



Delhi Public School, Howrah

PERIODIC TEST III - (2024-2025)

Class-XII

Care must be taken not to write anything on the question paper. All the questions must be attempted in the correct sequence.

SUBJECT: FINANCIAL MARKETS MANAGEMENT (CODE-805)

Time Allowed: - 3 Hours

Maximum Marks - 60

General Instructions:

- Please read the instructions carefully.
- This Question Paper consists of 24 questions in two sections- Section A & Section B.
- Section A has Objective type questions whereas Section B contains Subjective type questions.
- Out of the given (6 + 18) = 24 questions, a candidate has to answer (6 + 11) = 17 questions in the allotted (maximum) time of 3 hours.
- All questions of a particular section must be attempted in the correct order.
- Section - A – Objective Type Questions (30 Marks):**
 - This section has 06 questions.
 - There is no negative marking.
 - Do as per the instructions given.
 - Marks allotted are mentioned against each question/part.
- Section – B - Subjective Type Questions (30 Marks):**
 - This section contains 18 questions.
 - A candidate has to do 11 questions.
 - Do as per the instructions given.
 - Marks allotted are mentioned against each question/part.

SECTION A: OBJECTIVE TYPE QUESTIONS

Q.1	Answer any 4 out of the given 6 questions on Employability skills (1 x 4 = 4 marks)	MARKS
I.	What is the primary difference between internal and external motivation? a) Internal motivation is driven by rewards, while external motivation is driven by personal goals. b) Internal motivation is driven by personal desires, while external motivation is driven by external rewards or punishments. c) Both internal and external motivation are driven by the same factors. d) Internal motivation involves physical needs, while external motivation is psychological.	1
II.	Which of the following is NOT a characteristic of self-motivated individuals? a) Focused on their goals b) Easily influenced by external rewards c) Practice righteousness d) Full of positivity	1
III.	Which of the following is NOT part of the Big Five personality traits? a) Extraversion b) Agreeableness c) Neuroticism	1

	d) Openness to experience	
IV.	What happens when you press CTRL + X in OpenOffice Calc? a) The selected content is copied to the clipboard b) The selected content is moved to the clipboard c) The selected content is deleted d) Nothing happens	1
V.	If you want to delete the content of a cell but keep the cell itself empty, which method should you use? a) Press DELETE b) Right-click and choose "Delete Content" c) Press SHIFT + DELETE d) Both a and b	1
VI.	What is the default number of worksheets in a new OpenOffice Calc workbook? a) 1 b) 3 c) 2 d) 10	1

Q.2	Answer any 5 out of the given 7 questions (1 x 5 = 5 marks)	
I.	What distinguishes options and swaps from other derivatives?	1
II.	Which of the following correctly describes the fate of a contingent claim derivative if the specified event does not occur? a) It results in a partial exchange of assets. b) The contract becomes null and void. c) It triggers an automatic rollover to a new contract. d) The contract is settled at the current market price.	1
III.	Which feature of OTC derivatives highlights the absence of centralized risk management?	1
IV.	Which of the following is a characteristic of exchange-traded derivatives but not of OTC derivatives? a) Decentralized counterparty risk management. b) Formal centralized limits on individual positions and leverage. c) Lack of regulation by a specific authority. d) Privately negotiated contracts.	1
V.	What is the main reason futures contracts are considered less risky compared to forward contracts? a) They are traded in larger quantities. b) They involve currency swaps. c) Exchanges guarantee all transactions, reducing counterparty risk. d) They allow the buyer to avoid fulfilling obligations.	1
VI.	A trader buys a call option. Which of the following scenarios illustrates the trader's position? a) The trader is obligated to purchase the underlying asset at a specific price on the expiry date. b) The trader has the right to purchase the underlying asset at a specific price on or before the expiry date. c) The trader is obligated to sell the underlying asset at a specific price on or before the expiry date. d) The trader has the right to sell the underlying asset at a specific price on or before the expiry date.	1

