

**MFP- 2**

## **Management Programme**

**ASSIGNMENT  
FIRST SEMESTER  
(January to June)  
2021**

**MFP- 2: Equity Derivatives**



**School of Management Studies  
INDIRA GANDHI NATIONAL OPEN UNIVERSITY  
MAIDAN GARHI, NEW DELHI – 110 068**

## **ASSIGNMENT**

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<b>Course Code</b>	:	<b>MFP-2</b>
<b>Course Title</b>	:	<b>Equity Derivatives</b>
<b>Assignment Code</b>	:	<b>MFP-2/TMA/SEM-I/2021</b>
<b>Coverage</b>	:	<b>All Blocks</b>

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**Note** : Attempt all the questions and submit to the coordinator of your study centre on or before 30<sup>th</sup> April, 2021.

1. What are derivatives? Briefly explain about the various derivative products and discuss in detail the mechanism of various SWAP contracts.
2. What are Index and Stock futures? How can index and stock futures be used to hedge an equity portfolio?
3. What is an 'Option'? Differentiate between At the money (ATM), In the money (ITM) and Out of the money (OTM) options. How is the minimum price of an option decided?
4. Discuss the factors used in Call option Pricing. Explain the option strategies used for the purpose of Hedging and Arbitrage.
5. What is Value at Risk (VAR)? How it is computed? Describe the application of VAR in deciding margins applicable to exposures taken by investors.