1. Why is the system of trading on margin practised in futures markets?

- **a.** To make futures contracts more readily tradable
- **b.** To allow poor people to participate in futures trading
- **c.** To allow people to make high rates of profit
- **d.** To reduce the risk of default on contracts

2. From the point of view of the speculator in futures markets, the important relationship is that between:

- **a.** The futures price and the future cash price of the underlying instrument at the point of delivery specified in the futures contract.
- **b.** The price of the underlying instrument and the cost of holding it from the date of purchase to the delivery date.
- **c.** The futures price and the price of holding the underlying instrument from the date of purchase to the delivery date.
- **d.** The current price of the underlying instrument and its future price at the point of delivery specified in the contract.

3. Which of the following units guarantees that all buying and selling will be made by traders?

- **a.** Clearing House
- **b.** Trading House
- **c.** Guarantee House
- **d.** Professional House

4. Order Matching Rules is the best buy order which is the _____ and the best sell order is the_____.

- **a.** One with equal to price , one with no price
- **b.** One with highest price , one with the lowest price
- **c.** Price not considered , Price which is considered
- **d.** Screen-based, Price Hedging

5. Price band for Index Futures is at _____ of the base price.

- **a.** 25%
- **b.** 40%
- **c.** 10%
- **d.** 15%

6. Price band for Futures on Individual Securities is at _____ of the base price.

- **a.** 20%
- **b.** 10%

c. 25%
d. 85%

7. Exchange allows members to expand their trading facility using _____.

a. API(Application Program International)
b. API(Acceptance Program Inability)
c. API(Application Physical Interface)
d. API(Application Program Interface)

8. API consists of a set of data structures that allow member to develop his own software to connect and transact with the exchange, this facility is called _____.

a. (CTCL) Computer –to-Communication Link
b. Arbitrage
c. (CTCL) Computer –to-Computer Link
d. RDBMS

9. In futures trading initial margin is paid by :

a. buyer only
b. clearing member
c. seller only
d. buyer and seller

10. Quarter sigma order size is an important measure of _____in a stock.

a. Pricing
b. Liquidity
c. Accessibility
d. Deviation

11. Quarter sigma order size is defined as the _____required to cause a change in the stock price equal to one-quarter of a standard deviation, and trailing six-month median quarter sigma order size .

a. order size (value)
b. order size (Shares)
c. order size (volatility)
d. order size (margin)

12. _____ is an order in which a price at which order is to be executed is specified.

a. Market Order

b. Limit Order
c. IOC
d. API

13. No price is specified and the order is executed at prevailing market rate is _____ order.

a. Market
b. Limit
c. Price
d. Variation

14.` Which is one among the following is an eligibility criteria of stocks laid down by SEBI?

a. The stock shall be chosen from amongst the top 500 stocks in terms of average daily capitalisation and average daily traded value in the previous six months on a rolling basis.
b. As per basic tenets of investment, it can be justifiably argued that investments in the capital market carried a certain amount of risk, and any investor investing in the markets with an aim of making profit from capital appreciation, or otherwise, should also be prepared to bear the risks of loss.
c. "A set of systems, processes and principles which ensure that a company is governed in the best interest of all stakeholders."
d. The committee assists the board to fulfil its corporate governance and overseeing responsibilities in relation to an entity's financial reporting, internal control system.

15. In case of non-promoters the market wide position limit position on futures and options contracts on a particular underlying stock shall be _____ of the number of shares held by them in the relevant underlying security.

a. 30percent
b. 50percent
c. 20percent
d. 40percent

16. The theoretical price for Un-expired illiquid futures contract is computed as per _____.

a. F=S*ert
b. F=S*(1-y)ert
c. F=S*rt
d. F=S*y-(e)rt

17. Which of the following is not the function of the clearinghouse?

a. Collect margins from member
b. Guarantee validity of delivery
c. Monitor delivery & settlement process.
d. Effect pays in & pays out.

