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Candidate's Seat No :_________

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

CC-16

Financial Derivatives

April-2024

Time : 2-30 Hours] **[Max. Marks : 70**

Q.1 Define Derivative. Explain the features and uses of derivative. 14

OR

Q.1 Discuss the features of Forward Contract. 14

Q.2 Write a note on short term and long term interest rate 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. When the underlying futures price is lesser than the strike price, the call option will be__________.
   - a) In-the money
   - b) At-the money
   - c) Out-the money
   - d) Off-the money
2. _______ contract is a forward contract with a maturity of not a whole month.
   - a) Future
   - b) Forward
   - c) Swap
   - d) Broken-date
3. ________is an arrangement between the two parties to exchange cash flows in the future according to a pre-arranged conditions.
   - a) Forward
   - b) Options
   - c) Futures
   - d) Swaps

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4. 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
5. _______ 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
6. Future price = ______+ carrying cost
   a) Insurance price c) Spot price
   b) Future price d) Fixed cost
7. _________ is used to refer to a market where futures prices are below expected futures spot prices.
   a) Cantango c) Cost-of-carry
   b) Net hedging d) Normal backwardation
8. 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 c) Buying price
   b) Selling price d) Exercise price
9. _______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
10. The purpose of arbitrage is to minimize _______risk.
   a) Exchange c) Currency
   b) Interest rate d) Price
11. ________ is the weighted average of the expected return from different securities existing in the portfolio.
   a) Expected return
   b) Investment return
   c) Portfolio return
   d) Securities return
12. 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

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