

**PG DIPLOMA IN FINANCIAL MARKETS
PRACTICE**

01511

Term-End Examination

June, 2010

MFP-2 : EQUITY DERIVATIVES

Time : 3 hours

Maximum Marks : 100

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

1. Describe the types of derivatives. Discuss the features of OTC derivatives markets. What are the uses of these derivatives ?
2. What are swaps ? Differentiate between different types of swaps with the help of suitable examples.
3. What are call and put options ? Illustrate with an example. Discuss the different factors which determine the movement of option prices.
4. What is the need and purpose of hedging ? Explain the different types of option strategies for hedging.

5. What are the basic principles of risk management ? How is risk measured ?
 6. (a) Discuss the scrip selection criteria for derivative segment.
(b) Explain the procedure adopted for calculating the Quarter Sigma Order Size.
 7. Differentiate between dividends and Bonus issue. How stock prices are calculated when a dividend is paid out ? Explain with a suitable example.
 8. What is Equity Derivative Market ? What is its rationale ? Discuss the different types of derivative markets ? Explain their advantages.
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