18. The primary function of the Clearing Corporation is to:

a. Monitoring and ensuring maintenance of margins.
b. Not accountable for calculation of gains /loss
c. No proper compliance
d. Increased credit risk form counter-party

19. The settlement of trades is done _____ working days basis.

a. T+05
b. T+04
c. T+1
d. T+7

20. When arrived at standard deviation (one sigma) , is multiplied by _____ to arrive at the quarter sigma.

a. 0.287
b. 0.25
c. 0.1999
d. 0.278

21. The quarter sigma is multiplied with the _____ to arrive at quarter sigma price.

a. Spot price
b. Base price
c. Average price
d. Factor

22. Clearing is the process of _____, after which the obligations are discharged by settlement.

a. determination of obligations
b. determination of price
c. future value
d. trading

23. Which of the following are settled in cash?

a. All futures contracts
b. Futures on Stock Indices
c. All options Contracts
d. Futures on Commodities

24. A limit order

- **a.** Is an order to trade up to a certain number of futures contracts at a certain price
- **b.** Is an order that can be executed at a specified price or one more favourable to the investor
- **c.** Is an order that must be executed within specified period of time
- **d.** Is an order that can be executed at a specified cash or one more not favourable to the investor

25. To carry out pay-in and pay-out of funds for trade to be executed _____ plays important role for clearing and settlement operations.

- **a.** Real estate
- **b.** Company
- **c.** Banks
- **d.** Underwriters

26. Settlement of futures contracts are settled in following stages :-

- **a.** (i) Daily mark-to –market settlement, (ii) Final Settlement
- **b.** (i) Daily Premium settlement, (ii) Interim exercise settlement
- **c.** (i) Interim exercise settlement, (ii) Final exercise settlement
- **d.** (i) Merger, (ii) Demerger

27. _____ are responsible to collect and settle the premium amounts from the trading members.

- **a.** Seller
- **b.** Distributor
- **c.** Retailer
- **d.** Clearing Member

28. _____ shall be arrived at by dividing old strike price by the adjustment factor.

- **a.** Multiplier
- **b.** Position
- **c.** New strike price
- **d.** Market lot

29. In India Clearing houses uses the _____ system for the purpose of margining, which is a portfolio based system.

- **a.** SPAN® (Standard Portfolio Analysis of Risk)
- **b.** SPAN (Statistical Program Analysis of Risk)
- **c.** API
- **d.** STANDARD DEVIATION

30. Clearing Houses are _____.

a. Never used in futures markets and sometimes used in OTC markets.

b. Used in OTC market, but not in futures market.

c. Always used in futures markets and sometimes used in OTC markets.

d. Always used in both Futures markets and OTC markets.

1. An option is an agreement between two parties, which gives the buyer of the option _____, to buy or sell pre-decided quantity and quality of underlying asset.

(i) The right and obligation (ii) The right and not obligation
(iii) The obligation and not right (iv) Neither right nor obligation

2. On the due date, the buyer of option:

(i) Transfers right (ii) Exercises right or lapse it
(ii) Cancels the right (iv) Carries forward the right

3. _____ is a contract in which option buyer has right to sell underlying asset at the exercise price

(i) American Option (ii) Call Option
(iii) Bermudan Option (iv) Put Option

4. The pre-decided price at which option buyer is eligible to buy or sell the underlying asset is known as _____

(i) Option Price (ii) Spot Price
(iii) Exercise Price (iv) Future Price

5. In case of Call option when ruling spot price exceeds Exercise Price then option is _____

(i) In-The-Money (ii) Out-of-The-Money
(iii) At-The-Money (iv) None of the above

6. The amount by which an option is In-the-Money is called its _____

(i) Time Value (ii) Intrinsic Value
(iii) Option Value (iv) None of the above

7. When an option writer writes a call option which is covered by a position in underlying asset it is referred to as _____

(i) Naked Call (ii) Short Call
(iii) Covered Call (iv) None of the above

8. The lower the exercise price, more valuable is option is applicable for _____

(i) Call (ii) Put
(iii) Spot Price (iv) None of the above

9. The more the interest rate, lower is the _____

(i) Call Premium (ii) Put Premium
(iii) Spot Price (iv) None of the above

10. In Vertical spread an investor simultaneously buys and sells an option with same expiration date but _____.

(i) Different Expiration Dates (ii) Different Exercise Price
(iii) Different Option Price (iv) Same Exercise Price.

11. In Horizontal Spread an investor simultaneously buys and writes an option of _____
(i) Different Expiration Dates (ii) Different Exercise Price,
(iii) Different Option Price (iv) Same Exercise Price.

