Q 1. A long position in futures market can be reversed only with the same counterparty from whom the contract was initially purchased - State whether True or False?

- True
- False

✕ WRONG ANSWER

CORRECT ANSWER:

False

Explanation:

Futures contracts are traded on screen based derivatives market where the identity of the buyer and seller is unknown to each other. A trade can be squared off with any buyer or seller whose quotes are available on the screen.

The Clearing Corporation acts as a legal counterparty for every contract and guarantees the trades.

Q 2. The broker is compulsorily required to get a Risk Disclosure Document signed by the client, at the time of client registration - State True or False?

- True
- False

✓ CORRECT ANSWER

Explanation:

The broker is required to get a Risk Disclosure Document signed by the client, at the time of client registration. This document informs clients about the kind of risks that derivatives can involve for the client. It makes the client aware and well informed.

Q 3. Meghna wants to sell 34 contracts of ABC futures at Rs. 2450 (contract multiplier is 50) . Initial margin is 7%. How much will be the initial margin to be paid ?

- Rs. 4165000
- Rs. 83300
- Rs. 5831
- Rs. 291550

✓ CORRECT ANSWER

Explanation:

Initial Margin = Number of Contracts × Price per Contract × Contract Multiplier × Margin Rate

Initial Margin to be collected from Meghna : 34 contracts x Rs 2450 X X 50 (Market lot) at 7%

= Rs 4165000 x 7% = Rs 291550

Q 4. Arbitrage is basically earning a risk-free profit by simultaneous buying and selling replicating assets in two or more different markets - State True or False?

- True
- False

✓ CORRECT ANSWER

Explanation:

Arbitrage is a deal that produces profit by exploiting a price difference in a product in two different markets. Arbitrage originates when a trader purchases an asset cheaply in one location and simultaneously arranges to sell it at a higher price in another location.

Q 5. In case of a member's default, the Clearing Corporation cannot transfer clients positions to another member or close out all open positions of defaulting member, without prior approval from SEBI – State True or False ?

- True
- False

✕ WRONG ANSWER

CORRECT ANSWER:

False

Explanation:

As per SEBI rules - The Clearing Corporation can transfer client positions from one broker member to another broker member in the event of a default by the first broker member.

A report is then sent to SEBI regarding this.

Clearing Corporation acts as a legal counterparty to all trades on this segment and also guarantees their financial settlement.

Q 7. For which type of options is it profitable to exercise the options ?

- At the Money
- Out of the Money
- In the Money
- None of the above

✕ WRONG ANSWER

CORRECT ANSWER:

In the Money

Explanation:

IN THE MONEY - A call option with a strike price that is lower than the market price of the underlying asset, or a put option with a strike price that is higher than the market price of the underlying asset. In the money means that your stock option is worth money and you can turn around and sell or exercise it.

For example, consider a stock that is trading at Rs 100. For such a stock, call options with strike prices below Rs 100 would be In the money calls (ie Rs 80, Rs 90 calls) while put options with strike prices above Rs 100 (Rs 110 , Rs 120 calls etc.)would be In the money puts.

For easy understanding, those calls or puts which are profitable are In the Money.

Q 8.

A seller of call option can lose unlimited amount of money - State True or False?

- True
- False

✓ CORRECT ANSWER

Explanation:

A seller (writer) of a call option faces unlimited potential losses, because:

If the price of the underlying asset rises significantly, the seller must buy the asset at the market price and sell it at the strike price, resulting in potentially unlimited losses.

The higher the price of the asset, the greater the loss for the call option seller, since there is no upper limit to price increases.

In contrast, the buyer of a call option has limited risk, restricted to the premium paid for the option.

Q 9.

'Bulls' are those investors who believe the market will rise - State True or False?

- True
- False

✓ CORRECT ANSWER

Explanation:

Investors who believe that the markets will rise are called Bulls and investors who believe that markets will fall are known as Bears.

Q 10.

The initial margin is always equal to the mark-to-market margin - State True or False?

- True
- False

✓ CORRECT ANSWER

Explanation:

Mark to Market is a process by which margins are adjusted on the basis of daily price changes in the markets for underlying assets. So this margin is as per the daily price movements.

Initial margin is usually fixed depending on the price volatility. Higher the volatility, higher the initial margin.

Q 11.

What does a seller of Put Option expect?

