Seat No. : _______________

SA-133

September-2020

M.Com., Sem.-IV (HPP)

CC:16 – Financial Derivatives

Time : 2 Hours] **[Max. Marks : 50**

Instructions : (1) All Questions in **Section I** carry equal marks.
(2) Attempt any **TWO** questions in **Section I**.
(3) Question **5** in **Section II** is **COMPULSORY**.

Section – I

1. (A) Define Financial Derivatives and explain its features. **10**

(B) Difference between over the counter and exchange traded derivatives. **10**

2. (A) Explain in brief Concept of Hedging. **10**

(B) Discuss characteristics of future contract. **10**

3. (A) Explain difference between options and future. **10**

(B) Define Options. Discuss types of options. **10**

4. (A) Define SWAP. Explain features of SWAP. **10**

(B) Write a note on interest rate swaps. **10**

Section – II

5. Attempt any **five** out of **twelve** : (each of **2** marks) **10**

(1) Derivatives are also known as _______ instrument.

(a) Deferred delivery

(b) Deferred payment

(c) Exchange

(d) both (a) & (b)

(2) Give full form of OTC.

(a) Over the counter

(b) Over the cash

(c) Over the credit

(d) Over the currency

(3) Domestic currency tends depreciate owing to _______.

(a) High Inflation rate

(b) Constant Inflation rate

(c) Low Inflation rate

(d) None of the above

(4) If cash price is higher than future price, the basis is termed as _______, and if cash price is less than future price then basis is called _______.

(a) Negative, Positive

(b) Positive, Negative

(c) Higher, Lower

(d) Lower, Higher

(5) The term _______ is defined as the process of basis moving towards Zero.

(a) Convergence

(b) Arbitrage

(c) Expiration

(d) Hedging

(6) Give full form of CAPM.

(a) Current Asset Pricing Model

(b) Cash Asset Pricing Model

(c) Credit Asset Pricing Model

(d) Capital Asset Pricing Model

(7) _______ is a particular type of a contract between two parties where one person gives the other person the right to buy or sell a specific asset at a specified price within a specific time period.

(a) Future

(b) Forward

(c) Option

(d) Swap

(8) The price at which the underlying asset may be sold or purchased by the option buyer from the option writer is called _______.

(a) Strike price

(b) Option price

(c) Future price

(d) Spot price

(9) When an option grants the buyer the right to purchase the underlying asset from seller a particular quantity at a specified price within a specified expiration date, it is called ______.

(a) Put option

(b) Call option

(c) Premium option

(d) Discount option

(10) _______ is an arrangement between the two parties to exchange cash flows in the future according to a prearranged condition.

(a) Swap

(b) Future

(c) Forward

(d) Option

(11) A/An _______ is a financial agreement between the two parties who wish to change the interest payments or receipts in the same currency on assets or liabilities to a different basis.

(a) Currency Swaps

(b) Equity Swaps

(c) Interest Rate Swaps

(d) Miscellaneous Swaps

(12) _______ is that date from which the first fixed and floating payment start to accrue.

(a) Trade date

(b) Reset date

(c) Payment date

(d) Effective date