Markets and Transaction

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NDGURU

Chapter-2 Markets and Transactions

Financial Markets:

Financial market is a place where financial assets are exchanged. It can be defined as a mechanism bringing together buyers and sellers of financial assets in order to facilate trading. Financial market is of two types:

1. On the basis of moturity of claim:

a. Money Market

Money market are the markets for short-term debt securities. Examples of money market securities are Treasury Bills. Banker's Acceptance, Commercial papers and negotiable certificate of deposit issued by government and financial institutions.

b. Capital Market

The capital market is the market for long-terms debt and equity capital. The capital market includes the stock market, the bond market and the primary market. Company's and government can raise funds for long-term investment by the Capital market.

* Difference between money market and Capital market.

Gasis	Money Market	Capital Market	
Meaning.	Market where to		
, 0	term securities are traded term securities		
		troded.	
Nature	9t is informal market.	gt is a formal market	
Tique	37 15 (Morring) marper.	the Total Control of the Miles	
Maturity	securities having life	Securities having life more than one year are	
, 0	one year or less than	more than one year are	
	one year are traded.	traded.	
Instrument	Treasury bills, Commercial	Common Stock, Corporate	
21.5(1	paper, certificate of deposit.	bond, preferred stock,	
anage in	etc.	governmental bond, etc.	
Silling to the	reporting to the final Police of the	0	
Risk	Less Risky	More Stisky	
harden and	at a second second		
Return	Provide low return	Provide High return	
	High liquidity	low liquidity	
liquidity	0 1 0	1011 11 11 1	

in frager to frage.

Egylara Listar

2. On the basis of seasoned security traded: 9. Primary Market It is the market for new securities. The security market transfer the funds from savers to investors through the primary market. Hence, the transaction of securities issued for the first time takes place in this market. 9+ Can be sub-divided into seasoned Unseasoned issue. Seasoned issue involves the issue of more of an existing security which is already traded in the market where as unseasoned issue have no track record. They are issue of completely new securities and are often referred to as initio Public Offering (IPOs). b. Secondary Market 91 is the market for the existing securities. . Second hand securities are bought and sold in this market. 91's main function is to provide liquidity to the burchasers of securities. Nepal Stock Exchange (NEPSE) is an expample of secondary market in Nepal.

* Difference between Primary market and secondary market.

Basis	Primary Market	Secondary Market
Meaning	Market where first hand	Market where second
	securities are traded.	hand securities are
di, only at	Carlotte to the second that we have	traded.
0	of the property of the second	1: 16 35
Purpose	Provides funds to the	Provide the liquidity
	fissuing company.	Provide the liquidity of the security.
3.1		0
Transaction	Company and Investor	Between Investors
between	0	21/16/01/
Dach	THE STATE OF STATE OF	10 Programme Section 1986
Risky	less risky	More Risky
5010000010	0	11
Intermedian	 Underwriters 	Brokers
Price	Piyal by	
Trice	Fixed price	Fluctuates, depends upon
184 11 A	to the first temperature for the state of	Fluctuates, depends upon the demand and supply.
Number of	A Part of the Control	And the latery !
	hess transactions	More transactions
transactions		Ash out delights and
		10.7

* Difference between Organized market and Over-The counter (OTC) Market

Basis	Organized market	OTC Market
Type of	- 1 Tele 1 18 19 1 4 1 81 42 6	o i o i i i i i i i i i i i i i i i i i
securities	Formal market	Informal market
Determination	By demand and supply.	Bu hoostistiss
of price	Q significant of the significant	By negotiation
Commission	Fixed	Negotiated
		Johnster
Securifies	listed securities are	Unlisted securities are
-Iraded	traded	traded.
Location	Location and timing	Physical location and
and	for trading is fixed.	time is not fixed.
Piming		Anywhere can be traded.
Registration	Registered in government	Registered in the authorized
.0 .	agency	dealer like NASDAP in
	J. Q	America.
Energial	Places to allowables for	
Specialist	There is specialist for	There is no any
	scruting of securities.	specialist.

Other Markets:

Broker Markets: The organized markets where buy and sell orders of investors are executed. Through the licensed broker is broker market.

Dealer Markets: A security market mechanism where in multiple dealers post prices at which they are agreed to buy or sell a specific security is dealear market. eg: OTC Market

Buil Markets: A market condition that shows securities process are vising and investors are building up confidence in the market is buil market.

Bear Markets: A bear market is the opposite to a buil market. A market condition that shows sewrities prices are failing and investors are pessimistic about the market is bear market.



* Transactions Buying and Selling Securities:
While buying and seiling securities (shares) investor
may follow one of the following position:
2. Margin purchase Suy
3. Short position > sell.
4. Short Sell
* long position and Margin Purchase:
Purchasing a security today with the expectation
Purchasing a security today with the expectation that its price will increase in the future is called
in a line and marrie burshale an long positions.
in order invest total beautied amount from his own
. I at last to margin hischage holche uses (extail
percentage of total sequired amount as loan from
the brokerage firm.
The second of th
Long Position:
Rate of Return Holding Period Return (HPR)
= (Ending Price - Beginning Price) + Dividend X 100 Beginning price
Beginning brice
Squining Pres
= (Selling price - Purchase price) + Dividend x 100
Purchase price
Carletting 1.1.20

= (P1-P0)+1	D1 V100
Po	A 100 100 100 100 100 100 100 100 100 10
	and the contract of
= Pi-Po vino	4 Dt
= P ₂ -P ₀ ×100	+ D1 X 100
	and the first of the first of the
= Capital Gain	rield + Dividend Yield
= CGY + D	
	THE REPORT OF THE PARTY OF THE
* Margin purchase:	the transfer of the second
Example:	American Manager Space of the
ABC. Co	I was the Cartes of the St.
1000 sha	res and a second second
Po = 50	niches tranch as the frequen
Mary de la consequencia	are the state of t
4	1
Own bocket money = Rs.30	Loan from Brokerage Firm = RI
Spillor at	
Initial Margin (IM) = 60%	loan = 40 %
Or Manta Carrier	Collateral > Purchased shares
Margin Requirement	Interest (i)
Down Oning and	all management and the
Down Payment	
the plant of the select	that is the second of the second

