

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

Term-End Examination

June, 2021

MFP-002 : EQUITY DERIVATIVES

Time : 3 hours

Maximum Marks : 100

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

1. Explain the concept of Derivatives and its applications in various markets.
2. What is a 'Forward Contract' ? How does a forward contract work ? In what way are Forward Contracts different from Futures Contracts ?
3. Explain the various indicators of Futures market. What is the significance of volume and open interest in understanding the dynamics of the futures markets ?

4. What is Hedging ? Discuss the types of hedges. Explain hedging using equity futures, with the help of a suitable example.
 5. Explain the concept of Intrinsic value and Time value. How is the minimum price of an 'Option' determined ?
 6. Discuss the meaning, significance and interpretation of 'Gamma', with the help of an example.
 7. Explain the concept of Margins on Futures. How is Mark to Market margin on futures computed ?
 8. Write short notes on any *four* of the following :
 - (a) Equity Swaps
 - (b) American and European Options
 - (c) Rights Issues
 - (d) Covered Call Option Strategy for Hedging
 - (e) Arbitrageurs
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