No. of Printed Pages : 2 **MFP-002**

00039

MANAGEMENT PROGRAMME / POST GRADUATE DIPLOMA IN FINANCIAL MARKETS PRACTICE

Term-End Examination

December, 2017

MFP-002 : EQUITY DERIVATIVES

Time : 3 hours *Maximum Marks : 100*

Note : *(i) Attempt any five questions.*

(ii) All questions carry equal marks.

---

1. What is a forward contract ? Explain how does it work. Distinguish between Forward Contract and a Futures Contract.

2. What is quater - sigma ? Explain the procedure adopted for calculating the quater sigma, giving a suitable example.

3. Explain Bonus Issues. How is a derivative contract adjusted when a company goes for Bonus Issues ?

4. What is a 'Put Option' ? Discuss the factors that impact 'Put Option' prices.

5. You already own equity shares and seek to reduce the risk of potential fall in their prices. Which strategy would you apply using options ?

6. Explain the concept of 'Margining' and discuss how does it work for Futures and Options ?

7. Discuss the concept of clearing and settlement. Describe the settlement mechanism of options contracts.

8. Write short notes on **any four** of the following :
   (a) Arbitrage
   (b) Speculation
   (c) THETA
   (d) Over-the-Counter Derivatives
   (e) Intrinsic Value