(Pages : 2) **L – 5525**

Reg. No. : .....

Name : .....

Fourth Semester M.Com. Degree Examination, March 2021

Elective – Finance

Paper II : CO 242F RISK MANAGEMENT AND DERIVATIVES

(2018 Admission Onwards)

Time : 3 Hours Max. Marks : 75

SECTION – A

Answer **all** questions. Each question carries **2** marks.

1. Distinguish between pure and speculative risk.
2. What do you mean by Enterprise Risk Management?
3. Define derivative.
4. What is meant by rho?
5. Define short straddle.
6. When to use the long Call Butterfly spread strategy?
7. What is VaR?
8. Distinguish between short hedge and long hedge.
9. What are stock index futures?
10. Define market risk.

(10 × 2 = 20 Marks)

P.T.O.

SECTION – B

Answer **any five** questions. Each question carries **5** marks)

11. Explain the process of risk management.

12. Who are arbitrageurs? Discuss their functions in the derivative markets.

13. Define currency future. What are the features of currency futures?

14. Distinguish between futures and options.

15. ‘‘CaIl writers and put buyers exhibit bearish sentiments”. Do you agree? Explain.

16. Explain Binomial Option Pricing Model.

17. How swaps are useful for risk management? Explain.

18. Discuss various types of risks.

(5 × 5 = 25 Marks)

SECTION – C

Answer **any two** questions. Each question carries **15** marks.

19. Define option price. Explain the two components of option price. What are the factors affecting option pricing?

20. Define Swap. Explain different types of Swaps.

21. Define risk management. Discuss the various risk management issues in business organizations.

22. Explain the accounting treatment in respect of equity stock option in case of delivery settled options.

(2 × 15 = 30 Marks)

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