

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

Term-End Examination

June, 2015

MFP-2 : EQUITY DERIVATIVES

Time : 3 hours

Maximum Marks : 100

Note : (i) *Attempt any five questions.*
(ii) *All questions carry equal marks.*

1. What are the major factors which contribute to the growth of financial derivatives ? Describe the different segments of derivative markets.
2. Discuss how stocks are selected for derivatives segment. Explain the procedure adopted for calculating the Quarter Sigma order size ?
3. Explain the different indicators of futures market. Discuss the significance of volume and open interest in understanding the dynamics of the future markets.
4. Describe the different types of mergers. Explain the adjustment for derivative contract due to merger activity and de-merger activity.

5. Define intrinsic value and time value concepts and discuss the factors which drive the intrinsic value and time value.
 6. Explain the different strategies that are applied for using hedging options.
 7. What is Value at Risk ? Explain the different kinds of margins on Futures positions that are required to be paid by the clients to the Exchange.
 8. Write short notes on the following :
 - (a) VEGA
 - (b) Long Butterfly
 - (c) Bonus Issues
 - (d) Forward contract
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