

Derivatives Market

Q1. What is a lot size for Mini NIFTY ? [1 mark]

- (a) 50
- (b) 20
- (c) 25
- (d) 30
- (e) I am not attempting the question

Q2. In India, futures contracts have an expiry period of _____ [1 mark]

- (a) One month
- (b) Two months
- (c) Three months
- (d) All of the above
- (e) I am not attempting the question

Q3. Future contract does not have _____ Risk [1 mark]

- (a) Market Risk
- (b) Basis Risk
- (c) Counter Party Risk
- (d) All of Above
- (e) I am not attempting the question

Q4. If you purchase a December call option at Rs 50 for a premium of Rs. 10. Your breakeven is _____ [1 mark]

- (a) Rs.40
- (b) Rs.50
- (c) Rs.60
- (d) None of the above
- (e) I am not attempting the question

Q5. The lot size for NIFTY is _____ [1 mark]

- (a) 100
- (b) 50
- (c) 4000
- (d) none of the above
- (e) I am not attempting the question

Q6. Calls and Puts are types of _____ [1 mark]

- (a) Futures
- (b) Options
- (c) Stocks
- (d) Forwards
- (e) I am not attempting the question

Q7. You will _____, when you sell a put option [1 mark]

- (a) Receive Premium
- (b) Pay Premium
- (c) Receive Margin
- (d) None of the above
- (e) I am not attempting the question

Q8. Puts give the seller the right but not the obligation to sell a given quantity of the underlying asset at a given price on or before a future date _____ [1 mark]

- (a) False
- (b) Only when you are selling an option
- (c) Only in case of index options
- (d) True
- (e) I am not attempting the question

Q9. Number of unexpired or unclosed contracts in derivative segment is indicated by _____ [1 mark]

- (a) Open Interest
- (b) Volume
- (c) Put Call Ratio
- (d) Premium
- (e) I am not attempting the question

Q10. Full form of SPAN _____ [1 mark]

- (a) Scripts Portfolio And Numbers
- (b) Standard Portfolio Analysis
- (c) Stock Performance Analysis
- (d) Specially Analyzed Numbers
- (e) I am not attempting the question



Q11. Which of the following does not trade in NSE's F&O segment _____ [1 mark]

- (a) Stock Options
- (b) Index Futures
- (c) Stock Futures
- (d) Currency Options
- (e) I am not attempting the question

Q12. In the Indian Derivative markets, all contracts expire on _____ [1 mark]

- (a) Last Thursday of the month
- (b) Last Friday of the month
- (c) Last Tuesday of the month
- (d) Last day of the month
- (e) I am not attempting the question

Q13. 2 persons agree to exchange 300gms of gold 3 months later at Rs1000/- per gm. This is an example of _____ [1 mark]

- (a) Call Option
- (b) Put Option
- (c) Future
- (d) Forward
- (e) I am not attempting the question

Q14. In the Indian derivative markets all trades are _____ settled [1 mark]

- (a) Delivery
- (b) Cash
- (c) Cash and delivery
- (d) Either cash or delivery
- (e) I am not attempting the question

Q15. The underlying index for S&P CNX Nifty futures will be _____ [1 mark]

- (a) Sensex
- (b) S&P CNX Nifty
- (c) Bank Index
- (d) BSE 500
- (e) I am not attempting the question



Q16. On the last day of trading, settlement of futures contracts takes place at _____ [1 mark]

- (a) Opening price of the underlying
- (b) Closing price of the underlying
- (c) Days highest price of the underlying
- (d) Days lowest price of the underlying
- (e) I am not attempting the question

Q17. A person who has bought index futures, can make _____ [1 mark]

- (a) Unlimited profits or loss
- (b) Limited profits or loss
- (c) Unlimited profits and limited loss
- (d) Limited profits and unlimited loss
- (e) I am not attempting the question

Q18. Stock options that trade on NSE's F&O segment are _____ [1 mark]

- (a) American Options
- (b) African Options
- (c) Asian Options
- (d) European Options
- (e) I am not attempting the question

Q19. Nifty call option can be exercised _____ [1 mark]

- (a) Only on expiry
- (b) Anytime during the month
- (c) Next day after expiry
- (d) None of the above
- (e) I am not attempting the question

Q20. American options can be exercised at any time up to the expiration date _____ [1 mark]

- (a) True
- (b) False
- (c) Only in the case on Nifty Options
- (d) None of the above
- (e) I am not attempting the question

Q21. What is the brokerage we charge for trading in options? [1 mark]

- (a) 1% of the premium subject to Rs100 per lot
- (b) 0.05% of Strike price plus premium x lot size
- (c) 1% of premium or Rs.50 per lot whichever is higher
- (d) 0.50% of Strike price plus premium x lot size
- (e) I am not attempting the question

Q22. Futures trading commenced first on _____ [1 mark]

- (a) Chicago Board of Trade
- (b) Chicago Mercantile Exchange
- (c) Chicago Board Options Exchange
- (d) London International Financial Futures and Options Exchange
- (e) I am not attempting the question

Q23. The underlying asset for a derivative contract can be _____ [1 mark]

- (a) Equity
- (b) Commodities
- (c) Interest rate
- (d) Any of the above
- (e) I am not attempting the question

Q24. Derivatives first emerged as _____ products [1 mark]

- (a) Speculative
- (b) Hedging
- (c) Volatility
- (d) Risky
- (e) I am not attempting the question

Q25. Who are the participants in the derivatives market _____ [1 mark]

- (a) Hedgers
- (b) Speculators
- (c) Arbitrageurs
- (d) All of the above
- (e) I am not attempting the question

Q26. The first exchange traded financial derivative in India commenced with the trading of _____ [1 mark]

- (a) Index futures
- (b) Index options
- (c) Stock options



- (d) Interest rate futures
- (e) I am not attempting the question

Q27. OTC derivatives are considered risky because _____ [1 mark]

- (a) There is no formal margining system
- (b) They do not follow any formal rules or mechanisms
- (c) They are not settled on a clearing house
- (d) All of the above
- (e) I am not attempting the question

Q28. Which of the following is not an example of a derivative on security derivative _____ [1 mark]

- (a) Index futures
- (b) Index options
- (c) Stock futures
- (d) Interest rate futures
- (e) I am not attempting the question

Q29. Impact cost measures the _____ [1 mark]

- (a) Volatility of the stock
- (b) Liquidity of the stock
- (c) Return on a stock
- (d) None of above
- (e) I am not attempting the question

Q30. Assume that the base value of a market capitalization weighted index were 1000 and the base market capitalization were Rs.35000 crore. If the current market capitalization is Rs.77,000 crore, the index is at _____ [1 mark]

- (a) 2200
- (b) 2250
- (c) 1200
- (d) 1350
- (e) I am not attempting the question

Q31. The market impact cost on a trade of Rs.3 million of the full Nifty works out to be about 0.5%. This means that if Nifty is at 2000, a buy order will go through at roughly _____ [1 mark]

- (a) 2010
- (b) 2050
- (c) 2500
- (d) None of the above

- (e) I am not attempting the question

Q32. Index funds are managed _____ [1 mark]

- (a) Actively
- (b) Passively**
- (c) Family
- (d) None of the above

- (e) I am not attempting the question

Q33. Which of the following cannot be an underlying asset for a financial derivative contract _____ [1 mark]

- (a) Equity index
- (b) Commodities**
- (c) Interest rate
- (d) Foreign exchange

- (e) I am not attempting the question

Q34. Which of the following exchanges was the first to start trading financial futures _____ [1 mark]

- (a) Chicago Board of Trade
- (b) Chicago Mercantile Exchange**
- (c) Chicago Board Options Exchange
- (d) London International Financial Futures and Options Exchange

