

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

**Term-End Examination**

**December, 2024**

**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 the different segments/categories of derivatives market ? Discuss the need for derivatives market and describe the various types of derivatives.
2. What are SWAPs ? Describe Interest Rate Swaps and Currency Swaps and discuss their applications.

3. What are Index and Stock options ? Describe call option and discuss payoff associated with call and put option writing.
4. Briefly explain various corporate actions which affect futures' prices. How is futures' price adjusted when company issue bonus shares ?
5. What do you mean by Intrinsic and Time Value of Options ? How is it determined ? When are options considered to be; At the money (ATM), In the money (ITM) and Out of the money (OTM) ?
6. How can options be used for hedging purpose ? Explain Covered Call Strategy, Put Insurance Strategy and Collar Strategy used for hedging.
7. What is Margining ? How is the initial margin and marked to market margins on futures computed ? Also explain how margins on options is calculated.
8. What do you understand by clearing function ? Describe settlement mechanism of options contract.

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