1. If Po=50 Initial Margin (IM) = 50-20 50 = 60% 2. If stock price vaises to Rs 60 Actual Margin (AM) = 60-20 60 = 66.67%	4
Initial margin (IM) = 50-20 50 = 60% 2. If stock price vaises to Rs. 60 Actual Margin (AM) = 60-20 60 = 66.67%	
2. If stock price veises to Rs. 60 Actual Margin (AM) = 60-20 60 = 66.67%	
2. If stock price vaises to Rs. 60 Actual Margen (Am) = 60-20 60 = 66.67 %	4
Actual Margin (Am) = 60-20 60 = 66.67 %	1
Actual Margin (Am) = 60-20 60 = 66.67%	1 - 110
60 = 66.67 %	
The second of th	_
	200
3. If stock price decreases to Rs. 30	2
Actual margin (Am) = 30-20	
0. 30 = 33.33%	2
A Committee of the control of the co	
. O Actual Margin (AM) = Po-LPS	
Ro d	
	7 - 1
where. Po = market price	- 48
Lps = loan per share	1
most is proposed to the form of the contract o	
OR,	
The state of the s	
Actual Margin (AM) = Assets - Debt	1. 1
Assets	A see
where,	1
Assets = NXPo	Service !
Debt Loan = NX Po (1-IM)	
N= Number of shares	

* Maintenance Margin (MM) It is the minimum actual margin quoted by the brokerage firm. If actual margin decreases due to decrease in Stock price and Houches or fall below the maintenance margin level, the brokerage firm call the investor which is called margin call. . Margin Call Price Trigger Price (TP) = 1-IM x Po 1-MM where, IM = Initial Margin MM = Maintenance Margin Purchase Price B = Beginning Price Margin Call Value Minimum Collateral = Debt Loan 1 - Maintenance Margin Decision: 1. If AM (calculated) > MM (Given) -> No Margin Call 2. If AM (calculated) < M.M (Given) -> Margin call OR, 1. If Actual Stock price (Po) > Trigger price (TP) > No margin call If Actual Stock price (Po) < Trigger price (TP) > Margin Call

* Margin Purchase: Holding Period Return | Rate of Return (HPR) = (Ending Price - Beginning price) + Dividend - Interest Beginning price x Inital margin (Pi - Po) + D-1 x 100 POX IM P1-P0 + D- 1 x 100 BEPS Where, P. : Selling price per share Po = Purchase price per share D = Dividend I = Interest BEPS = Beginning Equity per share Note: Return on margin purchase will always be higher than under long position because margin purchase allows the Investors to take the advantage

Problem 2.1:	N. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.
Solv	
Given: Long Pos	(dino)
Number of cl	hares (N) = 1000 share
Bening y	1000 share
	Price (Po) = Rs. 500
Dividend ((D) = (O
(a) 5-1	contact productions
(a) Ending price (A)	= Rs. 600
0	(4) (4) (70) Mash (3)
Rate of Return (HPR)	= P1-Po+D vino
1 12 12	Port
	= 600-500+0 x 100
	500
	= 20%
	3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
(b) Ending price (P1):	= Rs. 500
0 1	
Rate of Return (HPR)=	P - P + D
1 1/21 (11.1)	Po X 100
	500-500+0 X 100
	500
	= 0
. 4,3110-1	California in the state of the
(c) Ending him (n)	K C. (IV)()
(c) Ending price (P1)=1	Kidoo in and the market
0	
(c) Ending price (B) = 1 Rate of Return (HPR)	

= 400-500+0 x 100 500 = -20 % Poblem 2.2 Soin Given: Long Position: Beginning price (Po) = Rs. 200 Dividend (D) = Rs. 20 Ending Price (P1) = Rs. 230 Rate of Return (HPR) = ? We know that,	
= -20% Problem 2.2 Soin Given: Long Position: Beginning price (Po) = Rs. 200 Dividend (D) = Rs. 20 Ending Price (Pi) = Rs. 230 Rate of Return (HPR) = ?	200
Given: Long Position: Beginning price (Po) = Rs. 200 Dividend (D) = Rs. 20 Ending Price (Pi) = Rs. 230 Rate of Return (HPR) = ?	0)
Given: Long Position: Beginning price (Po) = Rs. 200 Dividend (D) = Rs. 20 Ending Price (Pi) = Rs. 230 Rate of Return (HPR) = ?	0)
Given: Long Position: Beginning price (Po) = Rs. 200 Dividend (D) = Rs. 20 Ending Price (P.) = Rs. 230 Rate of Return (HPR) = ?	0)
Given: Long Position: Beginning price (Po) = Rs. 200 Dividend (D) = Rs. 20 Ending Price (P.) = Rs. 230 Rate of Return (HPR) = ?	0)
Beginning price (Po)= Rs. 200 Dividend (D) = Rs. 20 Ending Price (P.) = Rs. 230 Rate of Return (HPR)=?	0)
Dividend (D) = RS 20 Ending Price (P) = RS 230 Rate of Return (HPR)=?	12
Rate of Return (HPR)=?	Mar.
Rate of Return (HPR)=?	
	7
We know that,	
	4
Rate of Return (HPR) = P1 - P0 + Dx 100	1.4
Po	
= 230-200+20 x 100	d
200	3
= 25 %! 8 -(27/11/10/15) 14 25	128
Problem 2.3	
9oj ^o	
Given:	. 7
Number of shares (N) = 100 shares	
Beginning price (B) = Rs.40	0
Initial margin (IM) = 70%	
Debt Loan = NxPo (1-IM)	_
= 100 × 40(1-0.70) = Rs. 1200) .

If stock price mor	ves up to Rs.65
	of 1 - 20 to 1 feetile
Actual Margin (AM) = Assets - loan
	Assets Assets
	= 100X65 - 1200
	100XP2
	= 81.54 %
	32 13-31
If the Stock price.	decreases to Rs.30
	v company and the set being
Actual Margin	n (AM) = Assets - loan
	- Assets Sing type
	= 100x30-1200
	100X30
	= 60%
of stock brice decr	eases, margin also de creases.
ner integral, 43.85	15 Car one, or some party of 12 alts it
Problem 2.4	the american to a disposition
Solv	
Given:	2 - (a) one priced or
Beginning	Price (Po) = Rs. 600
Margin F	Requirement (IM): 50%
Interest	2ate (1) = 9%
Maintena	nce Margin (MM)= 30%
2 - 12	

100		
Sec. 15 17 17 18	ohere.	1
	I = NXR (1-IM)Xi	
	= 1 X 600 (1-0.50) X 0.09	-
	= 27	
c. Return	on margin purchase is always higher than lon	0
positio	n because margin purchase allows the	3
mves	fors to take the advantage of leverage.	- 7
Problem s	2.5 I see of the contract of t	200
Soln	the state of the second	-
G	iven:	
2.00	Number of shares (N) = 300 shares	-
7 1 2 - 1 2	Beginning price (Po) = 400	
	Loan Debt = Rs. 40,000	
	Interest hate (i) = 8%	200
a. In	itial Margin (IM) = Assets -loan	C.
	Assets	3
8 2 8 3	= 300x400 -40,000	
	300×400	
	= 66.67%	
		-
Hence	the margin in her account when she first purchased	1
	Stock is 66.67 %.	-
-		-