- (e) I am not attempting the question

Q35. In an options contract, the option lies with the _____ [1 mark]

- (a) Buyer**
- (b) Seller
- (c) Both
- (d) Exchange

- (e) I am not attempting the question

Q36. Two persons agree to exchange 100 gms of gold three months later at Rs.400/gm. This is an example of a _____ [1 mark]

- (a) Futures contract
- (b) Forward contract**
- (c) Spot contract
- (d) None of the above

- (e) I am not attempting the question



Q37. Spot value of Nifty is 2140. An investor buys a one month nifty 2157 call option for a premium of Rs.7. The option is _____ [1 mark]

- (a) in the money
- (b) at the money
- (c) out of the money
- (d) None of the above
- (e) I am not attempting the question

Q38. A call option at a strike of Rs.176 is selling at a premium of Rs.18. At what price will it break even for the buyer of the option _____ [1 mark]

- (a) Rs.196
- (b) Rs.204
- (c) Rs.187
- (d) Rs.194
- (e) I am not attempting the question

Q39. Typically option premium is _____ [1 mark]

- (a) Less than the sum of intrinsic value and time value
- (b) Greater than the sum of intrinsic value and
- (c) Equal to the sum of intrinsic value and time value
- (d) Independent of intrinsic value and time value
- (e) I am not attempting the question

Q40. A stock is currently selling at Rs.70. The call option to buy the stock at Rs.65 costs Rs.9. What is the time value of the option _____ [1 mark]

- (a) Rs.4
- (b) Rs.5
- (c) Rs.3
- (d) Rs.2
- (e) I am not attempting the question

Q41. Spot value of S&P CNX Nifty is 2200. An investor bought a one-month S&P CNX Nifty 2220 call option for a premium of Rs.10. The options is _____ [1 mark]

- (a) In-the-money
- (b) At-the-money
- (c) Out-of-money
- (d) None of the above
- (e) I am not attempting the question



Q42. A stock currently sells at 120. The put option to sell the stock sells at Rs.134 costs Rs.18. The time value of the option is _____ [1 mark]

- (a) Rs.18
- (b) Rs.4
- (c) Rs.14
- (d) Rs.12
- (e) I am not attempting the question

Q43. On 15th January Mr.Arvind Sethi bought a January Nifty futures contract which cost him Rs.240,000. Each Nifty futures contract is for delivery of 100 Nifties. On 25th January, the index closed at 2460. How much profit/loss did he make _____ [1 mark]

- (a) +6000
- (b) -4500
- (c) -3000
- (d) +2500
- (e) I am not attempting the question

Q44. Kantaben sold a January Nifty futures contract for Rs.240,000 on 15th January. Each Nifty futures contract is for delivery of 100 Nifties. On 25th January, the index closed at 2450. How much profit/loss did she make _____ [1 mark]

- (a) -7,000
- (b) -5,000
- (c) +5,000
- (d) +7,000
- (e) I am not attempting the question

Q45. On 15th January Mr.Kajaria bought a January Nifty futures contract which cost him Rs.240,000. Each Nifty futures contract is for delivery of 100 Nifties. On 25th January, the index closed at 2360. How much profit/loss did he make _____ [1 mark]

- (a) +6000
- (b) -4000
- (c) -3000
- (d) +2500
- (e) I am not attempting the question

Q46. Krishna Seth sold a January Nifty futures contract for Rs.240,000 on 15th January. Each Nifty futures contract is for delivery of 100 Nifties. On 25th January, the index closed at 2350. How much profit/loss did she make _____ [1 mark]

- (a) -7,000
- (b) -5,000
- (c) +5,000
- (d) +7,000



- (e) I am not attempting the question

Q47. A speculator with a bullish view on a security can _____ [1 mark]

- (a) buy stock futures**
- (b) buy index futures
- (c) sell stock futures
- (d) sell index futures
- (e) I am not attempting the question

Q48. Mohan owns a thousand shares of Reliance. Around budget time, he get uncomfortable with the price movements. Which of the following will give him the hedge he desires _____ [1 mark]

- (a) Buy 10 Reliance futures contracts
- (b) Sell 10 Reliance futures contracts**
- (c) Buy 5 Reliance futures contracts
- (d) Sell 5 Reliance futures contracts
- (e) I am not attempting the question

Q49. Santosh is bullish about Company XYZ and buys ten one-month XYZ futures contracts at Rs.2,96,000. On the last Thursday of the month, XYZ closes at Rs.271. He makes a _____ [1 mark]

- (a) profit of Rs. 15000
- (b) profit of Rs.25000
- (c) loss of Rs.15000
- (d) loss of Rs.25000**
- (e) I am not attempting the question

Q50. Rajiv is bearish about Company ABC and sells twenty one-month ABC futures contracts at Rs.3.04,000. On the last Thursday of the month, ABC closes at Rs.134. He makes a _____ [1 mark]

- (a) profit of Rs. 18000
- (b) profit of Rs.36000**
- (c) loss of Rs. 18000
- (d) loss of Rs.36000
- (e) I am not attempting the question

Q51. Anand is bullish about the index. Spot Nifty stands at 2200. He decides to buy one three-month Nifty call option contract with a strike of 2260 at a premium of Rs 15 per call. Three months later, the index closes at 2295. His payoff on the position is _____ [1 mark]

- (a) Rs.4,000
- (b) Rs.9,000
- (c) Rs.2,000**



- (d) None of the above
- (e) I am not attempting the question

Chetan is bullish about the index. Spot Nifty stands at 2200. He decides to buy one three month

Q52. Nifty call option contract with a strike of 2260 at Rs.60 a call. Three months later the index closes at 2240. His payoff on the position is _____ [1 mark]

- (a) -7,000
- (b) - 12,000
- (c) -4,000
- (d) **-6,000**
- (e) I am not attempting the question

Deepak is bullish about the index. Spot Nifty stands at 2250. He decides to buy one three-month

Q53. Nifty call option contract with a strike of 2290 at Rs.20 per call. Three months later the index closes at 2330. His payoff on the position is _____ [1 mark]

- (a) Rs.7,000
- (b) **Rs.2,000**
- (c) Rs.4,000
- (d) None of the above
- (e) I am not attempting the question

Satish is bullish about the index. Spot Nifty stands at 2225. He decides to buy one three-month

Q54. Nifty call option contract with a strike of 2260 at Rs.20 a call. Three months later the index closes at 2235. His payoff on the position is _____ [1 mark]

- (a) -7,000
- (b) -8,000
- (c) -4,000
- (d) **-2,000**
- (e) I am not attempting the question

Q55. The best buy order for a given futures contract is the order to buy the index at the _____ [1 mark]

- (a) **Highest price**
- (b) Average of the highest and lowest price
- (c) Lowest price
- (d) None of the above
- (e) I am not attempting the question



Q56. The F&O segment of NSE provides trading facilities for the following derivative instruments _____ [1 mark]

- (a) Index based futures
- (b) Index based options
- (c) Individual stock options
- (d) All the above
- (e) I am not attempting the question

Q57. At any given time, the F&O segment of NSE provides trading facilities for _____ Nifty futures contracts [1 mark]

- (a) Two
- (b) Three
- (c) Nine
- (d) None of the above
- (e) I am not attempting the question

Q58. The NEAT-F&O trading system supports an _____ [1 mark]

- (a) Order driven market
- (b) Price driven market
- (c) Demand driven market
- (d) None of the above
- (e) I am not attempting the question

Q59. On the NSE's NEAT-F&O system, matching of trades takes place at the _____ [1 mark]

- (a) Active order price
- (b) Passive order price
- (c) Market price
- (d) None of the above
- (e) I am not attempting the question

Q60. On 26th January, the Nifty index stands at 2250. The value of a single index futures contract is _____ [1 mark]

