00425

MANAGEMENT PROGRAMME / POST GRADUATE DIPLOMA IN FINANCIAL MARKETS PRACTICE

Term-End Examination

June, 2018

MFP-002 : EQUITY DERIVATIVES

Time : 3 hours *Maximum Marks : 100*

*Note : (i) Attempt **any five** questions.*
*(ii) **All** questions carry equal marks.*

1. What are derivatives ? Explain the various types of derivatives and elaborate on the uses of derivative instruments.

2. What are 'Swaps' ? Explain the different types of swaps giving examples.

3. Define 'Free Float' and discuss how is free float capitalization computed. Distinguish between Index Future and Stock Future.

4. Explain Arbitrage and discuss the different types of Arbitrage.

5. Explain the factors that drive call option prices and discuss the manner in which these factors impact their prices.

6. Explain the following terms and show how are they computed :

   (a) Standard deviation

   (b) Value at Risk

7. What is meant by speculation ? Explain any two option strategies for speculation. Giving suitable examples.

8. Write short notes on **any four** of the following :

   (a) Trading Cycle

   (b) Right Issues

   (c) Time Value of Option

   (d) VEGA

   (e) CROSS Margining