· · · · · · · · · · · · · · · · · · ·
b. If stock price falls to Rs. 300 per share by the end of the
year.
head for the first of the first
Actual Margin (AM) = Assets - loan
Assets
= 300X300 - 40,000
300x300
= 55.56%
Since, the actual margin (55.56%) is higher than the
maindenance many (55.50%) is light forcing a:
maintenance margin (20%), she will not receive a
margin Call.
The second secon
C. Beginning Value (BV) = 300X 400 = Rs. 120,000
Ending Value (EV) = 300 X 300 = Rs. 90,000
Interest (I) = 8% of 40,000 = Rs. 3200
Rate of Return (HPR) = (EV-BV) + Div Interest X 100
MIXAR
= (90,000-120,000) +0-3200 × 100
120,000 X 0.6667 X 100
= -41.50 %
10
I know the stand week that a transfer of the second of the second

Problem 2.6	Note that the second of the se
Sol	The second secon
Give	20:
	Number of shares (N) = 200 shares
	Beginning price (B) = Rs.100
	Initial Margin (IM) = 50 %
	Maintenance Margin (MM) = 30%
Trigger	Price (TP) = 1-IM XPo
e la large	= 1-0.50 × 100
	1-0.30
	= Rs. 71.43
Since, the	2 Stock price fails to Re. 60 which is lower than
Intamor	hairs har charma should but an againtilla
Investo	ent of Ks. 2286 [(+1:43-60) x200](10 manifanz
the man	in account.
	The state of the s
Problem 2.	7
Sola	
Giv	en:
	Beginning price (Po) = Rs. 500
	Own pocket money (Equity) = Rs.50,000
	Lacal Doll - O. En OOL
¥	Total Assets = Equity + Debt = 50,000 + 50,000 = 100,000
	Interest Late (i) = 8%

Initial Margin (IM) = Assets-loan .	100,000 - E0 4/
Assets	100,000 = 50 %
9. If the stock price rises by 10;	% 1 1 1 1 1
	Commence of the second
Beginning Value (BV) = Rs. 10	00,000
Ending value (EV) = 100,000	0+10% of 100000
= Rs.110,	000
Interest (I) = 8% of 50,00	000
21/2/21/ (2) 2 87. 84 30,00	00 - 4000
Rate of Petura (400) - EN OU DO	2 m Louns 1
Rate of Return (HPR) = EV-BV + Div	- TINCLEST X 100
DIV TO	1
= 170000 - 100'00	0+0-4000 X 100
100100	00X 0.50 X 100
= 12%	- AT 12 3 7 181 5 - 2
nue fait es com la la partir de la	yet have of the exposure
o. Maintenance Margin (MM) = 30%	A Strate
Trigger Price (TP) = 1-IM	0
Trigger Price (TP) = 1-IM X	ro.
= 1-0.50 X	500
= Rs. 357.11	V:10.710=0
- A Heads and 17	and a frequency of the
If the stock brice falls below Re. 2	357.14, the invector
will receive a margin call.	and the second of the second
0	

roblem 2.8		¥	12. 3 173.
Soll			
. Given:	4	F 94.1 - 3	23 m 1 m 19
Number of	shares (N) = 5	5000 shares	think proting to their
Beginning	price (Po) = R	2.300	7.0.20
1	argin (IM) = 5	Control of the Contro	
Interest J	rate (1) = 15)	· ·	
Dividence	per share (D)	= Rs.10	
	e (P1) = Rs.400	3	
		Contains	र नर्वे । अस्ति क्षेत्रिक के न्यू
Rate of Return (H	PR) = P1 - P0+	001 X 1- C-	WELL THE WAY TO BEEN
	ro.	XIIV	
	= 400-3	00+10-20.5	25 v 100
	300	X 0.55	7 X 17 3
	= 54.39 %		
where,			N. S 11.
I =	Nx 6 (1-1W		
A NEWS	1 X 300 (1-0)	55)X0.15	top a P
1,000	20.25	der to the	application and the second
	10)		
b. Ending Price	(P1) = Ks.200	Control of	Just all the safe for
Otto at Calina	(Upo) D	. morning	cond and the
Rate of Return	(HPK) = P1-	Po+DI-II	X 100
differential is in	total state of the	LOXIW.	the profession of
-	= 200	- 300+10-	20.25 X100
tower!		300X0.55	

C. Long	2081-1011:
Endi	ng price (P.) = Rs.400
Rate of	Return (HPR) = P1-P0+D1 X100
· · · · · ·	12 10 X 100
	= 400-300+10 X100
	300
and the second	= 36.67 %
	The profit of a set grave Fig.
Ending	price (P1) = Rs. 200
Rate of	Return (HPR) = PI-PO+DIX100
	= 200-300+10 X 100
	300
-	= -30%
	B 400
q.	Po = 300
100	Margin purchase long position
	P1 = 400 54.39% 36.67%
The Art	P1 = 200 -66.81% -30%
eci.	and your to the manufacture as among the second of the sec
If the s	stock price Increases, margin purchase Lesuits highe
bull	than long position, but if the stock price
decre	ases margin purchase Lesults into higher los
than	
than 1	ong position or cash purchase.

roble	m 2.9	,	17
. 30]		1 100	
	Given:	Yview.	
	Number of shares (N) = 500 shares	A vide plan	1
An Armed		and an inches	
	Initial margin (IM) = 70%	STANFOL .	
q.	Debit Balance (Debt) = NXPo (1-IM)	Treport 1 9 18 A.T.	1
	= 500 X100 (1-0.7	10)	
	= Rs. 15,000	。一句时为 加州	
	1 - 1 - V		
b.	Equity Capital = Assets - Debt		
	= (500X100) - 15000		
1, 5	= 20'000-12000		
-	= Rs. 35,000		
	OR,	tion in withing it	
*	Equity = NXPOXIM	The same of the	1
	= 200×100×0.40	and Hard	
	= Rs. 35,000		
	and the second s	4	
C.	Actual Margin (AM) = Assets - De	ot	-
10-1	Assets		-
1	= (200XIPO) -		13
Like	(500)	(160	
i e	= 81.25%		4

roblem 2.10		MATE
පිංඛ්		
Given:		
Number of shares 1	N) = 100 shares	
Beginning price (R) = Rs.100	
Ending-price (B)	= 121.175	
i. Initial Margin (IM) = 2	5 %	-
	CONTRACTOR OF THE PROPERTY OF	
Rate of Return = P1 - Po	X 100	
8XIN	38-3	
700X() = 742-1	X100 X100	12
T00X(.25	
= 300 %	recovered to the second	
	全位于1000年	
ii. Initial margin (IM) = 50	%	
	the state of the s	
Rate of Return = Pi-P	V 10()	
Po XI	M ~ .	15
= 175-	001 X 000.0	
, 100X	0.50^	19.0
= 150 %	6	- 2
The state of the s	1	
iii. Initial Margin (cm)=	75%	18
Rate of Return = P.	- Po X 100	

