



IV Semester M.Com. Examination, September/October 2020

(CBCS)
COMMERCE

FB 4.3 : International Financial Institutions and Markets

Time : 3 Hours

Max. Marks : 70

Instruction : Answer *all* Sections.

SECTION – A

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

1. a) What are derivative contracts ? Give examples.
- b) What are Euro Bonds ?
- c) Distinguish floors and caps.
- d) Mention any 6 world's major stock markets.
- e) What is consortium lending ?
- f) What is co-correspondent relationship between banks ?
- g) Distinguish between LIBOR and LIBID.
- h) What are Junk Bonds ?
- i) What is In-the-money in a call option ?
- j) What is value dating ?

SECTION – B

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

2. Explain the structure of foreign exchange market.
3. Explain the features of GDR's.
4. Distinguish Buyers credit and Sellers credit.
5. Explain the role of Advising bank and Confirming bank in a L/c backed transaction.
6. Write a note on international equity market.
7. Bring out the differences between transaction and translation exposure.

P.T.O.



SECTION – C

Answer **any three** questions. **Each** question carries **12** marks.

(3×12=36)

8. Explain in detail the types of risks in international business.
9. Describe the motivating factors behind internationalisation of Banks.
10. Explain the factors determining exchange rate of currencies.
11. Write short note on :
 - a) Revocable L/c
 - b) Irrevocable L/c
 - c) Red clause L/c
12. Companies A and B have been offered the following rates per annum on a US \$20 million five year loan.

	Fixed rate	Floating rate
1) Company A	5.00%	LIBOR + 0.1%
2) Company B	6.40%	LIBOR + 0.6%

Company A requires a floating rate loan; company B requires a fixed rate loan.

Design a swap that will not a bank acting as an intermediary 0.1% p.a. and that will appear equally attractive to both the parties (companies).