

QP CODE: 24027886



Reg No :

Name :

**BFM DEGREE (CBCS) REGULAR / IMPROVEMENT / REAPPEARANCE
EXAMINATIONS, OCTOBER 2024**

Third Semester

Bachelor of Financial Markets

Core Course - FM3CRT09 - DERIVATIVES AND RISK MANAGEMENT

2020 Admission Onwards

7A164699

Time: 3 Hours

Max. Marks : 80

Part A

*Answer any **ten** questions.*

*Each question carries **2** marks.*

1. What are currency derivatives?
2. Who can be called as a speculator?
3. Name two risks involved in derivatives markets.
4. Define the term risk.
5. What are futures contract?
6. List any two features of futures contract.
7. Explain stock futures.
8. What is call option?
9. What is intrinsic value of an option?
10. What is a spread?
11. What is interest rate swap?
12. What is F&O Risk Management?

(10×2=20)

Part B

*Answer any **six** questions.*

*Each question carries **5** marks.*





13. Which are the different types of risks existing in derivative market?
14. Write short notes on risk management using derivatives.
15. Explain the circumstances where futures are used.
16. Suppose, current price of TISCO share at NSE is ₹ 200 per share and futures price for delivery in next six months is ₹ 250 per share. An arbitrageur can borrow at 10% per annum. What should arbitrageur do?
17. Explain in detail the pay off charts for options.
18. Which are the different option pricing models?
19. Write a note on trading system of F&O.
20. Discuss about position limits in F&O segment for different participants of derivatives market.
21. Write a note on settlement mechanism of F&O segment.

(6×5=30)

Part C

*Answer any **two** questions.*

*Each question carries **15** marks.*

22. Define derivatives. State the benefits of adopting derivatives and also limitations of the same.
23. Elucidate the path of introduction of derivatives in Indian markets.
24. Explain how swaps work. Also highlight the benefits of swap.
25. Explain the features of swaptions citing its advantages and disadvantages.

(2×15=30)