= 175 - 100	The state of the s
145-100 X 100	
	3.6, 100 00
= 100 %	27/20
h Fodios Co. LO. C	
b. Ending Price (B)= Rs.75	3985 - 1916 - 1916 - 1916
No. of the second second	A TOTAL STREET
i. Initial margin (IM)=25%	TANK OF BEST OF BE
D	The state of the s
Rate of Return = PI-PO X 100	tell at spirit was in all and
6XIM Y	For Albert out of Pages
= 75-100	well were they be
= 42-700 X100	
= -100 %	and A Strait to the
the are a refused by the second	11 9 32 11 1
ii. Initial Margin (IM) = 50%	AT THE STATE OF STATE
The state of the same of the s	The same that the same of
Rate of Return = P1-P0	The state of the s
Rate of Return = P1-P0 X 100 POX IM X 100	
	The state of the state of
= 75-100 X 100	
	V.07%* 1
= -20 %	all part pare a year
iii Callal Mania /	se the probability
iii. Initial Margin (IM) = 75 %	Acarter promise state
Company of the second designers	ille des 4 de se mode .
Rate of Return = P1-P0 X1 POXIM	100
PX XM V	CONTRACTOR OF THE PARTY OF THE

					5 40	
		= 71	5 - 100 VIOD	121 0 (11)	48th	4
		1	100X0:42×100		10-1-	
	V T		33.33%			1 1000
					and the second	
	c.		3M= 25%	IM: 50%	IM= 75%	
in the second	P	2= 175	300%	150%	100%	
		P1 = 75	-100%.	-50%	1 - 33.33	%
-			e and a series	4 4		- 108
	If the	Stock	brice is incr	reasing, low	ser initial ma	rg102
	results hi	igher !	profit and i	if the stor	ex price is de	ecreasing
L.T	lower Init	tial mar	rgin result	s higher 1	055-	U
	200	124	O.			Lis de la companya de
	d. 14 In	restor	has to pay c	ommission	on margin tro	insaction,
	the rate	e of z	eturn will a	decrease. I	in the same	way,
	dividend	d Incom	ne will inco	rease. the	rate of rete	urn and
	Interest	+ exper	nses will d	ecrease th	ie leafe of he	eturn.
				- Some A	i south to	to t
	Problem 2.	.11		2. 17.		
11	Soln			a color		The state of the s
-		ven:				
	in decrees		ing price (Po)			
		Numbe	er of shares ((H) = 500 Sh	ares	
					100 = Rs.50,000	
					ity) = Rc. 37,50	
	The State of the S	loan	Debt = AS	ets - Equit	=50000-375	TO = R1.12500
		Initia	Margin (IM) =	37,500	75%	11 / 10
-			10	50,000	- 13/	104

	Intere	st rate (1):	8%	N. N. Park	i i set	and A	17
				100			
Calc	culation	of percen	tage inc	crease in Ne	+ worth	(Equity)	
No. of	share	Value of		Equity	Initral		0. 0.000
Shares(N)	Price	Assets	PEPH	= Assets-Debt	Equity	Change	% change
500	Re-110	55,000	12,500	42,500	34500	+2000	5000 = 13.
500	Rs-100			37,500	37,500	0	0
500	R1.90	45,000	12,500	32,500	37,500	-2000	-13.33%
•	he tak	e of retur	000 0	nargin is	higher	when t	ne stock
Drice	is high	nes at enc	and 4	ne decreas	e in st	our pur	e decreae
the	herier	Hage betw	rn.				100
1010	-	0	100	E 2 4 103	[] [] [] [] [] []	Balt la	V1 4 1/
h Mo	aintena	nce Margin	n (MM) =	25%			-
		17					- Se
	Trigo	er brice (TP) =	1-IM X P	6 4 1		-
	J.	26		7-WW V		- 19	
		THE STAN	2	1-0.25 X	100	t sking t	
	N (9.1)		23 18	1-0.25			- 10
	10	Lake The Control of t	= F	(s. 33.33 %	,		- 100
The	Stock	brice Car	fall t	O Rs. 33.3	3 to ge	t a mar	gin call.
1-10				,			
c. 1	nitial Go	1417 = Rs. 5	25,000	1 10 10 to	pulling!	1 5 mm	
		1 0	1.27	MALE IN			
	Initia	1 Margin	= (MI)	25,000			
W-7-	2	-, 0		50,000	1 1 1 1 1 1 1	1:11 1	70) =
1			=	50 %	- and	4 11 221	1:
		-	-	Average .			
							-1

Trigger price (TP) = 1-1M X Po	negroundate va
T-WW VI	
= 1-0.50 ×100	
	Training that he is
= Rs. 66.67	ALM DELL TO
The stock price can fall to Rs. 66.67	to get a margin
Call	
A STATE OF THE STA	
d. Interest = NXPo(1-1M)Xi	THE FILEPAN AND
2 = 80.0X(2F.0-1)001X1 =	The August of The Party of The Party
Pala at 201	O'S No Front Set No.
Rate of Return = P1-P0-I X 100 POXIM	
MIX%	and married the
i. 14 P1 = 110	
19 71 - 110	9 4 1 1 1 1 1 1 1 1 1 1
Rate of Return = 110-100-2 x	
700X0-72	00
20000.42	= 10.67.%
- 16 .11 B = 100	
	Ked Self-
Rate of Return = 100-100-2 x 100	A STATE OF THE STA
\$ \$ 00×0.72	= -2.67%
	2.0170
ln. 11 R=90	DETAIL NOTES
Rate of Return = 90-100-2 x100	10 90
100 x 0.75 X100	= -70 %

toblem 2.12	
Sõu	
Given:	
Number of shares (N):	200 shares
Beginning price (Po)	= Rs. 550
Initial margin (IM))= 60%
Maintenance Margin	0 (MM)= 30%
(-0,	
If the stock brice de	ecrease to Rs. 250(P)
	I ad by take the control of the
Actual Collateral (Asse	ets) = MXP1 = 200X 250 = Rs. 50,000
Minimum Collateral =	, Debt 44000
	1 - MM - 1-0.30 = Rs. 62,85714
where,	
Dall - L	
Dept = 1	1X % (1-1M)
21 20	2.44'000 00X 220 (1-0.60) 1X 12 (1-1W)
= 120 = R	00X 220 (1-0.60)

