

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

Term-End Examination

February, 2021

MFP-002 : EQUITY DERIVATIVES

Time : 3 hours

Maximum Marks : 100

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

1. What are derivatives ? Explain the different types of derivative markets and the benefits of these markets.
2. Define Call Option and Put Option. Discuss the method of settlement used in Indian Equity Derivative segment at present.
3. How is stock price calculated when a company issues Bonus Shares ? How is Futures price adjusted when a company announces bonus issue ?
4. Explain the Binomial model used for pricing of options with the help of a suitable example.

5. What do you mean by Value at Risk (VaR) ? How is volatility and VaR calculated ?
 6. Explain how accounting of Futures is done as per Indian guidelines.
 7. Distinguish between the following :
 - (a) Product features of Index Futures Contract and Stock Futures Contract.
 - (b) Proprietary Account trading and Client Account trading.
 8. Write short notes on any **four** of the following :
 - (a) Characteristics of Swaps
 - (b) Speculation
 - (c) ATM, ITM and OTM Options
 - (d) VEGA
 - (e) Long Condor Option Strategy
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