

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

Term-End Examination

June, 2017

MFP-002 : EQUITY DERIVATIVES

Time : 3 hours

Maximum Marks : 100

Note : (i) Attempt any five questions.

(ii) All questions carry equal marks.

1. Explain the term Financial Derivatives and discuss the factors that contribute to the growth of Financial Derivatives ? Elaborate the role of different segments of Derivative Market.
2. What is a quarter-sigma ? Explain the procedure adopted for calculating the quarter sigma order size with a suitable example.
3. Define Hedging. How can one hedge his underlying position in the futures market ? Discuss.
4. Explain Mergers and De-mergers. How is a derivative contract adjusted when a company goes for merger or de-merger ?
5. Describe the factors that impact call option prices.

6. Explain the concepts of clearing and settlement. Discuss the clearing and settlement mechanism of futures contracts.
 7. Describe the significance and interpretation of Delta for option? How are the deltas of various strikes of calls designed mathematically? Discuss.
 8. Explain the terms ATM, ITM & OTM options. Under what circumstances the trader may prefer to exercise them and why? Discuss.
-