Problem 2.13				A MALESTA
Soln				199
Given:		1 2 2		or me
Num	ber of shares	(N) = 200 shi	ares	istale.
	inning price (The state of the s	and XIII
Ma	rgin (Initial)	(IM)= 60%.	- high side	die st
An	nual Dividend	Per share (D) = Rs.2	No. 17 g
	iual interest s			
		1 3000	and full	affe to
Rate of Retu	$vn = P_1 - P_0$	+D-I X10	0	
(6-months)		MIXS	in continue	Y THEFT I
	- 2081	60+1-2.50	001X	
		160 X 0.60		and the second
the early of	= 48.375	5 %		
			1	
where,		<u> </u>	or or of	*** * A
Si	x- month divid	lend = 2 x 6/1	2 = Rs.1	
Si	x. month inter	1XN = (1) +25	1X (M1-1) 8	X 1/2
	7.0	1 1 1 X 1	60 (1-0.60))	(0.08 X 6/12
1	ve de gradin	= Rs. 9	2.56	
ADDING TO SE	ajer -(0)	H. A. Contra	Av. Kupt	A 2.202 A
Annualized	Rate of Retur			1 34 11 644
-2		= 48.37	2 X Z	
1.		= 96.75	/.	

roblem 214	THE WAY	1 och MA	hit geitr	DOTAL A
Soj				
Given:		Page 6	ggde	
Number of shares (N) = 1	300 shares	Cus/m.	199 mel	(55 a m
beginning price (Po) = Rs	550	digital 1	77.0	0.50
Initial Margin (IM) = 5		en en	500	gb.g.
Four months dividend =		10800	0.18 2	0.08
Annual interest &ate (i) =	9%			
Maintenance Margin LM	M) = 25 %	N 1 1		- 590
158 15 5 12 0 3 5 4	195 m. A 60	Sugar.	enshwig -	resource TE
a. Initial Value (Assets) = IXX	Po = 300x	550 = R	. 165,000)
year or a property to such	- Blancer, A	1 host	(See dell	of S
Debiti Balance (Debt) = NX	(NI-1) of			
300	x 550(1-0	50)		1.1.1
= Rs. S	32,500	[4]	story. Porc	el a
	(10x = 11X)	a shah	V ONE	
Equity = Assets - Deb	t		(7).	-
= 165000 - 80	,500	alate.	anish La	indy.
= Rs. 82,500			- (Alamo	
1 1 1 1 1 1 1 1 1 1 1 1	Jug Hara	ें भ		
OR.	4 1 1 (52.4)	AST COME OF		
Equity = NXPO XIM	- " - " EK.	g*) -		
0 = 300X 550 X 0	50			
Rs. 82,500		A 12 31.	9 / -	and the last

.

b. Calcu	lation of	Jetual Ma	rgin:		11 10 1000
			0		4.4
No. 0f	share	(NXP)		AM = Assets-Debt	Transfer
Shares (H)	Price (P.)	Assets	Dest	Ascets	Remarks
300	450	135000	82500	38.89 %	Restricted
300	700	210,000	82500.	60.41%	Excess Equity
300	350	105,000	82,500	21.43%	margin call
	No. 197		T S	Comment Surpey	Control 1
C.		F		M att att i par	1-20-14
Poto	a Dividend	Received	R-months) = 300X 15 = R	s-4500
111111111111111111111111111111111111111	ovariety.	9 199 4779	00 - 2	2011	de e witter
Poto	a Interest	paid 14.	months) =	82,500X 0.09X4/12	
4 4 4	11.54	1	Wilele Vell	10 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	plical all part
d.		(050	417 77	0.407	
	inding Price	(P) = Rs.	500	17.	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
				500 = Rs. 150,000	
1	0			Marie and the second	1 40 1 1
Rate	of Return	Fodma V	alue - Pea	inning value + Div.	- Internal
(u.	months)	- 0	Aggionma	Indian Con	A YIOD
- 4	- Me-line)		e committee	Aging Y TIAL	Carlo Comment
7- 1	=	150000	-165000	+ 4500 - 2475 XI	00
		15.70	762000 X	0.90	14 (1)
100		- 15.79	5%		Hard
Λοο	in Localian	10 01 001		a read time	0 1
+ WU	udired ko	THE UT KET	dxu = -1i	5-73% X3=-4	7.19 %

V

ii. Ending price (P1)	= Rs.600	1307
Ending value 1	EV) = 300 X 600 = Rr. 180,000	P A Second
U		
Rate of Return	= EV-BV + Div Int. Y 100	- Chess
(4-months)	BAX IM X 100	
		-
	= 180,000-162000+4500-2475 X100	1
	162000X 0 · 20	-
	= 20-64 %	1
Ann. 11 . 1 . 1 . 1	D 0-1	
Minualized Kate of	Return = 20.64% X3 = 61.92%	
	to a mark a most seep of the property and	in C
in. Ending price (P.)= Rs.700	
Ending value	(EV) = 300X 700 = Rs-210,000	sect.
		7
Rate of Return = (E	nding value - beginning value) + Dir - Interest Beginning value X IM	
	Beginning value X IM	X100
	0 0	-
=	210,000-165,000+ 4500-2475 X100	-
	762,000 X 0.20 X 100	
		1.75
	51%	-
		11 11
Annualized Pala	al malural Esta NO - Mal	1
mindanced Kate	of Return = 57% X3 = 171%	4
		1

Problem	2.24	to add to
Sol	the state of the s	No. of the last
.6	atven:	
11 3	beginning price (Po) = Rs. 100	10 14 9
	Initial Margin (M) = 50%.	0.0
	WW)= 30%	71.
	(i) = 10%	
A	(N) = 1000 shares	
	(Pi) = Rs.120	
	A PARCOLLAND OF COLUMN TO A CAMPAGE OF THE	Filmone
q. Long	g position without using Margin:	
	0 0	words 14 168
Rate of	f Return = Pi-Po+D x100	
	Po	
anty E	= 120-100+0 _{X100}	11.68
	100	
	= 20%	
	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
b. Lor	ng position Using margin:	
	0. 9 0	
Rate	of Return = P1-Po+D-I X100	A to take
•	MIXS	
1	= 120-100+0-5 X100	Javene
	100X 0.20	
	= 30%	
W	here.	1 65
	I = NX % (1-IM) X1 = 1 X100 (1-0.50) X 0.10 = 1	Re.5
The second second		a committee of the second

