D 140003 (Pages : 2) Name.......................................

Reg. No...................................

SIXTH SEMESTER (CBCSS—UG) DEGREE EXAMINATION APRIL 2026

B.Com.

BCM 6B 15—FINANCIAL DERIVATIVES (FINANCE SPECIALISATION)

(2020 Admission onwards)

Time : Two Hours and a Half Maximum : 80 Marks

Answers should be written in English only.

Part A

Answer **all** *questions.*
Each question carries 2 *marks.*
Ceiling 25 *marks.*

1. What is a forward contract ?
2. What is Spread ?
3. What is a Bermudan option ?
4. What is strike price ?
5. What is Arbitrage ?
6. What is LEAPS ?
7. What are index futures ?
8. What is European option ?
9. What is putable swap ?
10. What is Straddle ?
11. What is open position ?
12. What do you mean by long hedge ?
13. What is put option ?

Turn over

14. What is currency swap ?

15. Who is a Speculator ?

(15 × 2 = 30 marks ; Ceiling 25 Marks)

Section B

Each question carries 5 *marks.*
Ceiling 35 *marks.*

16. Distinguish between futures and options

17. Discuss the factors that contribute to the growth of derivatives market

18. Write about the features of currency futures.

19. Discuss the trading strategies in stock futures.

20. Discuss the important terms associated with option contract.

21. On the basis of nature of payoff, how will you classify the derivatives ?

22. Discuss the limitations of derivatives.

23. Distinguish between Exchange traded and Over the counter derivatives.

(8 × 5 = 40 marks ; Ceiling 35 Marks)

Section C

Answer any **two** *questions.*
Each question carries 10 *marks.*

24. What are Options ? Explain the fundamental option strategies with suitable examples.

25. Briefly discuss the growth and development of derivative market in India.

26. Explain in detail the various types of futures.

27. What do you mean by derivatives ? Briefly explain the various economic functions of derivatives ?

(2 × 10 = 20 marks)