

Errata and Additions (3rd Reprint, 2008)

The corrections and additions below are for the 3rd Reprint, 2008¹. The notations are: C (Chapter), Eq (Equation), P (Page), Pr (Paragraph), L (Line), F (Footnote), and R (Reference). An asterix * means the change was already in the 2nd 2005 reprint.

Corrections:

- (C19, Eq11 and Eq12, P268): Changed lower limit of y^* integral to y_{\min}^*
- (C16, P240, Pr2, L3 + Pr4, L2): Changed 90% to 95%. Corrected: $CL^{Vol} = 95\%$
- (C17, P247, Pr1, L2): Changed the sign in the exponent
- (C29, P384, Pr3, L2): Changed the sign in the exponent
- (C17, Eq15, P251)*: v_{\max}, v_{\min} : Switched A, B ; changed $\lambda\sigma\sqrt{\tau^*} \rightarrow \lambda\sigma^2\tau^*$
- (C25, Eq2, P333)*: Second paragraph below for \mathfrak{S} : Took the square root
- (C26, Eq7, P348)*: Dropped subscript \mathcal{R} to get power $\mathfrak{K}(k_{CL})$
- (C49, Eq13, P698)*: Numerator \leftrightarrow denominator, correct eqn is: $\frac{C_3^{(123)}}{M_3^{(123)}} = 0$

Additions:

- (C18, Eq10, P263): Added equation for single-barrier rebate at touch
- (C5, P47, Pr2, L2-3): Note added: ... $\tau_{KO} = I_{1/2} / I_{3/2}$ (cf. Ch. 17, p. 251).
- (C17, P251, above Eq17): Note added: ... The KO time τ_{KO} (cf. Ch. 5, p. 47) ...
- (C17, P255, Pr4, L5): Note added: We need to set $r_a = f_a$ on the forward curve.
- (C18, P263, Pr4): Subsection added: *Single Barrier Rebates*
- (C27, P368): Subsection added: *Conditional VAR and another (!) CVAR*
- (C28, P369, Pr1, L2): Note added: ... Again, CVAR = Component VAR.
- (C28, Pp376-377): Subsection added: *CVAR and CVAR-Vol Risk Report, and a Related Portfolio Strategy*
- (Ch 39, P481): Subsection Added: *What if Economic Capital is Not Big Enough?*
- (C44, P624, Pr1): Subsection Added: *New Result: A Perturbation Expansion ...*
- (C44, P624, Rviii): Ref. added: Dash, J. W., *Multivariate Integral Perturbation...*

¹ **Minor Corrections or Additions:** Pp 3, 4, 64*, 97, 167, 250, 263, 345, 367, 368, 374, 378, 435, 437-441, 479, 481, 487, 529, 623, 624, 681*, 686*, 733*, Contents, Index.