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**MFP-02**

**MANAGEMENT PROGRAMME/POST  
GRADUATE DIPLOMA IN FINANCIAL  
MARKETS PRACTICE (MP/PGDFMP)**

**Term-End Examination**

**December, 2023**

**MFP-02 : EQUITY DERIVATIVES**

*Time : 3 Hours*

*Maximum Marks : 100*

*Weightage : 70%*

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

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1. What are future contracts ? How are these contracts standardized ? Discuss the process of settlement of these contracts.
2. Explain the selection process of stocks/scripts and indices for the purpose of trading in derivative segment. Describe the procedure for calculating Quarter sigma order size.

**P. T. O.**

3. What are Index and Stock Futures ? Describe the equity futures pay-off and explain how futures can be used for hedging and arbitrage.
4. What is a 'Call Option' ? Discuss the factors that impact call option prices. Also describe the pay-off of call option writer and buyer.
5. How is stock price adjusted when company declares bonus issue and rights issues ? Describe adjustment for derivatives contracts for these two type of corporate actions.
6. What are ATM, ITM and OTM options ? What is the minimum price of an option ? At what strike price would you buy and why ?
7. Define clearing and settlement. Discuss the role played by different players involved in the clearing and settlement process.
8. Explain the following :
  - (i) Delta
  - (ii) Gamma