

PSG COLLEGE OF ARTS & SCIENCE  
(AUTONOMOUS)

BCom DEGREE EXAMINATION MAY 2024  
(Fifth Semester)

Branch - COMMERCE (FINANCIAL SYSTEM)

FINANCIAL DERIVATIVES

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

1. Financial derivatives include
  - a) Stock
  - b) Bonds
  - c) futures
  - d) none of the above
2. Futures contracts are regularly traded on the
  - a) Chicago Board of Trade
  - b) New York Stock Exchange
  - c) American Stock Exchange
  - d) Chicago Board of Options Exchange
3. Options on individual stocks are referred to as
  - a) stock options
  - b) futures options
  - c) American options
  - d) individual options
4. The type of swaps in which the fixed payments of interest are exchanged by two counterparties for floating payments of interest are called
  - a) float-fixed swaps
  - b) interest rate swap
  - c) indexed swap
  - d) counter party swaps
5. which of the following do not fall under the category of systematic risk?
  - a) Market risk
  - b) Interest risk
  - c) purchasing power risk
  - d) financial risk

SECTION – B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5×3=15)

6. a. Describe the functions of derivatives.  
OR  
b. Explain the evolution of derivatives.
7. a. Bring out the types of futures.  
OR  
b. Describe the types of interest rate future.
8. a. Explain the type of stock options.  
OR  
b. Explain the concepts of margin in option.
9. a. Explain the evolution of swap market.  
OR  
b. Enumerate the valuation of interest rate swaps.
10. a. Explain the need for investors protection.  
OR  
b. Explain the investors grievances mechanism.

Cont...

**SECTION -C (30 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

11. a. Discuss about the participants in derivatives market.  
OR  
b. Discover the role of derivatives market, uses and misuses derivatives.
12. a. Explain the briefly about types of foreign exchange risk.  
OR  
b. Discuss on advantages and disadvantages of forward contract.  
OR
13. a. Enumerate the concepts of exchange traded Vs. OTC option.  
OR  
b. Different between future and forward contract.
14. a. Explain briefly about the types of swaps.  
OR  
b. Explain the valuation of currency swaps.
15. a. Discuss about types of risk.  
OR  
b. Enumerate the investors grievances against BSE's Trading members.

Z-Z-Z

END