11.	In which type of derivative contract is the buyer not under any obligation? a) Forward contract b) Futures contract c) Option contract d) Swap	1
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Q.3 Answer any 6 out of the given 7 questions (1 x 6 = 6 marks)		
I.	Which type of swap would a company use to hedge against fluctuations in both principal and interest payments in different currencies? a) Interest rate swap b) Forward rate agreement c) Currency swap d) Equity swap	1
II.	Which of the following best describes the purpose of a stock market index? a) To measure the performance of a specific company. b) To track the prices of all stocks in the market. c) To represent the overall market or a specific segment of the market through a weighted average of selected stocks. d) To determine the exact future dividends of companies.	1
III.	Which index would be most appropriate for analysing the performance of the banking sector?	1
IV.	Which of the following statements about the Nifty 50 index is incorrect? a) It is a well-diversified 50-stock index covering 13 sectors of the economy. b) Its base value was set to 1000 in 1995. c) It represents only the banking sector in India. d) It is used for benchmarking and derivatives trading.	1
V.	If the stock index rises significantly, what does it suggest about market expectations? a) The market expects future corporate dividends to decrease. b) The market expects future corporate dividends to improve. c) The stock prices of all companies are expected to fall. d) The liquidity in the stock market has dried up.	1
VI.	What is the key difference between a price-weighted index and a market capitalization-weighted index?	1
VII.	Why does the addition of more than 100 stocks in an index offer negligible benefits?	1

Q.4 Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)		
I.	Why do futures contracts have linear payoffs?	1
II.	What is required to trade in futures contracts in India? a) A securities trading account and demat account b) A futures trading account and margin money c) Ownership of the underlying asset d) Receipt of dividends from a company	1
III.	Why are futures in India cash-settled instead of involving physical delivery?	1
IV.	If a trader buys a Nifty futures contract at an index level of 6000 and the index rises to 6100, what is the trader's position? a) A loss equivalent to the margin money	1

	<ul style="list-style-type: none"> b) A profit proportional to the increase in the index c) No profit or loss, as futures contracts are cash-settled d) Ownership of Nifty stocks worth the margin amount 	
V.	<p>In the Indian futures market, how are contracts typically settled?</p> <ul style="list-style-type: none"> a) By physical delivery of the underlying securities b) Through the issuance of new shares to the holder c) Via cash settlement based on the spot market price d) By transferring ownership rights of the company 	1
VI.	What is the role of margin money in futures trading?	1

Q.5	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)	
I.	<p>Which of the following modules is required for dealers in the Capital Market segment to clear before being enabled to trade?</p> <ul style="list-style-type: none"> a) Derivatives Market (Dealers) Module b) Securities Market (Basic) Module c) National Institute of Securities Markets (NISM) Series I – Currency Derivatives Certification Examination d) Capital Market (Dealers) Module 	1
II.	<p>Which of the following describes "Paid-up Capital"?</p> <ul style="list-style-type: none"> a) Capital that the company has received from external borrowings. b) Capital that shareholders have actually paid out of the total called-up capital. c) The maximum amount of capital a company can issue. d) Capital that has been subscribed but not yet paid for by shareholders. 	1
III.	<p>What does the term "Net Current Assets" represent in the balance sheet?</p> <ul style="list-style-type: none"> a) Total assets of the company. b) Current assets minus current liabilities and provisions. c) The total liabilities owed by the company. d) The total value of fixed assets and investments. 	1
IV.	<p>What is the purpose of the "Gross Block" under Fixed Assets?</p> <ul style="list-style-type: none"> a) It represents the total amount of depreciation deducted from the assets. b) It represents the total cost of acquiring all fixed assets, including land, buildings, and machinery. c) It represents the value of assets after depreciation is deducted. d) It shows the current market value of all fixed assets. 	1
V.	<p>In a balance sheet, what does the equation "Total Capital Employed = Net Assets" represent?</p> <ul style="list-style-type: none"> a) The total amount of liabilities of the company. b) The total value of shareholders' funds only. c) The matching of sources of funds with how those funds have been applied to acquire assets. d) The total profit or loss made by the company during the year. 	1
VI.	<p>What is meant by "Authorized Capital"?</p> <ul style="list-style-type: none"> a) The actual amount of capital the company has received from shareholders. b) The maximum capital the company is authorized to raise as per its charter. c) The amount of capital raised by the company through loans. d) The portion of capital that has already been called up by the company. 	1

