

00574

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

Term-End Examination

December, 2014

MFP-2 : EQUITY DERIVATIVES

Time : 3 hours

Maximum Marks : 100

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

1. What are derivatives ? Discuss the major types of derivative instruments and elaborate the uses of derivatives.
2. Discuss the scrip selection criteria for derivatives segment. What is Quarter Sigma ? How it is computed ? Explain.
3. What are 'Options' ? Differentiate between Put and Call options. Explain the payoffs associated with writing put and call options.
4. Briefly explain the following :
 - (a) Long Straddle
 - (b) Short Straddle
 - (c) Long Strangle
 - (d) Short Strangle

5. What is 'option premium' ? Explain the factors affecting call option premium.
 6. Explain the following :
 - (a) Gamma
 - (b) Theta
 7. What is 'Clearing and Settlement' ? Discuss the settlement mechanism of option contracts.
 8. How is accounting for futures done ? Discuss the Accounting Standard 30 (AS 30).
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