C. B	alance sheet (At S	deginning)	The state of	13 14 16 13
Assets (1000 X 10	And the second s	Debt		50,000
	4 1 2 4 44		(B91. Fg)	50,000
	000,000	10	0,	100,000
	Where,	1		P / 2000
	Debt :	- NXPO (1	(MI-	4
7			0 (1-0.50)	
the minute of the	at hope at	Rs.5000		AP 1- day
	- 8-7-1	1 6 1	help'sera	and soften a state
dro If Stock price	e Increases to	Rs. 110	40 11 5	and regard
	Balance sheet	**		i i
X0001) 24922A	110) Rs-110,000	o Debt	-1 971 miles	50,000
12000			(Bal. Fig.)	60,000
7.3	710,000			110,000
(ii) If stock br	ce decreases to	o Rc.90		
The state of the s	Balance sh	eet	Contract.	. 32
Assets (1000)	(90) 90,000	Deb		20000
135012 (1002)		Equi	ty (Bal· fig.)	40,000
	90,000		0	90000

1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	e decreases to Rs. 80.
i. Actual Marai	to Louis - Acres - Doub
प्तिया शिवानु	in (AM) = Assets - Debt
	Assets
	$= (1000 \times 80) - 50,000$
	1000X80
	= 37.5 %
Commence of the commence of th	
Since, the actual	margin (87.5%) is higher tuan the commun
rold intenance margin	1 (30%), the invector will not receive a
margin call.	
li.	1930/2 2039/3
Trigger Dace 19	ro) - 1-1M o
73 Ince (TP) = 1-IM X Po
Approx 1 1 1 1 1	1-0.50
	= 1-0.30 X 100
r rank	= Rs. 71.43
Since the Stock	price (Rs. 80) is higher than the trigger price
Re. 71.110 400 1	invotor will not be trigger price
1/3 41.48, THE	investor will not beceive a margin call.
Colored Colore	2 10012 2 1 2 2 2 3
1 200	

Short position and s	short selling:
Selling the se	ecurity today with an expectation that its
price will decrease	in the future is short position or short
'Sell. Short selling	Is made due to clamities (आर्थिक मिक्).
	and buy at lower price."
0	- Contract of the state of the
* Short position:	
4 + (30 to	area of the street of the stre
Rate of Return (HPR)	= Beginning value - Ending value - Dividend
	Beginning value XII
27 x 21 + 12 + 13 (m)	t product the second position of the
162	= (Beginning price - Ending price) - Dividend
	Beginning price
1 1 1 1 1 1 1 1 1 1 1 1 1 1	
	= Po-Pi-D X 100
	Po
	a til til man fre sidmin störstadt A
	ohere,
	0 0
	Po = Beginning (short sell) price
	Pi = Ending (purchase) price
4	Di = Dividend paid to brokerage firm.
	313E
	•
Hely and a second	at we committed in protoner Link 展別

* Short Selling:	at county was to not moned
Short Selling is	the sale of security that is not owned
Lucia marian Con L	The coller has borrowed 3.101
	Later A Contratte Drice Coll
decline enabling !	t be bought back at a lower price to
make profit.	J
wate bight.	. The state of the party of the
0	10 - 1 - 10 - (sulma somba) - D. + I
Rate of Return (HPR) =	(beginning value - Ending value) - DI + II X 100
E Born Adversaria	Degioning value XIM
	Carlotte Control of the Control of t
- (2	beginning price - Ending price) - DI + SI X 100
public public T - 19 - T	Beginning priex IM
The state of the s	The state of the s
2	Po-Pi-Di+IL X100
	Pox im
Actual Margin (Am) =	- Assets - Debt
1911	Debt
K	shere,
and the second second second	Debt = NXP.
The first of the second	Assets = NXPo (1+IM)
late:	7 · 1 · 1 · 1 · 1 · 1 · 1 · 1 · 1 · 1 ·
Note:	
100	> MM (Given) -> No margin call
(hetalusias) MA 11:	
) = MM (Given) -> Margray Call

Trigger Price (TP) =	M1+1	X R		tr discoulative
J0	1+ MM	V 10		. 17
	177	correct to yet	1 3 3 3 0 0	r
Decision:	2014	C	menthal -	-10° 40 - 10° 8
1. If POCTP -	> No mo	argin call	191	1.640
2. If Po ≥ TP -	> Margi	nall.	1999 Jille	. Just
	, 0		Torre .	Cle
Margin Call Value	Minimum	Collateral =	Assets	39.
0		× .	1+MM	938
The Control of the Co	22 - 1		110-11	78.5
* Difference in formu	ia of lor	ng position o	and Short bos	tton:
Long position		O .	short	position
0,				Mg .
HPRLp = PI-PO+DX	100	HF	Rsp = Po-Pi-	-D X 100
Po /	1.000	coden, G	Total propor	77.
A. The same of the	2500 34-	a. 4 - 11) 41	mate from the	193
HPRMP = P1-P0+D-I	X 100	14 PK	Rss = Po-P1-D	PERSONAL PROPERTY AND ADDRESS OF THE PARTY O
PX SM	(colle)	- XIF X = Q	16X	1M.
1			- 14 241- 0	01.1-
AM = Assets - Debt	The House	AM	= Assets - D	ept:
Assets			Debt	
		es Horizon	1977 3-1	Service of the
TP = 1-IM X Po		TP	= 1+1M X	Po
T-WW			1+WW.	Prof.
Francisco Derrich		1 124 2 1	State of the state	
The distriction of the state of	Debt	Man	gin can value =	- Assets
(Minimum collateral)	1-MM	, <u>, , , , , , , , , , , , , , , , , , </u>	27642 - WXB (7	1+MM
T. Hallist				
Assets = NXP.	denide .	South Property	sept = NXPI	TIM

Y		
Problem	2.15	The treat start well deposit of
Sol		150 100 2 2 2 2 2 2 2 3 3 3 3 3 3 3 3 3 3 3 3
	Calculation of Rate	of Return
beginning		
(Pa)	(P)_	Pot 1
500	300	= 40%
500	400	20%
500	500	year course or antain a man of
500	11 600	-20%
500	700	-40%
Problem	2.16	Color of Parting Add
Sol		
- (iven:	- HERLE 1-1 + 1-1
	Deginning price (Po)	= Rs.600
	Number of shares ((N) = 100 shares
Pr Buels	Jakan Bara Barah	APKen - Liebert men
- 9. Re	purchase brice (PL) =	Rs.700 (Short sell)