- An increase in the price of the underlying
- No change in the price of the underlying
- A decrease in the price of the underlying
- Both 1 and 2

✗ WRONG ANSWER

CORRECT ANSWER:

Both 1 and 2

Explanation:

A seller of put option expects the price to rise. Even if the price remains stable, the seller earns the option premium.

A person who sells a put option is making a bet that the price of the stock will not go down. They want the stock to either:

- Stay the same, or
- Go up

If that happens, the buyer won't use the option, and the seller gets to keep the premium (the fee paid to them) without doing anything else.

Q 12.

In the derivatives segment, who has to pay the margins as specified by the Clearing Corporation?

- Clients
- Arbitrageurs
- Financial Institutions
- All of the above

✓ CORRECT ANSWER

Explanation:

All those who trade in the derivatives segment have to pay margins without exception.

Q 13.

When the price of a future contract decreases, the margin account ______ .

- of the seller of futures contract will be credited for the gain
- of the buyer of futures contract will be debited for the loss
- Both 1 and 2
- None of the above

✓ CORRECT ANSWER

Explanation:

The buyer of futures will have a notional loss and so his margin account will be debited by the notional loss amount.

The seller of futures will have a notional profit if the price falls and his margin account will be credited by the notional gain amount.

Q 14.

Mr. Ganesh thinks that the markets will go down, so he sell 10 lots of index futures at 3500. His predictions come true and the index falls and Mr. Ganesh buys back the futures contract at 3410. What is the profit Mr. Ganesh has made if one lot of index is of 50.

- 35000
- 45000
- 55000
- 65000

✓ CORRECT ANSWER

Explanation:

Mr Ganesh had sold at Rs 3500 and bought back at Rs 3410. So he made a profit of Rs 90.

Total Quantity sold = 10 lots x 50 (lot size) = 500

Total Profit = Rs 90 x 500 = Rs 45,000

Q 15.

Options contracts have two types of settlements: ______ premium settlement and Final settlement

- Daily
- Weekly
- Monthly
- Yearly

✕ WRONG ANSWER

CORRECT ANSWER:

Daily

Explanation:

Options contracts have two types of settlements: Daily premium settlement and Final settlement.

Daily Premium Settlement :The buyer of an option pays the premium, while the seller receives the same. The amount payable and receivable as premium are netted to compute the net premium payable or receivable amount for each client for each option contract. The clearing members who have a premium payable position are required to pay the premium amount to the clearing corporation and in turn this amount is passed on to the members who have a premium receivable position. This is known as daily premium settlement.

The premium payable amount and premium receivable amount are directly credited/ debited to the clearing member's clearing bank account on T+1 day, where T is the trade date.

Q 16.

Investors who believe that the markets will fall are known as Bulls - State True or False?

- True
- False

✓ CORRECT ANSWER

Explanation:

Investors who believe that the markets will fall are known as Bears.

Investors who believe that the markets will rise are known as Bulls.

Q 17.

Which of the below statement(s) hold true for Futures Contract?

- Futures Contracts are settled through clearing corporation of the exchange
- Futures Contracts are standardized contracts
- Futures Contracts are traded on an exchange
- All of the above

✓ CORRECT ANSWER

Explanation:

Futures contract are standardised in terms of size of the contract, time to expiry etc. They are always traded on a recognised exchange and the settlement is through a clearing corporation.

Q 18.

Q 18.

What is Tick size?

- Tick size is the size of the futures contract
- Tick size is the maximum permitted movement in the price of the contract
- Tick size is the minimum permitted movement in the price of the contract
- Tick size is the average of the high and low permitted prices

✕ WRONG ANSWER

CORRECT ANSWER:

Tick size is the minimum permitted movement in the price of the contract

Explanation:

Tick Size is the minimum move allowed in the price quotations.

Q 19.

In a calendar spread transaction, the trader takes opposite position in two futures contract with _______ .

- two different underlying assets and same delivery month
- two differently delivery months and two different underlying assets
- two differently delivery months and same underlying asset
- one stock and one index of same delivery months

✓ CORRECT ANSWER

Explanation:

Calendar spread position is a combination of two positions in futures on the same underlying - long on one maturity contract and short on a different maturity contract. For instance, a short position in near month contract coupled with a long position in far month contract is a calendar spread position.

Q 20.

When a seller SHORT SELLS a stock, it means _____ .

