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MFP-2

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

**Term-End Examination
December, 2025**

MFP-2 : EQUITY DERIVATIVES

Time : 3 Hours

Maximum Marks : 100

Weightage : 70%

Note : (i) Attempt any **five** questions.

(ii) All questions carry equal marks.

1. What are Derivatives ? Discuss the different segments of Derivative Markets and elaborate the need for derivative markets.
2. Explain 'Swaps' and describe their main characteristics. Discuss the Plain Vanilla Interest Rate Swaps with the help of a suitable example.
3. What is Risk Management ? Explain the various strategies of risk management.

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4. Explain Arbitrage and discuss the different types of Arbitrage.
5. Define Intrinsic Value and Time Value concepts and discuss the factors which drive the intrinsic value and time value.
6. What do you understand by Volatility ? How does it impact call prices ? Discuss the valuation models which are helpful in pricing of options.
7. What do you understand by Clearing and Settlement Mechanism ? Describe the clearing and settlement mechanism of option contracts.
8. Write short notes on any *four* of the following :
 - (a) Stock split
 - (b) Rights Issue
 - (c) Delta
 - (d) Gamma
 - (e) Margining
 - (f) Hedging

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