- (a) Rs.225,000
- (b) Rs.250,000
- (c) Rs.450,000
- (d) Rs.200,000
- (e) I am not attempting the question



Q61. New options contracts are introduced on the _____ [1 mark]

- (a) First trading day of the month
- (b) Last Thursday of the month
- (c) Last Wednesday of the month
- (d) On the next trading day following the expiry of near month contract
- (e) I am not attempting the question

Q62. A dealer can view _____ [1 mark]

- (a) Outstanding orders, previous trades and net position of the trading member
- (b) Requests entered by him
- (c) Outstanding orders, previous trades and net position entered for his branch
- (d) None of the above
- (e) I am not attempting the question

Q63. In futures trading, profits are received or losses are paid _____ [1 mark]

- (a) In the delivery month
- (b) On daily settlement
- (c) On the day of expiry of the contract
- (d) On a weekly settlement basis
- (e) I am not attempting the question

Q64. Which of the following prices is used to compute MTM of a futures contract in case it is not traded on a given day _____ [1 mark]

- (a) Closing price of the underlying
- (b) Closing price of the futures contract
- (c) Theoretical price
- (d) MTM is not levied in such cases
- (e) I am not attempting the question

Q65. In the case of options, final exercise settlement is _____ [1 mark]

- (a) Sequential
- (b) Random
- (c) Automatic
- (d) Voluntary
- (e) I am not attempting the question

Q66. Which of the following option contracts are compulsorily settled on exercise date _____ [1 mark]

- (a) In the money options contracts
- (b) At the money options contracts
- (c) Out of the money options contracts
- (d) Deep out of the money options contracts
- (e) I am not attempting the question

Q67. The market-wide position limit for stock futures/options is _____ [1 mark]

- (a) higher of 10% of non-promoter holding or 30 times the average traded quantity
- (b) lower of 10% of non-promoter holding or 30 times the average traded quantity
- (c) higher of 1% of non-promoter holding or 5% of open interest in the market
- (d) lower of 1% of non-promoter holding or 5% of open interest in the market
- (e) I am not attempting the question

Q68. Assignment margin is charged at _____ [1 mark]

- (a) Client level
- (b) Trading member level
- (c) Clearing member level
- (d) Institution level
- (e) I am not attempting the question

Q69. A Trading member Manojbhai took proprietary positions in a November expiry contract. He bought 3000 trading units at 1210 and sold 2400 at 1220. The end-of-day settlement price for November expiry contract is 1220. If the initial margin per unit for the November contract is Rs 100 per unit, then the total initial margin payable by Manojbhai would be [1 mark]

- (a) Rs.60,000
- (b) Rs.30,000
- (c) Rs.3,00,000
- (d) Rs.5,40,000
- (e) I am not attempting the question

Q70. Initial margin is collected to _____ [1 mark]

- (a) Make good losses on the outstanding position
- (b) Make good daily losses
- (c) Safeguard against potential losses on outstanding positions
- (d) None of the above
- (e) I am not attempting the question

Q71. The initial margin amount is large enough to cover a one-day loss that can be encountered on _____ [1 mark]

- (a) 99% of the days
- (b) 90% of the days.
- (c) 95% of the days
- (d) None of the above
- (e) I am not attempting the question

Q72. On expiry of a derivatives contract, the settlement price is the _____ [1 mark]

- (a) Spot price of underlying asset
- (b) Futures close price
- (c) Spot price plus cost-of-carry
- (d) None of the above
- (e) I am not attempting the question

Q73. The following are the details of trading member Ratanlal's proprietary and client position:
Proprietary : he buys 600 units @ 1020 and sells 1800 units @ 1025. Client A: he buys 2000 units @ 1015 Client B: he buys 1600 units @ 1016 and sells 800 units @ 1022. The settlement price of the day is 1023. What is MTM profit/loss for Ratanlal _____ [1 mark]

- (a) Rs.31,800
- (b) Rs.28,400
- (c) Rs.26,600
- (d) Rs.31,200
- (e) I am not attempting the question

Q74. What is the outstanding position on which initial margin will be calculated if Mr. Madanlal buys 800 units @ 1060 and sells 400 units @ 1055 _____ [1 mark]

- (a) 1250 units
- (b) 800 units
- (c) 450 units
- (d) 400 units
- (e) I am not attempting the question

Q75. What will be MTM profit/loss of Mr. Ramesh if he buys 800 units @ 1040 and sells 600 units @ 1045? The settlement price of the day was 1035 _____ [1 mark]

- (a) -4000
- (b) -6000
- (c) +6000
- (d) +2000
- (e) I am not attempting the question



Q76. Mr. Amar buys 600 units @ 1040 and sells 400 units @ 1030. The settlement price is 1030. What is his MTM profit/loss _____ [1 mark]

- (a) +Rs.7,200
- (b) +Rs.8,000
- (c) -Rs.6,000
- (d) +Rs.6,000
- (e) I am not attempting the question

Q77. Trading member Shantilal took proprietary purchase in a March contract. He bought 1600 units @ 1200 and sold 1200 @1220. The end of day settlement price was 1221. What is the outstanding position on which initial margin will be calculated? [1 mark]

- (a) 2700 units
- (b) 1200 units
- (c) 1500 units
- (d) 400 units
- (e) I am not attempting the question

Q78. What is the outstanding position on which initial margin will be charged if no proprietary trading is done and the details of client trading are: one client buys 800 units @ 1260. The second client buys 1000 units @ 1255 and sells 1200 units @ 1260. [1 mark]

- (a) 900 units
- (b) 1000 units
- (c) 800 units
- (d) 2700 units
- (e) I am not attempting the question

Q79. The May futures contract on XYZ Ltd. closed at Rs.3940 yesterday. It closes today at Rs.3898.60. The spot closes at Rs.3800. Raju has a short position of 3000 in the May futures contract. He sells 2000 units of May expiring put options on XYZ with a strike price of Rs.3900 for a premium of Rs.110 per unit. What is his net obligation to/from the clearing corporation today _____ [1 mark]

- (a) Payin of Rs.344200
- (b) Payout of Rs.640000
- (c) Payout of Rs.344200
- (d) Payin of Rs.95800
- (e) I am not attempting the question

Q80. On April 1, Ms.Shetty has sold 400 calls on ABC Ltd. at a strike price of Rs.200 for a premium of Rs.20/call. On the cash market, ABC closes at Rs.240 on that day. If the call option is assigned to her on that day, what is her net obligation on April1 _____ [1 mark]

- (a) Payin of Rs. 16000
- (b) Payin of Rs.8000

- (c) Payout of Rs.8000
- (d) Payout of Rs.16000
- (e) I am not attempting the question

Q81. Which of the following persons are eligible to become trading members in the F&O segment of NSE _____ [1 mark]

- (a) Individuals
- (b) Registered firms
- (c) Companies
- (d) Any of the above**
- (e) I am not attempting the question

Q82. The dealer/broker and sales persons in the F&O segment shall be required to pass which of the following examinations _____ [1 mark]

- (a) MBA (Finance)
- (b) Chartered Accountancy
- (c) Certified Financial Analyst
- (d) NCFM**
- (e) I am not attempting the question

Q83. Which of the following Acts governs trading of derivatives in India _____ [1 mark]

- (a) Securities Contracts (Regulation) Act, 1956**
- (b) SEBI Act, 1992
- (c) Capital Issues (Control) Act, 1947
- (d) Depositories Act, 1956
- (e) I am not attempting the question

Q84. Mark to Market margin is collected on a _____ [1 mark]

- (a) Weekly basis
- (b) Every 2 days
- (c) Every 3 days
- (d) Daily basis**
- (e) I am not attempting the question

