

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

**00472 Term-End Examination**

**June, 2017**

**MFP-2(S) : EQUITY DERIVATIVES**

*Time : 3 hours*

*Maximum Marks : 100*

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

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1. What do you understand by swaps ? Describe the characteristics of swap markets. Discuss the common types of swaps that are used.
2. Explain the term 'Index Futures'. Give a comparative analysis of the product features of a typical Index Futures contract and a Stock Futures contract.
3. Explain the concepts of 'Time Value' and 'Intrinsic Value' of options. What factors have their impact on the time value and intrinsic value and how ?
4. What do you mean by 'Arbitrage' ? Explain the different option trading strategies for arbitraging.

5. Discuss the different indicators that derivative markets create to help traders to understand the behaviour of market players.
  6. What do you mean by 'Dividends' ? Discuss the adjustments that are to be made in a derivative contract, when a company announces dividends.
  7. Discuss the market-wide position limits and the specific limits prescribed for trading members, mutual funds and Foreign Institutional Investors.
  8. Write short notes on the following :
    - (a) VEGA
    - (b) Delta
    - (c) Speculation
    - (d) Short Butterfly
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