12. In diagonal spread an investor simultaneously buys and writes an option of _____
(i) Same Expiration Dates (ii) Same Exercise Price
(iii) Same Option Price (iv) None of Above

13. Risk of Bull Call Spread is _____
(i) Unlimited (ii) Limited
(iii) No Risk at all (iv) Undefined

14. Reward of Bull Put Spread is _____
(i) Unlimited (ii) Limited
(iii) No Risk at all (iv) Undefined

15. Break Even Point of Bear Call Spread is _____
(i) Long Call X plus net premium paid (ii) Short Call X minus net premium paid
(iii) Short Call X plus net premium paid (iv) Long Call X minus net premium paid

16. Bear Put Spread Strategy is adopted when market outlook is _____
(i) Slightly Bearish (ii) Moderately Bearish
(iii) Highly Bearish (iv) Not Bearish

17. Binomial Model is better than BSM because _____
(i) It is faster to calculate option price with Binomial Model
(ii) It uses the simple tree approach
(iii) It can be used for both American as well as European option
(iv)None of these.

18. Which of the following is not an input variable of option price _____
(i) Spot Price (ii) Option Premium
(iii) Exercise Price (iv) Option Volatility

19. Option pricing model wherein spot prices moves up or down more than twice is referred to as _____
(i) Single Period Binomial Model (ii) Two Period Binomial Model
(iii) Multi Period Binomial Model (iv) None of these

20. Which of the following is not true with respect to interest rate in case of BSM _____
(i) Interest Rate is Risk Free (ii) It remains constant
(iii) It is same for all maturities (iv) None of these

21. BSM assumes _____ distribution of returns on stock.
(i) Normal (ii) Lognormal
(iii) Flat (iv) Curve

22. The Quadratic Approximation Method calculates the _____

(i) Time Value
(ii) Intrinsic Value
(iii) Value of early exercise option
(iv) None of the above

23. Historical volatility is taken to be the standard deviation of lognormal returns of stock's realized return, calculated based on the _____
(i) Forecast Price Data
(ii) Past price data
(iii) Spot Price
(iv) None of the above

24. Other factors (variables) remaining constant, delta measures the extent of change in option price in response to change in _____
(i) Volatility
(ii) Exercise Price
(iii) Interest Rate
(iv) Spot Price

25. Other factors (variables) remaining constant, gamma measures the extent of change in option's _____ in response to change in spot price
(i) Theta
(ii) Gamma
(iii) Delta
(iv) kappa

26. Other factors remaining constant, theta measures the extent of change in option price in response to change in _____
(i) Time till expiry
(ii) Spot price
(iii) Interest Rate
(iv) Exercise Price

27. Other factors remaining constant, lambda measures the extent of change in option price in response to change in _____
(i) Spot Price
(ii) Interest rate
(iii) Implied Volatility
(iv) Time till Expiry

28. Other factors remaining constant, rho measures the extent of change in option price in response to change in _____
(i) Spot Price
(ii) Interest rate
(iii) Implied Volatility
(iv) Time till Expiry

29. _____ refers to all listed options of a particular type i.e. put or call on a particular underlying asset.
(i) Option Class
(ii) Option Series
(iii) Open Interest
(iv) American option

30. _____ is the total number of options contracts outstanding in the market at any given point in time.
(i) Open Interest
(ii) Futures
(iii) Naked Call
(iv) Strike Price

31. _____ is the amount by which an option is In the Money (ITM).
(i) Intrinsic Value
(ii) Strike Price
(iii) Extrinsic Value
(iv) Time Value

32. An _____ consists of all the options of a given clas having same expiration date and exercise price.
(i) Option Series
(ii) Option Class
(iii) Open Interest
(iv) Intrinsic Value

33. Time Value = _____ - Intrinsic Value
(i) Extrinsic Value
(ii) Strike Price

(iii) Call Premium (iv) Exercise Price

34. All options contract expire on the last _____ of the month.
(i) Thursday (ii) Friday
(iii) Monday (iv) None of the above

35. _____ is measured by considering the historical price movements of underlying assets of the index.
(i) Volatility (ii) Exercise Price
(iii) Duration (iv) Interest

36. If the exercise price of a Long European Call Option is Rs. 50 and the premium paid is Rs. 3. If on expiry the underlying closes at Rs. 58, the pay of is _____
(i) Rs. 5 gain (ii) Rs. 5 Loss
(iii) Rs. 8 gain (iv) Rs. 8 Loss

37. If Mr. A buys a European put option of RIL by paying a premium of Rs. 3 having an exercise price of Rs. 50. If the underlying closes at 55 on expiry, the pay off is _____
(i) Rs. 5 gain (ii) Rs. 5 loss
(ii) Rs. 3 gain (iv) Rs. 3 loss

