

No. of Printed Pages : 2

MFP-002

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

Term-End Examination

MFP-002 : Equity Derivatives

Time : 3 Hours]

[Maximum Marks : 100

Note: Answer any five questions. All questions carry equal marks.

1. What are futures contracts? How are these contracts standardized? Discuss the process of settlement of these contracts.
2. Explain the role of Derivative in equity markets. Discuss the different types of derivative markets and the benefits of Derivative markets.
3. What do you mean by speculation. Discuss speculation using equity future and speculation using equity index futures.
4. Explain bonus issues and calculation of stock price when bonus issues take place. Describe adjustment for derivative contract when company announced bonus issue.



5. Describe the significance and interpretation of Gamma for option. How are the gammas of various strikes of puts affecting the deltas in an arithmetical sense? Discuss.
6. Who is a clearing member? Discuss the different type of clearing members. Explain the clearing and settlement mechanism of futures contracts.
7. Explain the time value and intrinsic value concepts? what are the factors that drive time value and intrinsic value.
8. Write short notes on any four of the following:
 - (a) VEGA
 - (b) Speculation in futures markets
 - (c) ATM, ITM & OTM options
 - (d) Equity spot market
 - (c) Forward contracts.