

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

**Term-End Examination**

**June, 2016**

**MFP-1 : EQUITY MARKETS**

*Time : 3 hours*

*Maximum Marks : 100*

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

(ii) *All questions carry equal marks.*

1. How are the investors classified on the basis of their risk taking capacity ? Discuss the different types of risks that exist in financial markets.
2. Explain the meaning and significance of Green Shoe Option. Describe the role of a 'market maker' in the working of a green shoe option. Discuss the procedure for allotment and stabilisation as adopted by the market maker.
3. What is Arbitration ? List down the documents that need to be enclosed with Arbitration Application. What are the Do's and Don'ts that investors should bear in mind ?
4. What do you understand by Dematerialisation of securities ? Describe the various entities involved in dematerialisation. What are the benefits of dematerialisation ?

5. With the help of a suitable example explain how the value per share can be calculated using the Free Cash Flow to the Firm (FCFF) method.
  6. Define preference shares and why are they issued ? Describe their salient features. What are the different types of preference shares issued by companies ? How are preference shares distinct from equity shares ?
  7. What are the reasons behind evolving investment styles ? Discuss the most commonly employed styles by investors.
  8. Write short notes on any four of the following :
    - (a) Bonds
    - (b) Differential pricing of securities
    - (c) Reserves and surplus
    - (d) Continuous compounding
    - (e) Stock lending
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