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J – 4914

Reg. No. :

Name :

Fourth Semester M.Com. Degree Examination, May 2020

Elective: Finance

**PAPER II: CO 242F RISK MANAGEMENT AND DERIVATIVES
(2018 Admission)**

Time : 3 Hours

Max. Marks : 75

SECTION – A

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

1. What are Derivatives?
2. What are Options?
3. What is Speculative Risk?
4. What Risk Management?
5. Explain ERM.
6. What is Forward Contract?
7. What is Hedging?
8. What is Stock Option?
9. What is Index Futures?
10. What is Spot Contract?

(10 × 2 = 20 Marks)

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SECTION – B

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

11. Briefly explain the Binomial model in option pricing.
12. Define the option contract. How it is different from Forwards and Futures?
13. Explain Black and Scholes Model.
14. Differentiate between Forward and Futures.
15. What are the benefits of Risk management?
16. What is objective and subjective Risk?
17. Explain pricing by Arbitrage process.
18. Distinguish between Exchange Traded and OTC Traded Derivatives.

(5 × 5 = 25 Marks)

SECTION – C

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

19. What is Swap? What are its features and Benefits?
20. Briefly discuss the relationship between risk management, compliance and audit.
21. What is Risk? What are methods of handling Risk?
22. What is meant by risk management? What are the steps involved in the process of risk management? What are the tools and techniques used for risk management?

(2 × 15 = 30 Marks)