38. If the Strike price of Maruti Suzuki Call Option is 4200 while the spot price is Rs. 4350, then such an option is _____
(i) ITM (ii) ATM
(iii) OTM (iv) MTM

39. If the strike price of a NIFTY 50 Put Option is Rs. 11,500 while the spot price is Rs. 12,000, then such an option is _____
(i) ITM (ii) ATM
(iii) OTM (iv) MTM

40. If the Call Premium is Rs. 175 and Time Value is Rs. 25, then the Intrinsic Value of such a call is Rs. _____
(i) 150 (ii) 200
(ii) 180 (iv) 140

41. The pay off for the seller of a put option is _____
(i) Unlimited Profit (ii) Unlimited Loss
(iii) Limited Loss (iv) None of the above

42. Breakeven for a Put Option is _____
(i) Strike + Premium (ii) Strike – Premium
(iii) Premium – Strike (iv) None of the above

43. Breakeven for a Call option is _____
(i) Strike + Premium (ii) Strike – Premium
(iii) Premium – Strike (iv) None of the above

44. In a short straddle strategy we _____
(i) Write one call and Write one put of same expiration date and exercise price
(ii) Buy one call and buy one put of same expiration date and exercise price
(iii) Write one call and buy one put of same expiration date and exercise price
(iv) Buy one call and Write one put of same expiration date and exercise price

45. In the long butterfly strategy profit is _____
(i) Limited (ii) Unlimited
(iii) No Profit No Loss (iv) None of the above

46. Straps is a _____ strategy.
(i) Bullish (ii) Bearish
(iii) Neutral (iv) None of the above

47. Condor Spread involves _____ options.
(i) 2 (ii) 3
(iii) 4 (iv) 5

48. In the binomial model p stands for _____
(i) Probability of upswing (ii) probability of downswing
(iii) Interest Rate (iv) None of the above

49. In binomial model, if S = Rs. 100 and probability of upswing is 25%, then Stu = _____
(i) Rs. 130 (ii) Rs. 125
(ii) Rs. 75 (iv) Rs. 80

50. The process used for calculation of option price in Multi Period Binomial Model is _____
(i) Backward Induction (ii) Forward Integration
(iii) Novation (iv) None of the above

51. The Assumption of the BSM model are _____
(i) Interest rate is risk free
(ii) No possibility of Riskless arbitrage
(iii) Financial markets are efficient
(iv) All of the above

52. The basic BMS model could price only _____ options.
(i) American (ii) European
(iii) Bermudean (iv) Indian

53. Lamda or Vega is always _____ for calls and puts.
(i) Positive (ii) Negative
(iii) Neutral (iv) Decreasing

54. The call option value of theta is _____ at longest time remaining to maturity.
(i) Highest (ii) zero
(iii) Lowest (iv) None of the above

55. The value of theta _____ as maturity approaches.
(i) Increases (ii) Decreases
(iii) Becomes zero (iv) None of the above

56. Gamma is _____ when spot price is equal to exercise price.
(i) Maximum (ii) Minimum
(iii) Zero (iv) None of the above

57. A _____ spread is a combination of bull spread with calls and bear spread with puts, at same exercise prices.

(i) Box
(ii) Long
(iii) Strip
(iv) none of the above

58. If a put with strike of Rs. 300 is written at a premium of Rs. 10 and if at expiry market closes at Rs. 308, then the payoff is _____
(i) Rs. 10
(ii) Rs. 318
(iii) Rs. 18
(iv) Rs. 310

59. When the relationship between calls and put is such that there is no scope for arbitrage gains, it is referred to as _____
(i) Put Call Parity
(ii) Novation
(ii) Strike Price
(iv) LEAP

60. If a call option has an exercise price of Rs. 1750 and the spot price of the underlying asset is Rs. 1710, then the Intrinsic Value is _____
(i) Rs. 40
(ii) Zero
(iii) Rs. 60
(iv) None of the above

61. Mr. A writes a call option having an exercise price of Rs. 50 on which he receives a premium of Rs. 3. If on expiry the underlying closes at Rs. 50, then the pay off is _____
(i) Rs. Zero
(ii) Rs. 3 gain
(iii) Rs. 3 loss
(iv) None of the above