- He has more than a months time to deliver the stock which he sold
- He owns the stock he is supposed to deliver
- He has to deliver the stock within a short time
- He does not own the stock he is supposed to deliver

✓ CORRECT ANSWER

Explanation:

Selling Short means Seller does not own the stock he is supposed to deliver.

He has done a sale trade because he expects the price to fall and has to buy back the stock (either with a profit or loss) before the end of trading on that day.

Q 21.

The simultaneous purchase and sale of two different tenors futures contracts in the same underlying is known as a ______ .

- Limit order
- Short hedge
- Spread trade
- Long hedge

✕ WRONG ANSWER

CORRECT ANSWER:

Spread trade

Explanation:

In case of a Spread Trade, two opposite positions (one long and one short) are taken either in two contracts with same maturity on different products or in two contracts with different maturities on the same product.

Q 22.

If the volatility of the underlying stock is decreasing, the premium of call option would _______ .

- Increase
- Decrease
- will not change
- None of the above

✓ CORRECT ANSWER

Explanation:

Lower the volatility lower the risk and so lower the premium.

The stocks which are highly volatile will have comparatively higher option premiums as there involves a lot of risk trading in such stocks.

Q 23.

Excess of premium in an option over the intrinsic value is known as the time value - State True or False ?

- False
- True

✕ WRONG ANSWER

CORRECT ANSWER:

True

Explanation:

Option premium consists of two components - intrinsic value and time value. Option premium is the sum of intrinsic value and time value.

Time value is the difference between premium and intrinsic value. ATM and OTM options will have only time value because the intrinsic value of such options is zero.

Q 24.

As per news, the Government can lose a vote of confidence and this can affect the stock markets pretty badly. If you are an active trader, what is the ideal step you will take?

- Buy index futures
- Sell index futures
- Double your portfolio holdings
- Buy Blue Chip shares

✓ CORRECT ANSWER

Explanation:

In case of a negative news like fall of a Government, the stock markets generally fall. Its difficult to judge which stocks will fall more. So, the best way is to short the index futures as the index is bound to fall in response to a negative news and the active trader can profit from it.

Q 25.

In stock markets, Beta is a statistical measure of the sensitivity of the movement of a share price to the movement of prevailing interest rates - State True or False?

- True
- False

✕ WRONG ANSWER

CORRECT ANSWER:

False

Explanation:

Beta measures the sensitivity of a stock / portfolio vis-a-vis index movement over a period of time, on the basis of historical prices.

Q 26.

The trades done by dealers in their own account has to be totally segregated from the trades done in their clients account - State True or False ?

- True
- False

✓ CORRECT ANSWER

Explanation:

The trades done by dealers are in the 'PRO' account ie. Proprietary account and the trades done by Clients are in the 'CLI' account.

'Proprietary Trading' is when a member trades on exchange on its own behalf. As directed by SEBI and in pursuance of byelaws members are advised to specify the nature of the order in terms of order being a 'Client order' or 'Proprietary order'.

Q 27.

The Time value of an option is the portion of option premium that is linked to the amount of time left till expiry of the option contract and also due to the fact that the underlying components that determine the value of option may change during that time - State True or False ?

- True
- False

✓ CORRECT ANSWER

Explanation:

Time value is a key component of an option's premium, and it reflects two main ideas:

- Remaining time to expiry: The longer the time left, the more chance the option has to become profitable. As expiry nears, this value decays—this is called time decay or theta decay.

- Possibility of price movement: Since the underlying asset could change in price before expiry, the option retains extra value beyond its intrinsic value due to this uncertainty.

Q 28.

In the Options segment, if you buy a PUT, you expect the market / scrip to move ________ .

- Up
- Down
- Range bound
- One cannot buy a PUT in options market.

✓ CORRECT ANSWER

Explanation:

A buyer of a PUT option has a negative / bearish view and so he expects the market / script to move down to make a profit.

Q 29.

What advantage does the screen based trading has over floor trading ?

- There are no set up costs in screen based trading
- There is transparency in trade execution and execution price
- The technology needs are lower
- There is no need to route the order through an exchange

✓ CORRECT ANSWER

Explanation:

Screen based (Trading thro' computers) trading is fully transparent.

Q 30.

When there is a ‘Closing buy transaction’, this will have the effect of partly or fully offsetting ________ .

- A cross position
- A short position
- A high position
- A long position

✕ WRONG ANSWER

CORRECT ANSWER:

A short position

Explanation:

Creating a Short Position means selling the asset on an exchange with a view to buy it back when the price falls.

