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MFP-2

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

(MP)

Term-End Examination

June, 2023

MFP-2 : EQUITY DERIVATIVES

Time : 3 Hours

Maximum Marks : 100

Weightage : 70%

Note : (i) *Answer any five questions.*

(ii) *All questions carry equal marks.*

1. Explain the evolution of derivatives trading in India. Describe the different categories of derivative markets.
2. Explain the Equity Spot Market and Equity Derivative Market. Discuss the rationale for derivative market. What are the benefits of derivative markets ?

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3. How are futures contracts specified by a futures exchange ? Discuss the product features for a typical Index Futures contract and a Stock Futures contract.
4. Define 'Options'. Distinguish between put and call options. Explain the payoffs associated with writing call and put options.
5. Explain how the put option price is derived and discuss the factors that drive this price.
6. Discuss the process accounting of futures. Explain the relevant accounting standards used for this purpose.
7. Explain the following :
 - (a) Margins of Futures
 - (b) Mark to market margins on Futures
8. Write short notes on any *four* of the following :
 - (a) Hedging
 - (b) Stock split
 - (c) Intrinsic value of option
 - (d) Cross margining
 - (e) Forward Rate Agreements