PG – 510

IV Semester M.Com. Examination, June/July 2018
(CBCS)
COMMERCE
Paper – FB-4.3 : International Financial Institutions and Markets

Time : 3 Hours Max. Marks : 70

SECTION – A

Answer **any seven** questions. **Each** question carries **2** marks. **(7×2=14)**

1. a) Distinguish between GDRS and ADRS.
   b) What are forward rate agreements ?
   c) What is contango ?
   d) What are yankee bonds ?
   e) What is LIBID ?
   f) Explain VaR.
   g) State any four world's major stock exchanges.
   h) What is exchange rate risk ?
   i) Define cross currency quote.
   j) Distinguish between intrinsic value and time value of options.

SECTION – B

Answer **any four** questions. **Each** question carries **five** marks. **(4×5=20)**

2. Explain the mechanics of currency trading.
3. What are straight bonds ?
4. Explain money market-hedge.
5. Distinguish Euro bonds and Foreign bonds.
6. Explain the following :
   a) Advising bank
   b) Confirming bank relating to L/c transation.
7. Distinguish OTC and exchange traded options.

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SECTION – C

Answer **any three** questions. **Each** question carries **12** marks. **(3×12=36)**

8. Explain the role of ECGC in protecting the interest of exporters.

9. From the following particulars, calculate the forward rates covering 2nd to 5th years.

Year (n)	Zero rate for an 'n' year investment Per annum (%)
1	3.00
2	4.00
3	4.60
4	5.00
5	5.30

10. Companies X & Y have been offered the following rates per annum on a $ 5 million 10 year investment.

	Fixed rate	Floating rate
Company X	8.00 % p.a.	LIBOR
Y	8.80% p.a.	LIBOR

Company X requires a fixed rate investment. Company Y requires a floating rate investment. Design a swap that will net a bank, acting as intermediary, 0.20% p.a and will appear equally attractive to X & Y.

11. Explain the role of Authorized Dealers, the RBI, $ and Foreign exchange Dealers Association in International business.

12. Explain the important features of International Bond market.