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**MFP-02**

**MANAGEMENT PROGRAMME/POST  
GRADUATE DIPLOMA IN FINANCIAL  
MARKETS PRACTICE (MP)**

**Term-End Examination**

**June, 2019**

**MFP-002 : EQUITY DERIVATIVES**

*Time : 3 Hours*

*Maximum Marks : 100*

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

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1. What are financial derivatives and derivative markets ? Discuss the different segments of derivative markets.
2. Discuss how stocks are selected in the derivative segment. Explain the procedure adopted by the National Stock Exchange for calculating the quarter sigma order size.

3. Define Hedging. Explain the types of hedges. Discuss hedging using equity futures.
4. What do you understand by Volatility ? How does it impact call prices ? Discuss the valuation models which are helpful in pricing of options.
5. Discuss the option strategies that could be applied to cases where the equities are already owned and seek to reduce risk of potential fall in the price of equity.
6. What do you mean by Value at Risk (VaR) ? Explain computation of VaR and the refinements in its computation.
7. Explain corporate actions which impact share prices. Discuss the issues that need to be addressed while making adjustment for corporate actions. Describe the adjustment of derivative contract when company announces dividends.

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

- (a) Options
- (b) Futures trading
- (c) Rights issue
- (d) VEGA
- (e) Standard Deviation