Q.6	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)	
I.	<p>What is the first stage in the admission process for new membership in the Exchange?</p> <ul style="list-style-type: none"> a) Interview with the Membership Recommendation Committee b) Submission of the application form and relevant documents 	1

	c) Registration with SEBI d) Remitting prescribed membership deposits	
ii.	What does "Mark-to-Market" mean in the context of futures trading?	1
iii.	Which of the following NEAT supplementary functions helps a user monitor the most traded securities? a) Colour Selection b) Report Selection c) Most Active Securities d) Market Movement	1
iv.	Which of the following accurately describes the process of buyback trades as per SEBI regulations? a) Buyback is conducted only in the primary market through physical trading. b) Buyback orders in the secondary market must be identified upfront on the electronic trading screen. c) Buyback trades do not require disclosure of the start and end dates of the buyback period. d) Buyback orders can be placed on any stock exchange, even without electronic trading facilities.	1
v.	How is the quantity of shares for a particular security in a portfolio calculated?	1
vi.	What is the primary purpose of the basket trading functionality in NEAT CM? a) To perform live order entry for a portfolio. b) To create offline order entry files for a portfolio based on market capitalizations. c) To directly trade large volumes of securities in real-time. d) To bypass security-related validations for faster trading.	1

SECTION B: SUBJECTIVE TYPE QUESTIONS

	Answer any 3 out of the given 5 questions on Employability Skills. Answer each question in 20 – 30 words. (2 x 3 = 6 marks)	
Q.7	State the "Five Factor Model" of individual's personality.	2
Q.8	Distinguish between intrinsic motivation and extrinsic motivation.	2
Q.9	State any two importances and usage of spreadsheet.	2
Q.10	Mention any two qualities of a successful entrepreneur.	2
Q.11	What do you understand by social entrepreneur?	2

	Answer any 3 out of the given 5 questions in 20-30 words each (2 x 3 = 6 marks)	
Q.12	What are the purposes of previous trades window?	2
Q.13	Write a short note on UCC.	2
Q.14	What are the rights and duties of a sub-broker?	2
Q.15	Give two examples of microeconomic and macroeconomic factors affecting stock price movements.	2
Q.16	What is security descriptor?	2

Answer any 2 out of the given 3 questions in 30– 50 words each (3 x 2 = 6 marks)		
Q.17	Explain the features of temporary sign off of NEAT system.	3
Q.18	What do you mean by valuation debit?	3
Q.19	Define stock index and state some of its uses.	3

Answer any 3 out of the given 5 questions in 50-80 words each (4 x 3 = 12 marks)		
Q.20	How a trading member may be declared as defaulter?	4
Q.21	Explain the different Market types of Capital Market Segment.	4
Q.22	Write any four features of limited physical market.	4
Q.23	<p>“Mr. Rajiv Gupta is a portfolio manager at XYZ Financial Services, handling a variety of clients, from retail investors to large corporations. Recently, he advised his clients on leveraging the derivatives market for their financial goals.</p> <p>One of Rajiv’s clients, a corporate treasury manager, was worried about fluctuating commodity prices affecting their business margins. Another client, a retail investor, was looking to capitalize on expected stock market movements in the short term. Rajiv also identified opportunities for an institutional client to take advantage of price differences in different markets for risk-free profits.</p> <p>Using his knowledge of hedging, speculation, and arbitrage, Rajiv crafted different strategies for each client. He also highlighted the broader economic functions of derivatives markets, including risk transfer, price discovery, and the potential to stimulate entrepreneurial activities.”</p> <p>Define the types of investors in the derivatives market and identify the category under which each of Rajiv’s clients falls. Justify your answer with examples from the case.</p>	4
Q.24	<p>Ms. Priya, an employee of ABC Ltd., is part of a team working on the company’s quarterly financial results. Before the results are officially announced, she informs her brother, Rohan, that the company has achieved record profits. Acting on this information, Rohan purchases a significant number of ABC Ltd.’s shares and sells them after the announcement, earning a large profit.</p> <p>a) Identify the type of information shared by Ms. Priya and explain why it qualifies as insider information.</p> <p>b) Discuss whether Rohan's actions constitute insider trading and justify your answer based on SEBI (Prohibition of Insider Trading) Regulations, 2015.</p>	4