Q85. Margins in Futures trading are to be paid by _____ [1 mark]

- (a) Only the buyer
- (b) Only the seller
- (c) Both the buyer and seller**
- (d) The clearing corporation
- (e) I am not attempting the question



Q86. The Options which can be exercised anytime between the day of purchase and the day of expiry are defined as _____ [1 mark]

- (a) American
- (b) European
- (c) Indian
- (d) None of the above
- (e) I am not attempting the question

Q87. When should one buy futures _____ [1 mark]

- (a) When you are bearish
- (b) When you are bullish
- (c) When you want to take no risk
- (d) None of the above
- (e) I am not attempting the question

Q88. When should one sell futures _____ [1 mark]

- (a) When you are bearish
- (b) When you are bullish
- (c) When you want to take no risk
- (d) None of the above
- (e) I am not attempting the question

Q89. In a derivatives market who pays margins in options _____ [1 mark]

- (a) Buyer
- (b) Seller
- (c) Both buyer and seller
- (d) Neither the buyer nor the seller
- (e) I am not attempting the question

Q90. The Black Scholes model is used to price which instrument _____ [1 mark]

- (a) Futures
- (b) Options
- (c) Forwards
- (d) All the above
- (e) I am not attempting the question

Q91. What is brokerage for buying a future? [1 mark]

- (a) 0.02%
- (b) 0.05%
- (c) 1%

- (d) Rs. 50 per lot
- (e) I am not attempting the question

Q92. Swaps are_____ [1 mark]

- (a) Private agreement between two parties
- (b) For exchange cash flow in future
- (c) According & pre arrange formula of forward contracting
- (d) All of the above
- (e) I am not attempting the question

Q93. When a client default in making payment in respect of daily settlement, the contract is_____ [1 mark]

- (a) Not closed out
- (b) waiting for sometime
- (c) Closed out
- (d) none of the above
- (e) I am not attempting the question

Q94. When a client default in making payment then amount not paid by client is adjusted against he_____ [1 mark]

- (a) M.T.M. Margin
- (b) Assignment Margin
- (c) from Broker Commission
- (d) Initial Margin
- (e) I am not attempting the question

Q95. In an options contract, the option lies with the_____ [1 mark]

- (a) Buyer
- (b) Both
- (c) Seller
- (d) Exchange
- (e) I am not attempting the question

Q96. A clearing member of F & O segment of NSEIL is required to have a network of Rs. _____crore and keep collateral security deposit of Rs_____lakh [1 mark]

- (a) 5, 10
- (b) 5, 50
- (c) 3, 100
- (d) 3, 50
- (e) I am not attempting the question



Q97. Which of the following international exchanges does NOT trade derivatives? [1 mark]

- (a) LIFFE
- (b) SGX
- (c) JNYSE
- (d) DTB
- (e) I am not attempting the question

Q98. Which of the following is true about NCFM (NSE's Certification in Financial Markets) [1 mark]

- (a) NSE launched NCFM to certify personnel with a view to improve quality of intermediation.
- (b) NSE launched NCFM to test practice at knowledge & skills that are required to operate financial markets.
- (c) NCFM is an online testing system.
- (d) All the above
- (e) I am not attempting the question

Q99. Final settlement of futures contracts Takes place at closing price of the _____ [1 mark]

- (a) Futures contract
- (b) Expiring contract
- (c) Underlying
- (d) Near month contract
- (e) I am not attempting the question

Q100. Buying put Options is _____ Insurance [1 mark]

- (a) Buying
- (b) Selling
- (c) Buying & Selling
- (d) Selling & Buying
- (e) I am not attempting the question

Q101. Buying call option is _____ Insurance [1 mark]

- (a) Buying
- (b) Selling
- (c) Buying & Selling
- (d) Selling & Buying
- (e) I am not attempting the question

Q102. Which of the following is TRUE and the S & P CNX Nifty? [1 mark]

- (a) Impact cost cannot be calculated
- (b) Impact cost of the 50 constituent securities is very high
- (c) Impact cost of the 50 constituent securities is very low
- (d) All the 50 constituent securities have same impact cost
- (e) I am not attempting the question

Q103. A put option gives the _____ The right but not the obligation to _____ the Underlying asset a specified price. [1 mark]

- (a) Seller, Buy
- (b) Seller, Sell
- (c) Owner, Buy
- (d) Owner, Sell
- (e) I am not attempting the question

Q104. Which of the following is a customized contract [1 mark]

- (a) Forward
- (b) Warrants
- (c) Swaptions
- (d) All of the Above
- (e) I am not attempting the question

Q105. With elections around the corner, Babbanseth expects the markets to go through a period of high volatility in the coming three months and would like to take a bet on this volatility, He decides to buy one market lot of calls and one market lot of puts at a strike of 1250. The call trades at Rs. 48.00 and the put trades at Rs. 38.30. If three months later, the Nifty closes at 1380, his profit net of costs from the combination will be Rs. _____ [1 mark]

- (a) 26000
- (b) 16000
- (c) 13000
- (d) 4370
- (e) I am not attempting the question

Q106. VAR methodology seeks to measure the amount of value that a portfolio may stand to lose within a certain time horizon due to potential changes in _____ [1 mark]

- (a) Underlying stock volatility
- (b) Underlying index volatility
- (c) Underlying asset spot price
- (d) Underlying exposures
- (e) I am not attempting the question



Q107. The open position of a client in futures and options on an underlying security cannot exceed higher of % of free float market capitalization or _____% of open interest, whichever is higher. [1 mark]

- (a) 10, 50
- (b) 10, 5
- (c) 1, 50
- (d) 1, 5
- (e) I am not attempting the question

Q108. Margins are computed on _____. [1 mark]

- (a) Net Position of futures contracts
- (b) The portfolio of futures and option contracts
- (c) Futures and option contracts on each security separately
- (d) Net sell positions
- (e) I am not attempting the question

Q109. The Short Option minimum margin equal to _____% of the value of all short index options is levied. [1 mark]

- (a) 3
- (b) 5
- (c) 8
- (d) 2
- (e) I am not attempting the question

Q110. Which of the following factor affect the value of option. [1 mark]

- (a) Underlying Market price
- (b) Strike Price
- (c) Volatility
- (d) All of the above
- (e) I am not attempting the question

Q111. The future market is a sum game i.e. the total number of long in any contract always _____ the total number of short in any contract [1 mark]

- (a) Zero, Equal
- (b) Equal, Zero
- (c) Zero, Unequal
- (d) None of the Above
- (e) I am not attempting the question



Q112. A stock can be eligible for derivatives trading, if the non-promoter holding in the company is at least [1 mark]

- (a) 50%
- (b) 75%
- (c) 30%
- (d) 20%
- (e) I am not attempting the question

Q113. Options are _____ [1 mark]

- (a) Contract that can be settled in cash or settled by delivery depending on the choice of the seller of the options
- (b) Contracts that can be settled in cash or settled by delivery depending on the choice of the buyer of the options
- (c) **Contracts that can be settled in cash or settled by delivery depending on the terms of the contract as decided by the exchange**
- (d) None of the above.
- (e) I am not attempting the question

Q114. Clearing and settlement process comprise the following activities. [1 mark]

- (a) Clearing
- (b) Settlement
- (c) Risk Management
- (d) **All of the above**
- (e) I am not attempting the question

Q115. The clearing mechanism essentially involves [1 mark]

- (a) Working out open positions
- (b) Obligation of clearing members
- (c) **Both A & B**
- (d) None of the above
- (e) I am not attempting the question

Q116. Swaption can be regarded as portfolios of _____ [1 mark]

- (a) Future Contracts
- (b) Option Contracts
- (c) Call Options
- (d) **Forward Contract**
- (e) I am not attempting the question

