

BCM SCHOOL, BASANT AVENUE, DUGRI ROAD, LUDHIANA
XII FINANCIAL MARKETS MANAGEMENT
ASSIGNMENT
SECTION A: OBJECTIVE TYPE QUESTIONS

Q. 1	Answer any 4 out of the given 6 questions on Employability Skills (1 x4 = 4 marks)	
i.	Which of the following is not a stage of active listening? a. Receiving b. Understanding c. Non-responding d. Evaluating	1
ii.	It arises because of incentives or external rewards. a. Intrinsic motivation b. Extrinsic motivation c. Realistic Motivation d. Unrealistic Motivation	1
iii.	What is incorrect in SMART Goal? a. Specific b. Measurable c. Action-oriented d. Readable Time	1
iv.	In the spreadsheet, you can see a worksheet with cells placed in _____ but not_____. a. Row , column b. Column , Row c. Row Horizontal , column vertical d. Row , column horizontal	1
v.	Which of the following is not a Characteristic of entrepreneurship? a. It is an economic activity done to create, develop and maintain a profit-oriented organisation. b. It begins with identifying an opportunity as a potential to sell and make profit in the market. c. It deals with optimization in utilization of resources d. It is the inability of an enterprise and an entrepreneur to take risks.	1
vi.	_____ is defined as one that helps bring about and maintain transition to environmentally sustainable forms of production and consumption. a. White collar job b. Green Job c. Black Card Job d. Un-Employability	1
Q. 2	Answer any 5 out of the given 7 questions (1 x 5 = 5 marks)	
i.	What is meant by Primary Market?	1
ii.	The securities market has essentially three categories of participants (i) the investors, (ii) the issuers and _____. a. Foreigners b. the Intermediaries c. Government d. Regulators	1

iii.	What is meant by Demutualisation?	1
iv.	This category of membership entitles a member to clear and settle trades of such members of the Exchange who choose to clear and settle their trades through this member. a. Trading Member b. Trading cum self-clearing member c. Trading cum clearing member d. Professional Clearing member	1
v.	Failure to submit audited accounts by a trading member in which type of conduct? a. Misconduct b. Un-businesslike conduct c. Unprofessional Conduct d. Unknown conduct	1
vi.	Members should have a prudent system of risk management to protect themselves from client default. _____ is an important element of such a system. a. NSCCL b. Margin c. Capital d. Unique Client Code	1
vii.	_____ note is a confirmation of trade(s) done on a particular day for and on behalf of a client. a. Primary Market Note b. Secondary Market Note c. Contract Note d. Trading Member Note	1

Q. 3	Answer any 6 out of the given 7 questions (1 x 6 = 6 marks)	
i.	_____ are users at the lowest level of the hierarchy. a. Corporate Manager b. Branch Manager c. City Manager d. Dealer	1
ii.	Which of the following is not an activity of Normal market open phase? a. Order Entry b. Order Modification c. Order Cancellation d. Order Auction	1
iii.	What is meant by SURCON?	1
iv.	An indicator for corporate actions for a security is another feature in market watch. What does C* indicate here? a. In case of more than one of CD, CR, CB, CI b. In case of more than two of CD, CR, CB, CI c. In case of more than three of CD, CR, CB, CI d. In case of Less than two of CD, CR, CB, CI	1

v.	The Activity Log (AL) shows all the activities that have been performed on any order belonging to that user. Which of the following is not a feature of activity log? a. The AL gives details of all activities in chronological orders. b. The activity consists only of orders entered by the requesting trading member. c. This inquiry option is not available to users in inquiry mode. d. The user can modify orders from the outstanding orders screen.	1
vi.	What is Trigger Price?	1
vii.	Exchanges internationally are introducing co-location services to support high frequency trading using _____ and _____.	1
Q. 4	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)	
i.	What is meant by Securities Pay-In?	1
ii.	The roles of several entities involved in the process of clearing and settling the trades executed on Exchanges except _____. a. Clearing Corporation b. Clearing Member c. Clearing Bank d. Clearing Regulator	1
iii.	What is short delivery?	1
iv.	Daily margins payable by the trading members in the Cash market consists of the following except _____. a. Value at Risk (VaR) margin b. Mark to Market Margin c. Extreme Loss Margin d. Replacement cost margin	1
v.	The VaR margin rate will be charged on the net outstanding position _____ of the respective clients on the respective securities across all open settlements. a. Buy Value-Sell Value b. Buy-Sell c. Buy Value + Sell Value d. Buy + Sell	1
vi.	Who allots ISIN's for Government Securities?	1
Q. 5	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)	
i.	As per SEBI (Prohibition of Insider Trading) Regulations, 2015. A person is to be a connected person if such person _____. a. is an intermediary b. is an official or an employee of a self-regulatory organisation c. is a banker of the company d. is a director	1
ii.	The frequency with which interest is paid (compounded) will have an effect on _____. a. Effective rate of return. b. Reflective rate of return. c. Rate of return. d. rate of Simple interest	1

