

**POST GRADUATE DIPLOMA IN FINANCIAL  
MARKETS PRACTICE**

**Term-End Examination**

**December, 2013**

**MFP-2 : EQUITY DERIVATIVES**

*Time : 3 hours*

*Maximum Marks : 100*

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

(ii) *All questions carry equal marks.*

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1. What are 'Swaps' ? Explain with examples different types of swaps.
2. Why are limits prescribed at various levels of trading and exposures ? Discuss. Explain these limits.
3. What is the need for risk management in trading futures ? Discuss the different strategies that can be used to avoid the trading risks.
4. Write notes on the following :
  - (a) call options
  - (b) put options
5. Discuss the factors that affect the put option price and show their impact on such price.
6. "Derivative markets create their own specialised market indicators which serve to help traders to understand how market players are behaving". Discuss this statement and bring out these basic indicators.

7. Explain the concept of 'margining' and discuss how does it work on futures and options. Give suitable examples.
  8. Discuss, with suitable examples, the relevant option strategies for Hedging.
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