Q117. A stock is currently selling at Rs.165.The Put option at Rs. 163 strike price costs Rs. 3 what is the time value of money of the option? [1 mark]

- (a) 3
- (b) 2
- (c) 1
- (d) 1.5
- (e) I am not attempting the question

Q118. LEAPS have a maturity of upto _____ [1 mark]

- (a) One Year
- (b) Three Years
- (c) Ten Years
- (d) Three Months
- (e) I am not attempting the question

Q119. What is the outstanding position on which initial margin will be levied if No proprietary trading is done and the details of client trading are : One Client buys 500 Units @ 1260. The second client buys 900Units @1255 & Sells1000Units@1260? [1 mark]

- (a) 1900 Units
- (b) 2400 Units
- (c) 500 Units
- (d) 600 Units
- (e) I am not attempting the question

Q120. A payer swaption is an option to pay _____ and receive _____ [1 mark]

- (a) Floating , Fixed
- (b) Interest , Interest
- (c) Fixed , Floating
- (d) Option , Future
- (e) I am not attempting the question

Q121. Forward contracts are _____ contracts [1 mark]

- (a) Multilateral
- (b) Tri-lateral
- (c) Future
- (d) Bialetra
- (e) I am not attempting the question

Q122. You are the owner of a 5 million portfolio with a beta 1.0. You would like to insure your portfolio against a fall in the index of magnitude higher than 10%. Spot Nifty stands at 4000. Put options on the nifty are available at three strike price. Which strike will give you the insurance you want? [1 mark]

- (a) 3870
- (b) 3840
- (c) 3600
- (d) None of the above
- (e) I am not attempting the question

Q123. A receiver swaption is an option to receive _____ and pay _____ [1 mark]

- (a) Fixed , Floating
- (b) Floating , fixed
- (c) Interest , Interest
- (d) Option , future
- (e) I am not attempting the question

Q124. The market impact cost on a trade of Rs. 4 million of the S&P CNX Nifty works out to be about 0.06%. This means that if S&P CNX Nifty is at 4000, a sell order of that value will go through at a price of Rs. _____ [1 mark]

- (a) 3997.6
- (b) 3996
- (c) 3999.5
- (d) 3995.5
- (e) I am not attempting the question

Q125. Ms. Shetty has sold 1000 calls on ABC Ltd. At a strike price of Rs. 885 for a premium of Rs. 227 per call on April 1. The closing price of equity shares of ABC Ltd. is Rs.890 on that day. If the call option is assigned against her on that day, what is her net obligation on April 01? [1 mark]

- (a) Pay-out of Rs.22300
- (b) Pay-in of Rs. 22000
- (c) Pay-in of 25000
- (d) Pay-out of Rs 22000
- (e) I am not attempting the question

Q126. In an index fund, trading in the stocks comprising the fund, is required in response to _____ Doubt the answer [1 mark]

- (a) Favorable company specific news
- (b) Poor company specific news
- (c) Mergers
- (d) Government Policies



- (e) I am not attempting the question

Q127. The market impact cost on a trade of Rs. 3 million of the S&P CNX Nifty works out to be about 0.04%. This means that if S&P CNX Nifty is at 4100, a sell order of the value will go through at a price of Rs. _____ [1 mark]

- (a) **4098.35**
- (b) 4096
- (c) 4093
- (d) 4099.5

- (e) I am not attempting the question

Q128. The following is an example of an order with time condition. [1 mark]

- (a) **Day Order**
- (b) Stop Loss
- (c) Limit
- (d) All of the above

- (e) I am not attempting the question

Q129. What is the outstanding position on which initial margin will be levied if No proprietary trading is done and the details of the client trading are: One client buys 1000 Units @ 1260. The second Client buys 1000 Units @ 1255 and sells 1000 Units @ 1260 ? [1 mark]

- (a) 2000 Units
- (b) 3000 Units
- (c) **1000 Units**
- (d) 4000 Units

- (e) I am not attempting the question

Q130. The beta of TELCO is 0.8. A person has long TELCO position of Rs. 8,00,000 coupled with a short Nifty Position of Rs. 6,00,000. Which of the following is true? [1 mark]

- (a) He is bearish on Nifty as well as on TELCO
- (b) He has a complete hedge against fluctuations of Nifty
- (c) **He has a partial hedge against fluctuations of Nifty**
- (d) He is bullish on Nifty as well as on TELCO

- (e) I am not attempting the question

Q131. Nifty consist of securities having _____ market capitalization stocks. [1 mark]

- (a) **Large**
- (b) Small
- (c) Medium
- (d) Large and Small
- (e) I am not attempting the question



Q132. The beta of ICICI Bank is 1.5. A person has a long position of Rs. 4,00,000 of ICICI Bank. Which of the following give a complete hedge? [1 mark]

- (a) **Sell Rs. 6,00,000 of Nifty Futures**
- (b) Sell Rs. 6,50,000 of Nifty Futures
- (c) Sell Rs. 7,00,000 of Nifty Futures
- (d) None Of the above
- (e) I am not attempting the question

Q133. Future have a _____ payoff [1 mark]

- (a) Non-Linear
- (b) **Linear**
- (c) Vertical
- (d) Horizontal
- (e) I am not attempting the question

Q134. Mr. A Buys a futures contract of M/s. XYZ Ltd. (Lot Size:1000) expiring on 29th Sep for a Rs. 300. The spot price of the share is Rs. 290. Does he have to pay Securities transaction tax? [1 mark]

- (a) Yes, Only if he buys more than 1 contract
- (b) Yes
- (c) No, Only if he sells of the contract immediately
- (d) **No**
- (e) I am not attempting the question

Q135. Ms. Shetty has sold 5000 calls on ABC Ltd. At a strike price of Rs.500 for a premium of Rs. 25 per call on April 1. The closing price of Equity shares of ABC Ltd. is Rs. 505 on that day. If the call option is assigned against on that day, What is her net obligation on April 01? [1 mark]

- (a) Pay-out of 1,22,300
- (b) Pay-in of 1,22,000
- (c) Pay-in of 1,25,000
- (d) **Pay-out of 1,00,000**
- (e) I am not attempting the question

Q136. An Index put option at at strike of Rs. 4200 is selling at a premium of Rs. 30. At what Index level will it break even for the buyer of the option? [1 mark]

- (a) 4175
- (b) 4176
- (c) **4170**
- (d) 4162
- (e) I am not attempting the question



Q137. Which of the following is the duty of the trading member? [1 mark]

- (a) Giving tips to clients to buy and sell
- (b) Funding losses of the clients
- (c) Collection of adequate margins from the client
- (d) All of the above
- (e) I am not attempting the question

Q138. The only way an investor can manage risks in the underlying cash market is by? [1 mark]

- (a) Hedging in the future market
- (b) Speculating in the future market
- (c) Speculating in the options market
- (d) All of the above
- (e) I am not attempting the question

Q139. Nifty is a _____ Index [1 mark]

- (a) Well Diversified
- (b) Poorly Diversified
- (c) Balanced
- (d) Volatile
- (e) I am not attempting the question

Q140. You have bought a stock on exchange. To eliminate the risk arising out of the stock price, you should _____ [1 mark]

- (a) Buy Index Futures
- (b) Buy Stock Futures
- (c) Sell the stock futures
- (d) None of the above
- (e) I am not attempting the question

Q141. The spot price of ABC Ltd. Rs. 2000 and the cost of financing is 10%. What is the fair price of a one month futures contract on ABC Ltd. [1 mark]

- (a) 2015
- (b) 2016.75
- (c) 2018.75
- (d) 2019
- (e) I am not attempting the question

