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Reg. No. : .....

Name : .....

Fourth Semester M.Com. Degree Examination, July 2023

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. What is Uncertainty?
2. What is subjective risk?
3. What is lot size?
4. What is exotic option?
5. What is swap?
6. What is Theta in option pricing?
7. What is European option?
8. What is Short hedge?
9. What is Arbitrage?
10. What is meant by Enterprise Risk Management?

(10 × 2 = 20 Marks)

P.T.O.

SECTION – B

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

11. What are the benefits of risk management?

12. What are the differences between Forward and Futures?

13. What are the factors affecting the price of Option Contract?

14. What is the accounting treatment in case of Cash Settled Equity Index/Stock Option?

15. What derivative strategies are beneficial in stable market conditions?

16. Briefly Explain Credit Derivatives.

17. Briefly explain Governance, Risk and Compliance (GRC) in Risk Management?

18. What are the various methods of handling Risk?

(5 × 5 = 25 Marks)

SECTION – C

Answer any **two** of the following questions. **Each** question carries **15** marks.

19. Write a note on different Option Pricing Model.

20. How can we hedge or manage risk through Derivatives? Explain.

21. Write a note on Derivative markets in India.

22. 'Stock index futures are a powerful tool for risk management used by mutual funds and pensions fund and investment companies." Explain the statement.

(2 × 15 = 30 Marks)