So a Closing Buy transaction will be used to buy back / offset the short position created.

Q 31.

Mr P and Mr Q are brokers of a stock exchange . Both of them have maintained Rs 7 crores of liquid assets consisting of equity shares and other assets. Both have the same exposure limits on day one. Based on this, which of the following statements is true ?

- The minimum exposure possible for the two brokers may change from time to time based on the changes in those asset valuations, even if they do not withdraw the assets deposited
- The minimum exposure possible for the two brokers will remain same for ever, even if they withdraw the asset deposited subsequently
- The minimum exposure possible for the two brokers will remain the same forever as long as they do not withdraw the assets deposited
- None of the above

✕ WRONG ANSWER

CORRECT ANSWER:

The minimum exposure possible for the two brokers may change from time to time based on the changes in those asset valuations, even if they do not withdraw the assets deposited

Explanation:

The exposure depends on the value of assets deposited. Although both P and Q have deposited assets worth Rs.7 crores, the assets could be different (equity shares of different companies) and the value of these will become higher or lower as time passes. So the exposure limits will also change accordingly.

Q 32.

Ms. Deepika is bearish on the market, so she is expecting the market to _____ .

- Rise
- Fall
- Remain constant
- Move sideways

✓ CORRECT ANSWER

Explanation:

Investors who have a bearish on the stock or index expect the stock price or index level to fall, take a short position in the stock futures or index futures contract.

(Investors who have a bullish view on the underlying stock or index expect the stock price or index level to increase and they take a long position in the stock futures or index futures contract).

Q 33.

Identify the True formula for Cost of Carry model.

- Price of Futures = Cost of carry
- Price of Futures = Spot price
- Price of Futures = Spot + Cost of carry
- Price of Futures = Spot - Cost of carry

✓ CORRECT ANSWER

Explanation:

Cost of Carry is the relationship between futures prices and spot prices. For stock derivatives, carrying cost is the interest paid to finance the purchase.

For example, assume the share of XYZ Ltd is trading at Rs. 500 in the cash market. A person wishes to buy the share, but does not have money. In that case he would have to borrow Rs. 500 at the rate of, say, 12% per annum. So 1% ie. Rs 5 (1% of Rs 500) is the per month interest cost. and this Rs 5 is the cost of carry.

The future price (ideally) at the beginning of month will be Spot Price + Cost of Carry ie. Rs 500 + Rs 5 = Rs 505.

Q 34.

Identify the FALSE statement.

- For Call Options : With decrease in strike price, the premium on call increases
- For Call Options : With increase in strike price, the premium on call increases
- For Put Options : With increase in strike price, the premium on put increases
- For Put Options : With decrease in strike price, the premium on put decreases

✕ WRONG ANSWER

CORRECT ANSWER:

For Call Options : With increase in strike price, the premium on call increases

Explanation:

Call Option Premium Behavior:

A Call Option gives the buyer the right (but not the obligation) to buy an asset at a specified strike price before expiration.

- **If the strike price decreases, the option becomes more attractive because the buyer can purchase the asset at a cheaper price. This increases the premium. (Statement 1 is TRUE)**
- **Conversely, if the strike price increases, the call option becomes less attractive, reducing the premium. (Statement 2 is FALSE)**

Put Option Premium Behavior:

A Put Option gives the buyer the right to sell an asset at a specified strike price before expiration.

- **If the strike price increases, the put option becomes more valuable since the asset can be sold at a higher price, leading to a higher premium. (Statement 3 is TRUE)**
- **If the strike price decreases, the put option becomes less attractive, leading to a lower premium. (Statement 4 is TRUE)**

Conclusion: Since statement 2 contradicts the basic principle of call options, it is the false statement.

Q 35.

__________ guarantees the performance of exchange traded contracts.

- Clearing Corporation
- SEBI
- Depositories
- Custodians

✓ CORRECT ANSWER

Explanation:

Clearing Corporation is responsible for clearing and settlement of all trades executed in the F&O Segment of the Exchange. According to the legal principle of 'novation', the Clearing Corporation becomes the central counterparty to all trades that take place on the exchange's derivatives platform.

A clearing corporation guarantees contract performance (settlement of transactions).

Q 36.

If there is no cross margining between cash and derivative segments of an exchange, this will _________ .

