires that the investor
 - a) Sell securities in the futures
 - b) Buy securities in the futures
 - c) Hedge securities in the futures
 - d) Close out his position in the futures
11. The _____ swap involves the exchange of interest payment linked to the change in the stock index.
 - a) Equity swap
 - b) Forward swap
 - c) Extendable swap
 - d) None of the above
12. In forward contract a party with a closed position is sometimes, called a _____.
 - a) Hedger
 - b) Buyer
 - c) Seller
 - d) Contractor

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