SS 4521G/FM 9521B - Advanced Financial Modelling
Outline of Lectures: 17–24 March 2014

Midterm Exam 2 – Tuesday, 18 Mar 2014
19:00-21:03HRS, VAC 100

NO lecture on Tuesday in consideration of the evening midterm that day.

For this week, we aim to cover the following theories/concepts:

1. Intro to Exotic derivatives
   - Packages
   - Non-standard American options
   - Forward start options
   - Compound options
   - Chooser options
   - Barrier options
   - Binary options
   - Lookback options
   - Shout options
   - Asian options
   - Options to exchange one asset for another
   - Other exotics may be added to this list and a copy of the slide presentation will be provided.

2. Models for stochastic interest rate process in the context of simulation

3. The Ho-Lee, Vasiček, Cox-Ross-Ingersoll Black-Karasinski, and Black-Derman-Toy interest rate models

4. Extension of Black-Scholes (if time permits)