- Promotes economic inefficiency
- Increase the cost of trading
- Reduces the volumes for given level of risk capital in the economy
- All of the above

✕ WRONG ANSWER

CORRECT ANSWER:

All of the above

Explanation:

If cross margining is not allowed between the cash and derivative segments, it leads to the following:

Promotes economic inefficiency -Without cross margining, traders must maintain separate margins for positions that may offset each other (e.g., long in cash and short in futures), which is inefficient from a capital utilization perspective.

Increases the cost of trading - More margin requirements mean higher capital tied up, increasing the opportunity cost and overall trading cost.

Reduces the volumes for a given level of risk capital in the economy - Since capital is not optimally used, the same amount of risk capital supports fewer trades, reducing trading volumes.

Q 37.

How should a seller of an option treat the premium received in his books of accounts?

- It should be treated as an Income
- It should be treated as an Expense
- It should be treated as an Asset
- It should be treated as a Liability

✓ CORRECT ANSWER

Explanation:

The buyer/ holder of the option is required to pay the premium. In the books of the buyer/ holder, such premium should be debited to an appropriate account, say, "Equity Index/ Stock Option Premium Account".

In the books of the seller/ writer such premium received should be credited to an appropriate account, say, "Equity Index/ Stock Option Premium Account".

Q 38.

From the various complaints against a trading member given below, identify which one can be taken up by the exchange for redressal ?

- Complaints in respect of transactions which are already subject matter of arbitration proceedings
- Non-receipt of funds or securities
- Complaints relating to land dealings between a client and a trading member
- Claims for notional loss for the disputed period

✓ CORRECT ANSWER

Explanation:

Exchanges provide assistance if the complaints fall within the purview of the Exchange and are related to trades that are executed on the Exchange Platform. 'Non-receipt of funds / securities' comes under this assistance.

Q 39.

Mr X sells one ABC stock futures contract at Rs. 745. What is his profit (+) or loss (-), if he purchases the contract back at Rs. 754 ? Lot size is 1500

- +13500
- -13500
- +9800
- -9800

✓ CORRECT ANSWER

Explanation:

When you sell a stock future contract you make a profit if the share price falls or you make a loss if the price rises.

In this case, ABC stock futures has risen by Rs. 9 (754 - 745). So there will be a loss.

Rs. 9 x 1500 (Lot size) = Loss of Rs 13500

Q 40.

Identify the CORRECT statement.

- A short position in a put option can be closed out by taking a long position in a put option of any exercise price and exercise date
- A short position in a put option can be closed out by taking a long position in a call option with the same exercise price and exercise date
- A short position in a put option can be closed out by taking a long position in a put option with the same exercise price and exercise date
- A short position in a put option can be closed out by taking a short position in a call option with the same exercise price and exercise date

✓ CORRECT ANSWER

Explanation:

A closing transaction for an option involves the sale or purchase of an option contract with the same terms (contract specifications), i.e., an option with the same strike price and same expiry date.

A short position in a put option means the trader has sold a put option and is obligated to buy the underlying asset if exercised.

To close out this position, the trader must take an opposite position, which is buying (going long) the same put option with the same strike price and expiration date.

This ensures that any potential losses or obligations from the short put are neutralized by the long put.

Q 41.

Hedgers and speculators are two important participants of a securities market and they strike a balance due to their needs as _______ .

- Hedger wants to avoids risk while the speculator wants to takes risk
- Hedger wants to takes risk while speculators wants to avoids risk
- Both hedgers and speculators want to avoid risk
- Both hedgers and speculators want to take risk

✓ CORRECT ANSWER

Explanation:

Corporations, Investing Institutions, banks and governments all use derivative products to hedge or reduce their exposures to market variables such as interest rates, share values, bond prices, currency exchange rates and commodity prices.

Speculators/Traders try to predict the future movements in prices of underlying assets and based on the view, take positions in derivative contracts. They take a risk to make profits.

Hedgers aim to hedge their risk where as speculators take the risk which hedgers plan to offload from their exposure.

Q 42.

Mr. Harish had purchased 20 call options on a stock by paying a premium of Rs 10 per call (Strike price of Rs. 125). The stock price has closed at Rs. 100 on the exercise date. Based on economic rationale alone, Mr. Harish _________ .

- Should exercise the option but he should not take delivery of the underlying
- Should exercise the option
- Should not exercise the option
- Should exercise the option as he likes the management of the company

✗ WRONG ANSWER

CORRECT ANSWER:

Should not exercise the option

Explanation:

Mr. Harish has purchased a call option which means he believed that the price of that call will go up. Instead the price has fallen. So he should not exercise the option and the maximum loss he will suffer is the premium paid by him.

