

**MANAGEMENT PROGRAMME / POST
GRADUATE DIPLOMA IN FINANCIAL
MARKETS PRACTICE**

Term-End Examination

December, 2016

MFP-002 : EQUITY DERIVATIVES

Time : 3 hours

Maximum Marks : 100

Note : (i) *All questions carry equal marks.*

(ii) *Attempt any five questions.*

1. What do you mean by 'Derivative Markets'? Why are they needed? Discuss the different segments of Derivative Market.
2. (a) Discuss the criteria for scrip selection for Derivative Segment.
(b) What is 'Quarter Sigma'? Discuss the procedure adopted for calculating the Quarter Sigma order size.
3. Explain the need for risk management in Futures trading and discuss the various strategies used in managing it.
4. What is 'Speculation'? Why is it used in Futures trading? Describe the process of speculation using Equity Futures and Equity Index Future.
5. Explain options Valuation Models and discuss which option model is popular and why.

6. What is 'Hedging' ? Discuss the different option strategies for hedging.
 7. Write notes on the following :
 - (a) Margins on Futures
 - (b) Margins on Options
 8. Discuss the clearing and settlement mechanism of option contracts on Index or Individual Securities.
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