62. Time Value is maximum when the option is _____
(i) ATM
(ii) ITM
(iii) OTM
(iv) none of the above

63. Intrinsic Value can never be _____
(i) Positive
(ii) Negative
(iii) Zero
(iv) None of the above

64. Buyer of put _____ option premium.
(i) Pays
(ii) Receives
(iii) Negates
(iv) None of the above

65. An option holder will exercise the option only when it finally results in a _____ cashflow.
(i) Positive
(ii) Negative
(iii) Zero
(iv) None of the above

66. If the Spot price of a Call option is Rs. 1150 and its Exercise price is also 1150, then the call option is _____
(i) ATM
(ii) OTM
(iii) ITM
(iv) None of the above

67. Options having predetermined discrete exercise dates are called as _____
(i) American
(ii) Bermudean
(iii) European
(iv) None of the above

68. Party to party negotiated option contracts are called as _____
(i) OTC
(ii) ETD
(iii) Future
(iv) None of the above

69. Option payoffs are _____

(i) Linear
(ii) Non Linear
(iii) Zero
(iv) None of the above

70. Covered calls are _____ risky than naked calls.

(i) Less
(ii) More
(iii) Zero
(iv) None of the above

(1) The companies are continuously getting exposed to risk due to fluctuation in the prices of _____.

(i) Finished Goods

(ii) Commodities

(iii) Semi Finished Goods

(iv) Land

(2) The portfolio of investments held by financial institutions are exposed to the risk of erosion in the value of portfolio due to fluctuation in the prices of the_____.

(i) Bank Deposits

(ii) Brokerage

(iii) Securities

(iv) Statutory Fees

(3) Price fluctuation makes it difficult for the organizations to estimate there_____

(i) Cost and Revenues

(ii) Losses

(iii) Gains

(iv) Prices

(4) Derivatives products are valuable tool that can be effectively used by management to control the_____

(i) Revenue Volatility

(ii) Price Volatility

(iii) Market Volatility

(iv) Cost Volatility

(5) The performance of derivatives depends on the movement in the prices of _____

(i) Underlying assets

(ii) Financial Assets

(iii) Tangible Assets

(iv) Intangible Assets

(6) The primary purpose of derivative product is to_____

(i) Transfer Ownership

(ii) Transfer Asset

(iii) Transfer Returns

(iv) Transfer Risk

(7) _____ gives definition of derivatives in India.

(i) Foreign Exchange Act

(ii) Reserve Bank Act

(iii) Securities Contract (Regulations) Act

(iv) Derivatives Act

(8) Which of the following is not true about element of derivative contract

(i) Not legally binding contract

(ii) Future Price

(iii) There are two parties

(iv) Future Date

(9) A financial derivative is a financial instrument whose value is based on or derived from one or more underlying_____

(i) Intangible Assets

(ii) Securities or indexes of assets

(iii) Immoveable Assets

(iv) Deferred Assets

(10) The process of simultaneously buying of securities or derivatives in

one market / segment at lower price and sale thereof in another market / segment at higher prices is known as_____

(i) Speculation

(ii) Arbitrage

(ii) Hedging

(iv) Off Setting

(11) Arbitrage gain arises due to _____in the markets / segments

(i) Imperfections

(ii) Volatility

(ii) Deviations

(iv) Uptrend

(12) _____forwards, futures and options are popular risk management products sought after by these treasury managers.

(i) Stock Index

(ii) Commodity

(iii) Equity

(iv) Foreign Currency

(13) Members clearing and settling trades executed by them only are

referred to as _____

(i) Professional Clearing Member

(ii) Self clearing members

(iii) Trading cum Clearing Member

(iv) Trading Member

(14) Trading in derivatives provide following two important functions_____.

(i) Value and Wealth Discovery

(ii) Price and Wealth Discovery

(iii) Price discovery and Price risk Management

(iv) Wealth Assessment and Price Discovery

(15) Price discovery is a mechanism by which a _____ is determined by the large number of participants in the derivatives markets.

(i) True Value Price

(ii) Fair Value Price

(iii) Market Value Price

(iv) Expected Value Price

(16) Derivatives have historically _____correlation of daily returns as compared to equities

(i) Direct

(ii) Zero

(ii) Positive

(iv) Inverse

(17) The extreme volatility and excessive speculation leads to

(i) Price-Value Mismatch

(ii) Hedge Mismatch

(ii)Demand-Supply Mismatch

(iv) Arbitrage Mismatch

(18) A _____is an agreement wherein two parties agree to exchange two different streams of cash flows over a definite period of time on pre-determined terms

(i) Swap

(ii) Options

(ii) Futures

(iv) CFD

(19) In which type of contract a buyer always has a right and no obligation

whereas a seller always has an obligation and no right.