Q142. Assume that the base value of a market capitalization weighted index were 1000 and the base market capitalization were Rs. 70,000 crore. If the current market capitalization is Rs. 1,40,000 crore, the index is at Rs. _____ [1 mark]

- (a) 2110

- (b) 2350
- (c) 2250
- (d) 2000
- (e) I am not attempting the question

Q143. The beta of ACC is 1.5. A person has a long TELCO position of Rs. 9,00,000 coupled with a short nifty position of Rs. 8,00,000. which of the following is True? [1 mark]

- (a) He is bearish on Nifty as well as on ACC
- (b) He has complete hedge against fluctuation of Nifty
- (c) He has partial hedge against fluctuations of Nifty
- (d) He is bullish on Nifty as well as on ACC
- (e) I am not attempting the question

Q144. Hedging with stock futures means _____ [1 mark]

- (a) Shorting Stocks
- (b) Shorting Index futures
- (c) Shorting Stock futures
- (d) Long Index futures
- (e) I am not attempting the question

Q145. _____ is the duty of the trading member? [1 mark]

- (a) Employing large numbers of research analysis
- (b) Executing his own orders prior to client or
- (c) Bringing risk factors to the knowledge of client
- (d) None of the above
- (e) I am not attempting the question

Q146. On expiry, the settlement price of a Reliance Industries Ltd future contract is _____ [1 mark]

- (a) Opening price of Reliance Industries Ltd
- (b) Closing price of Reliance Industries Ltd
- (c) Closing price of Reliance Industries Ltd futures contract
- (d) Last traded price of Reliance Industries Ltd
- (e) I am not attempting the question

Q147. The NEAT F&O trading system-Doubt in answer [1 mark]

- (a) allows spread trades
- (b) allows combinatoin trades
- (c) allows only a single order placement at a time
- (d) (a) and (b) above

- (e) I am not attempting the question

Q148. Santosh is bearish about ABC Ltd and sells twenty one-month ABC Ltd futures contracts at Rs. 3,96,000. On the last Thursday of the month, ABC Ltd closes at Rs. 410 He makes a _____ [1 mark]

- (a) Profit of Rs. 14,000
 (b) Loss of Rs. 14,000
 (c) Profit of Rs. 28,000
 (d) Loss of Rs. 28,000

- (e) I am not attempting the question

Q149. You are the owner of a 4 million portfolio with a beta 1.0. You would like to insure your portfolio against a fall in the Index of magnitude higher than 12%. SPOT Nifty stands at 4200. Put options of Nifty are available at three strike prices, which strike will give you the insurance you want? [1 mark]

- (a) 3870
 (b) 3840
 (c) 3696
 (d) None of the above

- (e) I am not attempting the question

Q150. A stock is currently selling at Rs.50. The call option to buy the stock at Rs. 45 costs Rs.9. What is the time value of the option? [1 mark]

- (a) Rs. 9
 (b) Rs. 7
 (c) Rs. 4
 (d) Rs. 2

- (e) I am not attempting the question

Q151. An Option contract which will not be exercised on the expiry date is _____ [1 mark]

- (a) An in-the-money option
 (b) a deep in-the-money option
 (c) an out-of-the-money option
 (d) None of the above

- (e) I am not attempting the question

Q152. The theoretical futures price is based on the _____ [1 mark]

- (a) Strike Price
 (b) Underlying spot price
 (c) the price at which a futures contract trades in the market
 (d) the price set by the exchange
 (e) I am not attempting the question



Q153. Stock option on HDFC Bank Ltd. Can be exercised _____ [1 mark]

- (a) any time on or before maturity
- (b) Upon maturity
- (c) any time upto maturity
- (d) on a date pre-specified by the trading member
- (e) I am not attempting the question

Q154. Ms. Shetty has sold 1400 calls on HLL at a strike price of Rs. 297 for a premium of Rs.11 per call on April 1. The closing price of equity shares of HLL is Rs. 300 on that day. If the call option is assigned against her on that day, what is her net obligation on April 1. [1 mark]

- (a) Pay-out of Rs. 12,300
- (b) Pay-In of Rs.12,000
- (c) Pay-in of Rs.11,000
- (d) Pay-out of Rs 11,200
- (e) I am not attempting the question

Q155. _____ is allowed to clear trades of themselves but not of others. [1 mark]

- (a) Trading Member-Clearing member
- (b) Trading member are not allowed to clear their own trades
- (c) professional clearing member
- (d) self clearing member
- (e) I am not attempting the question

Q156. Index funds use index futures to reduce _____ [1 mark]

- (a) Tracking error
- (b) expenses
- (c) time to invest in the markets
- (d) All of the above
- (e) I am not attempting the question

Q157. The beta of ACC is 0.5. A person has a long TELCO position of Rs. 9,00,000 coupled with a short nifty position of Rs. 5,00,000. Which of the following is TRUE? [1 mark]

- (a) He is bearish on Nifty as well as on ACC
- (b) He has a complete hedge against fluctuations of Nifty
- (c) He has overhedged against fluctuations of Nifty
- (d) He is bullish on Nifty as well as on ACC
- (e) I am not attempting the question

Q158. What is the outstanding position on which initial margin will be levied if no proprietary trading is done and the details of client trading are: One client buys 2000 Units @1260. The second client buys 2000 units @ 1255 and sells 1000 units @ 1260 ? [1 mark]

- (a) 6000 Units



- (b) 5000 Units
- (c) 3000 Units
- (d) None of the above
- (e) I am not attempting the question

Q159. In the F&O segment of NSEIL, obligations of client's positions are calculated on a _____ basis. [1 mark]

- (a) Cumulative
- (b) Gross
- (c) net
- (d) portfolio
- (e) I am not attempting the question

Q160. Weekly options trading commenced on NSE in _____ [1 mark]

- (a) NSE does not trade in weekly options
- (b) 02-Jun-05
- (c) 04-Jul-05
- (d) 04-Jun-05
- (e) I am not attempting the question

Q161. A stock Currently selling at Rs. 70. The put option to sell the stock at Rs. 75 costs Rs. 12. What is the time value of the option? [1 mark]

- (a) Rs. 7
- (b) Rs. 5
- (c) Rs. 2
- (d) Rs. 4
- (e) I am not attempting the question

Q162. _____ is a form of basket options. [1 mark]

- (a) Equity Index Options
- (b) Equity Index Futures
- (c) Swaptions
- (d) Warrants
- (e) I am not attempting the question

Q163. An option to buy or sell a swap, that becomes operative at the expiry of the option, is called a _____ [1 mark]

- (a) Swaption
- (b) Futures
- (c) Basket Option

- (d) Warrants
- (e) I am not attempting the question

Q164. Derivatives can be used for which of the following? [1 mark]

- (a) Hedging
- (b) Arbitrage
- (c) Speculation
- (d) All of the above
- (e) I am not attempting the question

Q165. To be eligible for options trading, the market wide position limit in the stock should not be less than Rs. _____ [1 mark]

- (a) 250 Crore
- (b) 100 Crore
- (c) 50 Crore
- (d) 500 Crore
- (e) I am not attempting the question

Q166. In case a Future Contract is not traded in a day, which of the following prices is reckoned for daily mark to market settlement? [1 mark]

- (a) Closing price of the last traded day
- (b) Theoretical Price
- (c) Closing price of the future contract
- (d) Closing price of the underlying
- (e) I am not attempting the question

Q167. You are the owner of a 2 million portfolio with a beta 1.0. You would like to insure your portfolio against a fall in the index of magnitude higher than 15%. Spot Nifty stands at 2200. Put options on the nifty are available at three strike prices. Which strike will give you the insurance you want? [1 mark]

- (a) 1870
- (b) 1840
- (c) 1970
- (d) None of the above
- (e) I am not attempting the question

