

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

Term-End Examination

01013

December, 2018

MFP-002 : EQUITY DERIVATIVES

Time : 3 hours

Maximum Marks : 100

Note : *Attempt any five questions. All questions carry equal marks.*

1. What do you understand by the term 'Swap' ? Explain the characteristics of Swap markets. Discuss in detail the Plain Vanilla interest rate swaps and currency swaps.
2. Explain Stock Futures and Index Futures. Give a comparative analysis on the product features of an Index Futures contract and a Stock Futures contract.
3. Define Arbitrage, with the help of a suitable example. Explain cash and carry arbitrage and reverse cash and carry arbitrage.

4. Explain the concept of Intrinsic value and Time value. What drives intrinsic value and time value ?
 5. What are ATM, ITM and OTM options ? At what strikes prices would you buy and why ?
 6. Describe Delta for options. Explain Portfolio delta and its interpretations. Discuss the delta of various strikes of calls.
 7. Define Clearing and Settlement. Discuss the role played by different players involved in the clearing and settlement process.
 8. Write short notes on any *four* of the following :
 - (a) Contango
 - (b) Bonus Issues
 - (c) Mergers and De-mergers
 - (d) Forwards
 - (e) Exchange-Traded Derivatives (ETD)
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