iii.	Certain key financial parameters like Earnings Per Share (EPS), P/E ratio, current size of equity etc. for arriving at the estimated future price will be considered as _____. a. Industry Analysis b. Corporate Analysis c. Financial Analysis d. Technical Analysis	1
iv.	Current Ratio Measures _____. a. Liquidity b. Solvency c. Profitability d. Debt-Equity	1
v.	Long term financial strength or soundness of a firm is measured in terms of its ability to pay interest regularly or repay principal on due dates or at the time of maturity is known as _____ a. Current Account Structure b. Profitability Ratio c. Leverage/Capital Structure d. Earnings Per Share	1
vi.	_____measures the profit available to the equity shareholders per share, that is, the amount that they can get on every share held. a. Leverage/Capital Structure b. Earnings Per Share c. Current Account Structure d. Profitability Ratio	1
Q. 6	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)	
i.	They take positions in financial markets to earn riskless profits. a. Hedgers b. Speculators c. Arbitrageurs d. Regulators	1
ii.	Mention any one limitation of Forward Market.	1
iii.	The amount that must be deposited in the margin account at the time a futures contract is first entered into is known as _____ - a. Initial margin b. Marking-to-market c. Maintenance margin d. Payoff Margin	1
iv.	_____measures the sensitivity of stocks responsiveness to market factors. a. Alpha b. Beta c. Gamma d. Theta	1
v.	What are American Options?	1
vi.	What does the spot price > strike price depicts? a. Call In the Money b. Put In the Money c. Call Out of the Money d. Put Out of the Money	1

SECTION B: SUBJECTIVE TYPE QUESTIONS

Answer any 3 out of the given 5 questions on Employability Skills (2 x 3 = 6 marks)

Answer each question in 20 – 30 words.

Q. 7	Suggest any two techniques that can help us to maintain a positive outlook in the long run.	2
Q. 8	There are five parameters that describe an individual's personality. These five dimensions are also called the 'Big Five Factors' and the model are referred to as the 'Five Factor Model', Name them and define any one.	2
Q. 9	Write the procedure of Inserting clipart and images in presentation?	2
Q. 10	When a family or an individual runs a business successfully and passes it on to the next generation, then such an entrepreneur is, generally, termed as family business entrepreneur. Elaborate it	2
Q. 11	A startup is a company that is in the first stage of its operations. How do you describe it?	2

Answer any 3 out of the given 5 questions in 20 – 30 words each (2 x 3 = 6 marks)

Q. 12	Write the working process of Internet Broking.	2
Q. 13	What is operational and legal Risk?	2
Q. 14	What are the rights enjoyed by Preference shareholders?	2
Q. 15	Explain Impact Cost?	2
Q. 16	All Future contracts are square off at the expiry. What do you know about its contract cycle?	2

Answer any 2 out of the given 3 questions in 30– 50 words each (3 x 2 = 6 marks)

Q. 17	Explain the conditions under which the relevant authority may require a trading member to suspend its business in part or in whole?	3
Q. 18	Write in brief about Regular Lot Matching.	3
Q. 19	The trading members are required to provide liquid assets which adequately cover various margins & minimum capital requirements under capital adequacy requirement. Describe its liquid asset requirement.	3

Answer any 3 out of the given 5 questions in 50– 80 words each (4 x 3 = 12 marks)

Q. 20	Explain the various categories of membership with NSE and NSCCL.	4
Q. 21	Describe the various advantages of the Screen-Based Trading System (SBTS)?	4
Q. 22	VaR is a single number, which encapsulates whole information about the risk in a portfolio. It measures potential loss from an unlikely adverse event in a normal market environment. Computation of the VAR margin requires four definitions. Explain them.	4
Q. 23	Besides serving as a barometer of the economy/market, the index also has other applications in finance. Various products have been designed based on the indices such as the index derivatives, index funds and the exchange traded funds. We here restrict our discussion to only index derivatives. How does an index derivative earn popularity?	4

Q. 24	There are times when you think the market is going to rise over the next two months; however in the event that the market does not rise, you would like to limit your downside. One way you could do this is by entering into a spread. A spread trading strategy involves taking a position in two or more options of the same type, that is, two or more calls or two or more puts. A spread that is designed to profit if the price goes up is called a bull spread. Discuss the case with an example	4
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