(i) Swap

(ii) Options

(iii) Futures

(iv) CFD

(20) In which type of contract there is no expiration date.

(i) Swap

(ii) Options

(iii) Futures

(iv) CFD

(21) Market-place where in party-to-party negotiated contracts are entered

is known as

(i) Stock Market

(ii) Debt Market

(iii) OTC Market

(iv) Commodity Market

(22) The value of derivatives depends on the movement in the prices of their

(i) Investments

(ii) underlying

(iii) Products

(iv) Land

(23) Derivatives are instruments related to settlement of obligations at a_____

(i) Present Date

(ii) Uncertain Date

(iii) Immediate

(iv) future date

(24) Futures and Options contract are usually transacted on _____.

(i) Forward Market

(ii) Spot Market

(iii) Derivatives Exchange

(iv) Cash market

(25) Futures and Options contract are settled through

(i) Clearing House

(ii) Banks

(ii) Broker

(iv) Clients

(26) In case of derivatives an underlying asset is the security, property or

other asset that gives - to the derivative product".

(i) Meaning

(ii) Profit

(ii) Structure

(iv) Value

(27) Which of the following is equity based financial derivatives

(i) Forward Rate Agreement

(i) Stock Index futures

(iii) Interest Rate Future

(iv) Gold Future

(28) Those who wish to off-load their risk exposure arising out of commercial transaction are referred to as _____.

(i) Speculators

(ii) Arbitrageurs

(iii) Hedgers

(iv) Market Makers

(29) _____ take positions in the derivatives markets with the pure intention of making profits
(i) Hedgers

(ii) Arbitrageurs

(iii) Speculators

(iv) Market Makers

(30) Those who are willing to absorb risk of hedgers for a cost, so as to make more than normal profits, are referred to as

(i) Arbitrageurs

(ii) Speculators

(iii) Market Makers

(iv) Hedgers

(31) Hedgers are those who enter into a derivative contract with the objective of_____

risk arising out of price fluctuation.

(i) Absorbing

(ii) Taking

(iii) Covering

(iv) Increasing

(32) Speculators take positions in the derivatives markets with the pure intention of

(i) Hedging

(ii) Earning Profits

(iii) Covering Risk

(iv) Transferring Risk

(33) can be defined as a deviation of the actual outcomes from the expected results.

(i) Return

(ii) Variation

(ii) Risk

(iv) Fluctuation

(34) To bring the liquidity in the market of particular underlying, exchange gives privilege to certain market players referred to as

(i) Hedgers

(ii) Arbitrageurs

(iii) Speculators

(iv) Market Makers

(35) The price of an underlying asset that is quoted for the immediate delivery of the underlying asset is known as

(i) Futures Price

(ii) Spot Price

(iii) Basis

(iv) Net price

(36) The difference between the spot price of an underlying and the futuresprice of that underlying is referred to as

(i) Futures Price

(ii) Spot Price

(iii) Basis

(iv) Net price

(37) The emergence of the market for derivative products, most notably forwards, futures and options, can be traced back to_____

(i) Stock Markets

(ii) Capital Markets

(ii) Derivatives Markets

(iv) Agriculture Markets

(38) It is widely believed that the futures trade first started about approximately 6,000 years ago in _____with rice as the commodity.

(i) Japan

(ii) China

(iii) USA

(iv) Australia

(39) Modern futures markets developed in the 1850's with the opening of the _____

(i) Chicago Board of Futures

(ii) Chicago Board of Options

(iii) Chicago Board of Trade

(iv) Chicago Board of Derivatives

(40) To trade stock options in standardized form CBOT promoted the

Chicago Board Options Exchange (CBOE) in_____

(i) 1972

(ii) 1973

(iii) 1976

(iv) 1978

(41) Which of the following is the largest derivatives exchange of the

world?

(i) CBOE

(ii) Eurex

(iii) CME Group

(iv) NSE

(42) References to derivatives markets in India appear in ____

(i) Takshashila's Arthashastra

(ii) Kautilya's Arthasastra

(iii) Kanishka's Arthashashtra

(iv) Krishna's Arthasastra

(43) Trading in forward contracts on stock in India was banned in

(i) 1975

(ii) 1976

(iii) 1977

(iv) 1978

(44) On November 18, 1996_____committed was constituted to develop appropriate regulatory framework for derivatives trading in India.