	Loss = NX (Po-Pi)	= 100 (600-700) = - Rs. 10,000 (Loss)
19-20	3 (40.07)	
b. L	ong position	
Fra.	Ending price (P.) = Ri	.750
and the	Gain = NX (R-Po)	= 100 (750-600) = Rs.15000
- 1 star	San Albander	Land the company march
- 11/04	4	William and the second of the

C. Short Sell:	tool of the	-12 kn/g (-14	
Repurchase brice (P1) =	R. 450	descriptions	
Later to the state of the state	14 130	1300 5 1300 12 12	H 1 1 2 1 2 1 1 1 1
Gain = Nx(B-P) =	100/000-1	150) = RS.15.00	_
(12)	-00(800-0	150) = Rs. 15,00	0
d. Long position:	Griof Art	Charles Charles	N An I
Ending price (P.) =	Pc. Goo	white ". (Onnitio)	P. 91
91 (11)	4- 000		-
Gain = N (P Po) =	100/600-	600) -0	
	000	0-7-0	The beauty
Problem 2.17	Company of the	1130 4 4 4	
301,	ore the	with the settings	The same
Beginning Price (Po) =	Rs.450	Self to a server	
Number of shares (H) = 200 sh	ares	
Number of shares (N) = 200 sh	ares	
Number of shares (Initial Margin (IM):	N) = 200 sh	ares ()	
Number of shares (Initial Margin (IM):	r) = 200 sh = 60%	- retriand	
Number of shares (Initial Margin (IM):	n) = 200 sh = 60% eet (Initial)	Larry mora	
Number of shares (Initial Margin (IM):	n) = 200 sh = 60% eet (Initial)	Debt (40%)	36,00
Number of shares (Initial Margin (IM):	n) = 200 sh = 60% eet (Initial)	Larry mora	36,00 54,000
Number of shares (Initial Margin (IM):	n) = 200 sh = 60% eet (Initial) TO) 90,000	Debt (40%)	36,00 54,000
Number of shares (1 Initial Margin (IM): Balance sh Assets (200 shares @ Rs.45) Balance s	eet (Initial) 20,000 20,000	Debt (40%) Equity (60%)	36,00 54,000 90,000
Number of shares (1 Initial Margin (IM): Balance sh Assets (200 shares @ R1-45	eet (Initial) 20,000 20,000	Debt (40%) Equity (60%) Tock price increases	36,00 54,000 90,000
Number of shares (1 Initial Margin (IM): Balance sh Assets (200 shares @ Rs.45) Balance s	eet (Initial) 90,000 90,000	Debt (40%) Equity (60%) Tock price increases Debt	36,00 54,000 90,000 90,000
Number of shares (1 Initial Margin (IM): Balance sh Assets (200 shares @ Rs.45) Balance s	eet (Initial) 90,000 90,000	Debt (40%) Equity (60%) Tock price increases	36,000 54,000 90,000 36,000 36,000 36,000
Number of shares (1 Initial Margin (IM): Balance sh Assets (200 shares @ Rs.45) Balance s	200 sh 60%: eet (Initial) 20,000 20,000 Sheet (If st	Debt (40%) Equity (60%) Tock price increases Debt	36,000 54,000 90,000 90,000 36,00

-			ditional 200 shares	
Assets (500 :	shares @ 600)	300,000		150,000
			Equity (50%)	120,000
	-) 0 /	300,000	The Control of the Co	300,000
	1			
% Addit	ion El Equit	y = Rs. 15	000,000 - 84,000	these books in
		= Rs. 61	6,000	mbria III.
			h. I.	
Problem 2.1	8	1)-0-04	04、19-31	- Color
Boln	2 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	Deplies.		
Give	en: Short Se	11		-1. Var 11:
. 1	Number of sh	ares (N) =	500 shares	155
	beginning p			rimotascii -
	Initial Man	= (M1) nip	55%	10 (a) (d)
			(MM)= 35 %	1801111
		. 0		
Trigge	r Price (TP)	M1+L =	v Pa	1
107.00	Graf pint	7+WW	A to	1450 12 1227
Subject .	Carlation	- 1+0.5		
500 years		1+0.5	X 450	
2.		- Rs. 516.		7
101 3 V Car	Sec. 1	- 1/2. 2	Same appropriate vi	
Since Hoo	Stock Drice	e (es.500)) is less than	triager brice
De Ell CT	the invest	or win r	not beceive a n	7730 7110
in short pe			1-1, 1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1	angus call
THE CHOICE DA	05111011.	1	W	

Problem 2.19	
201,	1018 3
Given: Shi	ort Sell; are fer set
Number of	Shares (N) = 1000 shares
A STATE OF THE STA	19. price (B) = Rs. 400
	Targin (IM) = 50%
Ending b	mice (B) = Rs. 500
1,1	d (P1) = Rs. 20
	a distribution of
9. Actual Mar	gin = Assets - Debt - Dividend
The state of the s	Debt - product
	2 600,000 - 500,000 - 20,000
	500,000 1 1 months had the
	= 16%
	refer to the set where secret to died
where,	rary provide (color open a)
As	sets = MXPo (1+IM) = 1000X400 (1+0.50)
	= Rs.600,000
D	6PF = NXB = 1000X 200 = K2 200,000
. "	And the state of t
D'	vidend = NXD1 = 1000X 20 = Rs. 20,000
4 4 4 4 4 4	the project of the pr
b. Since. Actual	margin (16%) is lower than maintenance
margin (30%)	, Mr. Sapkota will receive a margin call.
	and the state of t

c. Rate of Return = Po-Pi - D x 100	Electric Control of the Control of t
TOX CIVI	The state of the s
= 400-500-20 X 100	2 Folks 1976
400× 0.50	of the parameter of the second
= -60 %	greathant go -
Day and the second	mark market
Problem 2.20	The Augustian Committee of the Committee
Sol	11 biotes 12 1
Given:	
Number of shares (N) = 100 shares	Comment because in
Beginning price (Po) = Rs. 500	
q. Initial Margin (IM) = 50%	
1/28	
Initial Margin Deposit = MXPo (14	(M1+
	(1+0.50)
= Rs.75000	
an Control of a	
OR.	750
Initial Margin Debosit = NXPOXII	M
= 100X 200X	
= Rs. 25000	0 30
b. Maintenance Margin (MM)= 30%	
	2001 2001 12/03
Trigger price (TP) = 1+IM X Po 1+MM	A CONTRACTOR OF THE
14 X PO	
* TI'(M	. 1.21