Q168. The maximum brokerage chargeable by a trading member in relation to trades effected in the contracts admitted to dealing on the F&O segment of NSEIL is fixed at _____ of the contract value, exclusive of statutory levies. [1 mark]

- (a) 1.50%
- (b) 2.50%
- (c) 0.75%



- (d) 3%
- (e) I am not attempting the question

Q169. Ms. Shetty has sold 600 calls on Dr. Reddy's LAB at a strike price of Rs. 992 for a premium of Rs. 25 per call on April 1, 2002. The closing price of the equity shares of DR. Reddy LAB is Rs. 994 on that day, if the call option is assigned against her on that day, what is her net obligation on April 01, 2002? [1 mark]

- (a) Pay-out of Rs. 18,300
- (b) Pay-in of Rs. 18,300
- (c) Pay-in of Rs. 13,800
- (d) Pay-out of 13,800
- (e) I am not attempting the question

Q170. Daily Market to Market settlement of futures takes place on _____ basis. [1 mark]

- (a) T+0
- (b) T+3
- (c) T+5
- (d) T+1
- (e) I am not attempting the question

Q171. What is displayed in the NEAT Trading System Ticker Screen? [1 mark]

- (a) The electronic display that continuously shows only the stock symbol, volume and price at which each successive trade occurs
- (b) The electronic display that continuously shows only the price at which each successive trade occurs
- (c) The electronic display that continuously shows only the stock symbol and volume at each successive trade occurs
- (d) None of the above
- (e) I am not attempting the question

Q172. Each user of the trading member in F&O segment of NSEIL is assigned a unique ____ ID [1 mark]

- (a) User
- (b) Trading member
- (c) Branch
- (d) Exchange
- (e) I am not attempting the question

Q173. _____ order allows the user to execute a contract as soon as it is entered into the system, failing which the order is immediately cancelled from the system [1 mark]

- (a) GTD



- (b) IOC
- (c) Limit
- (d) GTC
- (e) I am not attempting the question

Q174. Which of the following statement is true [1 mark]

- (a) Basket trading is illegal in India
- (b) NSE does not allow basket trading in the F&O Segment
- (c) Basket trading has been discontinued in the F&O Segment
- (d) F&O Segment has a Basket trading facility
- (e) I am not attempting the question

Q175. Immediate or cancel is an order which will automatically _____ in F&O segment of NSEIL. [1 mark]

- (a) be matched because it being a preferential order
- (b) be cancelled if it is not matched immediately and in its entirety
- (c) get stored in the system for matching, if not executed immediately
- (d) cancel the unmatched portion of the order quantity
- (e) I am not attempting the question

Q176. Futures trading first emerged in the exchanges located in _____. [1 mark]

- (a) London
- (b) UP
- (c) Chicago
- (d) annual requirements of copper
- (e) I am not attempting the question

Q177. A market index is very important for its use _____. [1 mark]

- (a) as a barometer for market behavior
- (b) as a benchmark of portfolio performance
- (c) in portfolio management
- (d) All of the above
- (e) I am not attempting the question

Q178. An 'authorised person' in the Futures & Options segment is _____. [1 mark]

- (a) any person who is acting in any capacity on behalf of the trading member or a participant for
- (b) a person authorised by the exchange as an approved user of a trading member
- (c) an approved user of a participant
- (d) All of the above



(e) I am not attempting the question
Q179. NSCCL's on-line position monitoring system monitors open position of _____ on a real time basis. [1 mark]

- (a) clearing member only
- (b) trading member only
- (c) clearing member and trading member**
- (d) dealer only

(e) I am not attempting the question
Q180. The option price is the _____. [1 mark]

- (a) price paid by the buyer of the option to the seller of the option
- (b) price at which an option trades in the market
- (c) sum of intrinsic value plus time value of an option
- (d) All of the above**

(e) I am not attempting the question
Q181. Which of the following are derivatives? [1 mark]

- (a) Options
- (b) Futures
- (c) Forward Rate Agreements
- (d) All of the above**

(e) I am not attempting the question
Q182. Initial margin is collected to _____. [1 mark]

- (a) make good daily losses
- (b) square-off a position on the expiry of the contract
- (c) safeguard against potential losses on out-standing positions**
- (d) provide for losses that have already occurred

(e) I am not attempting the question
Q183. Transaction tax is payable by the _____ of the derivative instrument [1 mark]

- (a) buyer
- (b) designer
- (c) seller**
- (d) originator

(e) I am not attempting the question
Q184. The intrinsic value of a call option is the amount the option is _____. [1 mark]

- (a) in-the-money**
- (b) at-the-money

- (c) out-of-the-money
- (d) above-the-money
- (e) I am not attempting the question

Q185. The beta of Nifty is _____. [1 mark]

- (a) 1.7
- (b) 1
- (c) 0
- (d) (-)1
- (e) I am not attempting the question

Q186. A stock broker is allowed to buy, sell or deal in securities _____. [1 mark]

- (a) only on being admitted as a member of a stock exchange
- (b) on submission of document with SEBI for registration
- (c) on submission of document with stock exchange for admission
- (d) only on having a certificate of registration granted by SEBI
- (e) I am not attempting the question

Q187. The market impact cost on a trade of Rs. 3 million of the S&P CNX Nifty works out to be about 0.05%. This means that if S&P CNX Nifty is at 2000, a sell order of that value will go through at a price of Rs. _____. [1 mark]

- (a) 1999
- (b) 1995
- (c) 1,999.50
- (d) 1,995.50
- (e) I am not attempting the question

Q188. ETFs can be _____. [1 mark]

- (a) bought and sold on an exchange like shares
- (b) bought on an exchange but sold only directly to the mutual fund
- (c) bought and sold only directly with a mutual fund
- (d) None of the above
- (e) I am not attempting the question

Q189. Ms. Shetty has sold 300 calls on WIPRO at a strike price of Rs.1503 for a premium of Rs.28 per call on April 1, 2002. The closing price of equity shares of WIPRO is Rs. 1553 on that day. If the call option is assigned against her on that day, what is her net obligation on April 01, 2002? [1 mark]

- (a) Pay-out of Rs. 21,600
- (b) Pay-in of Rs.15,000
- (c) Pay-out of Rs.13,400

- (d) **Pay-in of Rs.6,600**
- (e) I am not attempting the question
- Q190.** VaR methodology seeks to measure the amount of value that a portfolio may stand to lose within a certain horizon time period due to potential changes in _____. [1 mark]
- (a) underlying exposures
- (b) **underlying asset spot price**
- (c) underlying stock volatility
- (d) underlying index volatility
- (e) I am not attempting the question
- Q191.** Mr. A sells a futures contract of M/s. XYZ Ltd. (Lot Size: 1000) expiring on 29/Sep/2005 for Rs. 300. The spot price of the share is Rs. 290. The securities transaction tax thereon would be _____. [1 mark]
- (a) Rs. 10
- (b) Rs. 80
- (c) Rs. 20
- (d) **Rs. 51**
- (e) I am not attempting the question
- Q192.** An index put option at a strike of Rs. 2176 is selling at a premium of Rs. 18. At what index level will it break even for the buyer of the option? [1 mark]
- (a) Rs. 2194
- (b) Rs. 2196
- (c) **Rs. 2158**
- (d) Rs. 2162
- (e) I am not attempting the question
- Q193.** Which of the following should be disclosed separately for long and short positions, in respect of each series of equity index futures as of the balance sheet date? [1 mark]
- (a) Number of equity index futures contracts having open position
- (b) Number of units of equity index futures pertaining to the contracts
- (c) The daily settlement price
- (d) **All of the above**
- (e) I am not attempting the question
- Q194.** Futures differs from forwards in the sense that _____. [1 mark]
- (a) settlement of contract takes place in the future
- (b) both parties are bound to give/take delivery
- (c) **positions are marked-to-market everyday**
- (d) contracts are custom designed