(i) Dr. J R Varma

(ii) Dr. LC Gupta

(iii) Dr. J R Gupta

(iv) Dr. LC Varma

(45) SEBI granted the final approval for trading in derivatives to NSE and BSE on_____

(i) 25 Jun. 2000

(ii) 25 Jul. 2000

(iii) 25 May 2000

(iv) 25 Aug. 2000

(46) Trading of BSE Sensex futures commenced on BSE on_____

(i) 9 Jun. 2000

(ii) 11 Jun. 2000

(iii) 13 Jun. 2000

(iv) 15 Jun. 2000

(47) On____ currency derivatives trading commenced on NSE

(i) 25 Aug. 2008

(ii) 27 Aug. 2008

(ii) 29 Aug. 2008

(iv) 31 Aug. 2008

(48) Interest Rate derivatives were launched on NSE on _

(i) 25 Aug. 2009

(ii) 27 Aug. 2009

(iii) 29 Aug. 2009

(iv) 31 Aug. 2009

(49) The price of an underlying asset that is quoted for the immediate delivery of the underlying asset is known as_____.

(i) Futures Price

(ii) Spot Price

(iii) Basis

(iv) Net price

(50) The difference between the spot price of an underlying and the futureprice of that underlying is referred to as _____.

(i) Futures Price

(ii) Spot Price

(iii) Basis

(iv) Net price

(51) When there is positive correlation between spot price and interest rates then futures price are

(i) Less than forward price

(ii) More than forward price

(iii) Equal toforward price

(iv) Zero

(52) In inverted market futures prices are _

(i) More than spot price

(ii) Less than spot price

(iii) Equal to spot price

(iv) Zero

(53) All non-income earning financial assets are always in_____.

(i) Demand

(ii) Backwardation

(iii) Short-supply

(iv) Contango

(54) A futures contract to buy underlying assets is referred to_____.

(i) Purchase Contract

(ii) Buy Contract

(iii) Long Futures

(iv) Short Futures

(55) A futures contract to Sell underlying is referred to as_____.

(i) Cash Contract

(ii) Short Futures

(iii) Long Futures

(iv) Sell Underlying

(56) _____ is the difference between the spot price of underlying and the futures price of underlying.

(i) Basis

(ii) Ready

(iii) Strike Price

(iv) Value

(57) Stock index futures are futures contracts on_____.

(i) Stock

(ii) Indices

(iii) Bonds
(iv) Currency
(58) Hedging is tool for_____ risk
(i)Managing
(ii) Taking
(iii) Ignoring
(iv) Eliminating
(59) A person holding underlying asset is said to be_____ in spot market
(i) Short
(ii) Weak
(iii) Strong
(iv) Long
(60) _____provide perfect hedge
(i) Options
(ii) Forwards
(iii) Swaps
(iv) Futures

(61) Basis is a difference between the_____
(i) Fixed Rate & Floating Rate
(ii) Theoretical & Actual Price
(iii) Futures price and Spot price
(iv) Notional & Theoretical Price

(62) Investing in stock index futures is an active portfolio strategy.
(i) Partly True
(ii) Partly False
(iii) Fully False
(iv) Fully True
(63) Price weighed index is calculated as an arithmetic average of the current prices of_____.
(i)All Securities
(ii) Liquid Securities
(iii) A Class Securities
(iv) Sample Securities
(64) Arithmetic mean has an downward bias, while geometric mean has a upward bias.
(i) Partly True
(ii) Fully False
(iii) Partly False
(iv) Fully True

(65) Spot price is a price at which the underlying asset is trading in the

(i) Forward Market

(ii) Futures Market

(iii) Options Market

(iv) Cash Market

(66) Basis is a difference between Forward Price and Futures Price.

(i) Partly Incorrect

(ii) Fully Correct

(iii) Partly Correct

(iv) Fully Incorrect.

(67) _____is the cost of holding the underlying asset over a period of time.

(i) Fixed Cost

(ii) Sunk Cost

(iii) Marginal Cost

(iv) Carry Cost

(68) The continuous arbitrage activity brings_____ between fair price of futures and traded price of futures.

(i) Variation

(ii) Volatility

(iii) Equilibrium

(iv) Disequilibrium