	= 1+ 0.50 y 500	12 2 7 7 7 7
	= 1+0.50 X 500	
	= Rs. 576.92	10.75
The stock price	can increase to Rs. 57	692 before a marain
Call	the second second	unterviend :
	. The first region	at make the
C. Ending price (P)= Re400	ma storplyt
. 01		
Equity = As	sets - Debt	July Property
, 0 = MX	19 (1+1M) - NX PL	7
	X 500 (1+0.50) - 100X4	00
	2. 35,000	
Actual Marg	in = Assets - Debt	
一种一种人		Colonia Data
	= 75000-40,000	mana a pp ma
	40,000	
	= 87.5 %	the and the second
Since, actual m	argin (87.5%) is greater	than maintenance
margin (30%), we	will not receive a m	pargin call.
and the state of the state of	y 0	0
d. Rate of Retur	n = Po-Pi-D x 100	
	POXIM	0.76 V 3000
	= 500-550-25 X100	4.4.6. 4.7.207
1.0	500X0.50	1971 - 197 <u>3</u>
	= -30%	

Y.			
Problem 2.	21	200 mg 200 mg	
Soly		A THE SALE	
Giver	: Sh	orf sell	
1900 N	lumber of sho	ires (N) = 100 shares	一件为1/4.5年
1	beginning pri	ce (Po) = Rs.500	F 1. 1992 2
	initial Margi	7.05 = (M1) W	The state of the s
		Margin (MM)= 35%) we foul of a
q. Triqqe	r Price (TP)	= 1+1Mo.	a sayar
4 1 31-	1	= 1+1M X 60	4 . 4
55	10 - 10 PK	9.23 - 100 d. 24 g. 1985 NO.	et y
final to	The same	= 1+0.50 4 500	
	1	= 1+0.50 X 500	
	No. of the Contract of the Con	= Rs.555.56	entropy A. Comme
If the	stock price	rises above RS-555.5	6, the investor
win get o			
	0	(400) (0.00)	
b Calcula	tion of Rate	of Return	
The second line is	1 A. C.		
Ending Price	Beginning pr	ice Rate of Return	Rate of Return
(P1)	(P ₀)	(Without Margin)	(with Margin)
Transfer out		= B-Pg X100	THE RESERVE AND ADDRESS OF THE PARTY OF THE
1	Serie See	Po A	- B- NIW X100
200	500	60%	120%
		y All astatists	
300	500	40%	80%

400	500	20%	40%	1
		13 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	t) said yourself	-1
500	500	0	0	
	STEEL STEEL	Jan 1: 1.		7 770
600	500	+20y	-40%	
		2 127 4-1-1		4
700	500	- 40x	-80%	11
		1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1	5 17K 97 1 19 194.	119
800	500	-60%	-120%	
		in the second	(ii) were known -	AL
Problem 2	.00)			
. Sối,		majora 19 -	The only by	09
GI	ven:		And the second second	Marilla.
	beginning bri	ice (%) = Rs.250		1
	Margin Req	uirement (IM) = 50) //.	
A STATE OF THE STA	Maintenand	e Margin (MM) = 3	307.	
		· O		
q. Short	position wit	h 100%. Initial m	argin	5 1
End	ing price (Pi)= Rs. 200	0	
	-01		Table 1	1
Rate	of Return =	Po-P1 X100	the call of the second	
		Po		
tring in	ar armetalli.	250-200 X10	ocupat to applian	9.
197 P	(0)	250	all in It som	bad :
		= 20%		No. of Contract of

b.	, /,vpo	51.0	and they
1. Trigger Price (TP)	M1+L =	, p	
1. Trigger Price (TP)	1+MM	X To	-)(**
	- 1+0.5	0050	1445
	1+0.3	0 X 250	(29)
	= Rs. 288		
If the Stock price &is			he Investor
will get a margin call			
0 10 1	S. A. Marine		1 100
2. Ending price (P1)= R	\$.200		
01			AS COME NO
Rate of Return = Po-	Pr wino		The state of the s
Po)	XIM X 100		Visote)
- 25	0-200 X	n Trice	U3-3 -
20	50 X 0.50 X	Children Child	of the
	Grand Labor	ar And roth	else in a
200 200 300 300 300 300 300 300 300 300	12-12-12		
and a state of the second	HARLES SH	V died wat	ind trend if
47	5.00	4 101 101	1111
llerh	100		III XXX III
symler of	10 12 df	A warming	1 10 01/02 5
			1 1
c. The rate of return with because it can take the	th 50% 1	nitial margin	is highour
because it can take the	e advan	tage of law	Shoon
Short selling.	10 101	Je of le	eage in
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			The second second

Problem 2.29	3	and the	and the supply	· le audre	· · · · · · · · · · · · · · · · · · ·
Solp.				1 4	1.
Given	end has	5	Barrier State of the State of t	p. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.	V 47.147
Nu	mber of sha	res (N) =	500 shares		-Tex
Be	painning Drice	187 = 0	e 100		147
r2	itial margin D	eposit =	Rs. 45,000	its.	9,561.9
1	nitial Margin D	= (M1)	45000	1- 1	2.1
112	0		500X120 =	75 %	N. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.
	and the state of t				1 1 1 1 1 1
a. Calculation	on of Rate of	Return	1 1 W		
		1	100		1 1
Ending Price	Beginning Pr	ice k	ate of Retur	n= Po-Pi	v InO
(P)	(Po)	***	late of Retur	POXIM	X 100
132	120	- 1		-13.33%	
120	1 20			0	
108	120			13.33%	107
*				15.4.5	14 1 18
b. Mainter	nance Margin (1	MM) = 25	1.	re de la latera	13/
	-				
Triga	er Price (TP) =	MI+L	w 90	•	
. 0-	er Price (TP) =	1+ MM	XIO		2 4 2 7
1830		1+0.4	2 4 100		
		1+0.7	S X = 20	71	-
		Rs. 168	1	-	111111111111111111111111111111111111111
If the s	tock price rise			the Investo	× untu
not o			1 -02 ,	TI LIVENIO	1 00111

get a margin call.

c. Calculation of Rate of Return			Rate of Return	
Ending Price	Beginning Price	Dividend	Po-PI-DIXIDO	
(P1)	(Po)	(D ₁)		
192	120	3	-16.63 %	
120	120	3	- 3.33%	
108	120 00001	- (13 james)	10 %	

