

No. of Printed Pages : 2

**MFP-02**

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

**Term-End Examination**

**June, 2022**

**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. Briefly describe each of the basic derivative products. Explain in detail 'interest rate swaps' and 'currency swaps.'
2. Describe briefly the equity spot and derivatives market and discuss the benefits of derivatives market over spot market. Explain the 'cost of carry' and 'convergence' in the context of derivatives market.
3. What are 'index and stock options' ? Describe the pay-offs associated with put and call writing.

**P. T. O.**

4. What do you understand by Corporate Actions ? Explain the adjustments in stock price, derivative contract and future contract when a company pays dividend and issues bonus shares.
5. In the context of options, what do you understand by time value and intrinsic value ? How is the minimum price of an option determined ? When several strike prices are available for an option which strike would you buy and why ?
6. Explain the option strategies used for hedging and arbitrage with suitable examples.
7. Explain the following :
  - (a) Gamma
  - (b) Delta and Hedging
8. Discuss how accounting of futures is done as per Indian Accounting System and the international Accounting System. Give examples.