

Contents

Contributors	page vi
Introduction <i>Stewart Hodges</i>	vii
Options markets and analysis	
X 1 Financial options: new markets and new valuation techniques <i>Stewart Hodges</i>	3
2 Practical issues in options trading <i>Graham Simister</i>	10
X 3 Valuation and hedging: theoretical issues <i>Stewart Hodges</i>	22
4 Determinants of successful instruments <i>Ian Cooper</i>	33
General technical issues	
λ 5 Black-Scholes option pricing and robust variance estimation <i>Robert Geske and Walter Torous</i>	49
6a Numerical methods <i>Andrew Carverhill</i>	70
6b American options: theory and numerical analysis <i>Andrew Carverhill and Nick Webber</i>	80
7 Non-parametric techniques <i>Chris Painter</i>	95
Particular activities and markets	
8 On the stock market crash and portfolio insurance <i>Hayne E. Leland</i>	105
9 Index arbitrage: choosing minimum variance market basket trading strategies <i>Stanley R. Pliska</i>	123
10 Recent trends in foreign currency option valuation <i>Georges R. Courtadon</i>	141
11 Interest rate options <i>Thomas S. Y. Ho and Allen A. Abrahamson</i>	161
Author index	179