- (e) I am not attempting the question

Q195. You have bought a portfolio of securities on the exchange. To eliminate the risk arising out of market, you should _____. [1 mark]

- (a) buy index futures
- (b) buy stock futures
- (c) sell stock futures
- (d) sell index futures
- (e) I am not attempting the question

Q196. The clearing member/trading member is required to disclose to the clearing corporation details of any person(s) acting in concert who together own _____% or more of the open interest of all futures and options contracts on a particular underlying index on the stock exchange [1 mark]

- (a) 12
- (b) 15
- (c) 20
- (d) 25
- (e) I am not attempting the question

Q197. The spot price of TISCO is Rs. 2050 and the cost of financing is 10%. What is the fair price of a one month futures contract on TISCO? [1 mark]

- (a) 2,082.80
- (b) 2,066.30
- (c) 2,085.15
- (d) 2,099.40
- (e) I am not attempting the question

Q198. Cyrus is short 600 WIPRO July Puts at strike Rs. 1520 for a premium of Rs. 33 each on July 22, 2002. On July 25, 2002 (the expiration day of the contract), the spot price of WIPRO closes at Rs.1553, while the July futures on WIPRO close at 1555. Does Cyrus have an obligation to the Clearing Corporation on his positions, and how much, if any? [1 mark]

- (a) Yes. Rs.19,800 pay-out
- (b) No pay in or pay-out on expiration of contract
- (c) Yes. Rs.18,900 pay-out
- (d) Yes. Rs.19,800 pay-in
- (e) I am not attempting the question

Q199. Which of the following is required for personnel working in the industry in order to dispense quality intermediation? [1 mark]

- (a) To follow certain code of conduct.
- (b) To possess requisite skills and knowledge.
- (c) To have a proper understanding of the business and skills to help it remain competitive.

(d) All of the above

(e) I am not attempting the question

June futures contract on WIPRO closed at Rs. 1153 on May 20 and at Rs. 1150 on May 21, 2002. Raju has a short position of 4000 in the June futures contract. On May 21, 2002, he sells 3000 units of 10-June-2002 expiring Put Options on WIPRO at strike price of Rs.1145 for a premium of Rs.28 per unit. What is his net obligation to / from the Clearing Corporation for May 21, 2002? [1 mark]

(a) Pay-in of Rs.32,000

(b) Pay-in of Rs.72,000

(c) Pay-out of Rs.96,000

(d) Pay-out of Rs.32,000

(e) I am not attempting the question

Q201. Assume that the base value of a market capitalization weighted index were 1000 and the base market capitalisation were Rs.35,000 crore. If the current market capitalisation is Rs.77,000 crore, the index is at Rs. _____. [1 mark]

(a) 2,110

(b) 2,350

(c) 2,250

(d) 2,200

(e) I am not attempting the question

Q202. Around 60% of the trading volume on the American Stock Exchange is from _____. [1 mark]

(a) Index Funds

(b) Index Futures

(c) ETFs

(d) Index Options

(e) I am not attempting the question

Q203. Swaptions are: [1 mark]

(a) Options to buy or sell a swap

(b) Options to roll over a swap

(c) Options on futures

(d) None of the above

(e) I am not attempting the question



Q204. If the annual risk free rate is 10%, then the 'r' used in the Black Scholes formula should be _____. [1 mark]

- (a) **0.095**
- (b) 0.1398
- (c) 1.1
- (d) None of the above
- (e) I am not attempting the question

Q205. At the balance sheet date, the balance in the 'initial margin equity index futures account' should be shown separately under the head _____. [1 mark]

- (a) prepaid expenses
- (b) **current assets**
- (c) outstanding balance
- (d) current liabilities
- (e) I am not attempting the question

Q206. Hedging with index futures means _____. [1 mark]

- (a) long security, short security
- (b) long index futures, short index futures
- (c) **long security, short index futures**
- (d) long security, long index futures
- (e) I am not attempting the question

Q207. Which of the following is not the duty of the trading member? [1 mark]

- (a) Filling of 'Know Your Client' form
- (b) **Assisting the client to arrange for margins**
- (c) Bringing risk factors to the knowledge of client
- (d) Execution of Client Broker Agreement
- (e) I am not attempting the question

Q208. On expiry, the settlement price of an index futures contract is _____. [1 mark]

- (a) opening price of futures contract
- (b) **closing index value**
- (c) closing price of futures contract
- (d) opening index value
- (e) I am not attempting the question

Q209. The NEAT F&O trading system _____. [1 mark]

- (a) **allows one to enter combination trades**
- (b) does not allow combination trades



- (c) allows only a single order placement at a time
- (d) None of the above
- (e) I am not attempting the question

Q210. Santosh is bearish about ABC Ltd. and sells ten one-month ABC Ltd. futures contracts at Rs. 2,96,000. On the last Thursday of the month, ABC Ltd. closes at Rs. 310. He makes a _____. (assume one lot = 100) [1 mark]

- (a) profit of Rs. 7,000
- (b) loss of Rs. 7,000
- (c) profit of Rs. 14,000
- (d) loss of Rs. 14,000
- (e) I am not attempting the question

Q211. A stock broker applies for registration to SEBI _____. [1 mark]

- (a) through stock exchange(s) of which he or she is admitted as a member
- (b) directly
- (c) through association of members
- (d) through Ministry of Finance
- (e) I am not attempting the question

Q212. NCFM stands for _____. [1 mark]

- (a) National Certification in Financial Management
- (b) National Certification in Financial Markets
- (c) NSE's Certification in Financial Markets
- (d) NSE's Certification in Financial Management
- (e) I am not attempting the question

Q213. In Indian context, derivative includes: A) A security derived from a debt instrument, share, loan whether secured or unsecured, risk instrument or contract for differences or any other form of security; B) A contract which derives its value from the prices, or index of prices, of underlying securities; [1 mark]

- (a) A
- (b) B
- (c) Both of the above
- (d) None of the above
- (e) I am not attempting the question

Q214. The futures price is _____. [1 mark]

- (a) the price of a contract in the future
- (b) spot price plus cost of carry
- (c) the price at which a futures contract trades in the market

- (d) the price set by the exchange
- (e) I am not attempting the question

Q215. Index options on the S&P CNX Nifty can be exercised _____. [1 mark]

- (a) any time on or before maturity
- (b) upon maturity
- (c) any time upto maturity
- (d) on a date pre-specified by the trading member
- (e) I am not attempting the question

Q216. A trading member allowed to clear his own trades only is known as _____. [1 mark]

- (a) Trading member - clearing member
- (b) Trading members are not allowed to clear their own trades
- (c) professional clearing member
- (d) self clearing member
- (e) I am not attempting the question

Q217. The underlying asset for a derivative contract can be _____. [1 mark]

- (a) Equity
- (b) Commodities
- (c) Interest Rate
- (d) Any of the above
- (e) I am not attempting the question

Q218. OTC derivatives are considered risky because _____. [1 mark]

- (a) There is no formal margining system house.
- (b) They do not follow any formal rules or mechanisms.
- (c) They are not settled on a clearing.
- (d) All of the above
- (e) I am not attempting the question

Q219. The Indian company which provides professional index management services is _____. [1 mark]

- (a) IISL
- (b) NSCCL
- (c) S&P
- (d) CRISIL
- (e) I am not attempting the question



Q220. If ALB > 25000.00, the default system limits is _____. [1 mark]

- (a) 1.0 Times Networth
- (b) 1.2 Times Networth**
- (c) 0.5 Times Networth
- (d) 1.5 Times Networth**
- (e) I am not attempting the question

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