Q 43.

What happens to a 'Day Order' if its not executed during the day?

- The Order will be executed in the auction market
- The Order will be executed in the after-hours
- The Order will be executed on the next trading day
- The Order will be cancelled automatically at the end of the day

✓ CORRECT ANSWER

Explanation:

A Day order is an order which is valid for a single day on which it is entered. If the order is not executed during the day, the trading system cancels the order automatically at the end of the day.

Q 44.

Is it true that at expiration, the value of an option is its intrinsic value?

- Yes, its true for all options
- No, its not true for all options
- Yes, its true but only for Call options
- Yes, its true but only for Put options

✕ WRONG ANSWER

CORRECT ANSWER:

Yes, its true for all options

Explanation:

At expiration, the exercise settlement value for each unit of the exercised contract is computed as follows:

Call options = Closing price of the security on the day of exercise - Strike price

Put options = Strike price - Closing price of the security on the day of exercise.

In other words, the final settlement amount is equal to the intrinsic value of the option at expiration.

Q 45.

The strategy of _________ involves options with different strike prices but same expiry dates.

- Straddle
- Calendar spreads
- Vertical spreads
- Diagonal spreads

✕ WRONG ANSWER

CORRECT ANSWER:

Vertical spreads

Explanation:

Spreads are option strategies which involve combining options on the same underlying and of same type (call/ put) but with different strikes and maturities. These are limited profit and limited loss positions.

Vertical spreads are created by using options having same expiry date but different strike prices. These can be created either using calls as combination or puts as combination.

This strategy is commonly used to limit risk and reward while taking a directional view on the market.

Q 46.

In an American Put Option, the buyer gets the right but not the obligation to _______ the writer an underlying asset at a specified price ________ .

- Buy from ; on or before the expiry date
- Buy from ; on the expiry date
- Sell to ; on or before the expiry date
- Sell to ; on the expiry date

✓ CORRECT ANSWER

Explanation:

American option: The owner (buyer/holder) of an American option can exercise his right at any time on or before the expiry date/day of the contract.

A Put Option gives the buyer/holder a right to sell the underlying asset.

Therefore an American Put Option gives the buyer the right but not the obligation to sell to the writer an underlying asset at a specified price on or before the expiry date.

Q 47.

Identify which of these is not an application of indices?

- Exchange traded funds
- Index funds
- Index derivatives
- Private equity funds

✓ CORRECT ANSWER

Explanation:

Private Equity Funds are not connected to any index nor are they listed on a stock exchange.

Traditionally, indices were used as a measure to understand the overall direction of stock market. However, few applications on index have emerged in the investment field such as Index Funds, Index Derivatives, Exchange Traded Funds etc.

Q 48.

What is the minimum price movement in a scrip called ?

- Badla Rate
- Tick
- Touchline
- Market Lot

✓ CORRECT ANSWER

Explanation:

Tick size is the minimum price movement of a trading instrument.

Exchanges decide the tick sizes on traded contracts as part of contract specification. The exchange informs the lot size and the tick size for each of the contracts traded on F&O segment from time to time. For eg. Tick size for Nifty futures is 5 paisa.

Q 49.

Delta refers to the Rate of change in the _______ .

- Option premium per day
- Option premium for a unit change in spot price of the underlying
- Option premium for a unit change in interest rate
- Option premium for a unit change in volatility of the underlying

✓ CORRECT ANSWER

Explanation:

Option premiums change with changes in the factors that determine option pricing i.e., factors such as strike price, volatility, term to maturity, etc. The sensitivities most commonly tracked in the market are known collectively as "Greeks" represented by Delta, Gamma, Theta, Vega and Rho

The most important of the 'Greeks' is the option's "Delta". This measures the sensitivity of the option value to a given small change in the price of the underlying asset. It may also be seen as the speed with which an option moves with respect to price of the underlying asset.

Delta = Change in option premium/ Unit change in price of the underlying asset

Q 50.

What is the rate of STT on the sale of an index or stock futures contract?

- 0.01%
- 0.0125%
- 0.02%
- 0.1%

✗ WRONG ANSWER

CORRECT ANSWER:

0.02%

Explanation:

The Securities Transaction Tax (STT) on sale of stock futures / index is 0.02% on the price at which such futures is traded.