

00479

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

Term-End Examination

June, 2014

MFP-2 : EQUITY DERIVATIVES

Time : 3 hours

Maximum Marks : 100

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

1. What are 'SWAPS' ? Explain Interest Rate Swaps and Currency Swaps with examples.
2. What is meant by Spot price and Future price ? In this context explain Contango, Backwardation and cost of carry.
3. List the various corporate actions due to which the prices of derivative contracts has to be adjusted. How is the future price adjusted for dividends, stock split and bonus issue ?
4. Briefly explain the following :
 - (a) Bear spread using calls
 - (b) Bear spread using puts
 - (c) Bull spread using calls
 - (d) Bull spread using puts

5. What is 'Option premium' ? Explain the factors their affect Put option premium.
 6. Explain the following :
 - (a) Delta
 - (b) Vega
 7. What is meant by 'Mark to Market Margin' ? Explain the concept of Value At Risk (VAR).
 8. What is 'Clearing and settlement' ? Discuss the settlement mechanism for future contracts.
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