ERRATA
A Primer for the Mathematics of Financial Engineering
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Corrections – Chapter 4
• Page 129, Section 4.6: Formula (4.49) should be

\[ d_{2,\mu} = \frac{\ln \left( \frac{S(0)}{K} \right) + \left( \mu - q - \frac{\sigma^2}{2} \right) T}{\sigma \sqrt{T}} \]

Formula (4.50) should be:

\[ P(S(T) > K) = N(d_{2,\mu}) = N \left( \frac{\ln \left( \frac{S(0)}{K} \right) + \left( \mu - q - \frac{\sigma^2}{2} \right) T}{\sigma \sqrt{T}} \right) \]

The formula after formula (4.50), instead of

\[ d_2 = \frac{\ln \left( \frac{S(0)}{K} \right) + \left( r - \frac{\sigma^2}{2} \right) T}{\sigma \sqrt{T}}, \]

should read

\[ d_2 = \frac{\ln \left( \frac{S(0)}{K} \right) + \left( r - q - \frac{\sigma^2}{2} \right) T}{\sigma \sqrt{T}}. \]

Corrections – Chapter 9
• Page 273, Section 9.1: Formula (9.9) should be

\[ \nabla f(x) = \left( \frac{\partial f}{\partial x_1}(x) \ldots \frac{\partial f}{\partial x_n}(x) \right) ; \]

• Page 279, Section 9.1: In the second paragraph,

“Note: If the matrix \( D^2 F_0(x_0) \) is either positive semidefinite or negative semidefinite, skip Step 3.2 and go from Step 3.1 to the following version of Step 4:”

should read

“Note: If the matrix \( D^2 F_0(x_0) \) is either positive definite or negative definite, skip Steps 3.1 and 3.2, and go to the following version of Step 4:”