**Errata and Other Revisions**

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| p. vii, Under 6.1 | Replace "Weiner" with "Wiener" |
| p. 11, First sentence in "Google's Dutch Auction Format" | Replace "IPO 2004 offering" with "2004 IPO" |
| p. 18, First full paragraph, Last sentence | Replace with opening with "Millisecond and even microsecond delays are to be expected," |
| p.57, First full paragraph | Delete the last two sentences |
| p. 60, First sentence | Replace with "Cross rates refer to the price of a currency relative to the price of any other currency." |
| p. 68, List 1,2,3,5 | Change "5" to "4." |
| p.71, Footnote 2 | Make "swap" plural |
| p. 77, Halfway down page, first line past second equation | Put "v" and "b1" in italic font |
| p. 81, equations at the top of page |  = 0 |
| p. 81, under equations near top | Revise to "Thus, we find that the optimal number of stock transactions for this order is *n* = 242, each with a transaction size of *X/n* equal to 80,000/242 = 330 (subject to rounding). Thus, the broker should submit 242 purchase orders, each for 330 shares to minimize her . . ." |
| p.135, Footnote 1 | First sentence should read " A probability space consists of three types of elements: a sample space  of all potential outcomes , events  that are subsets taken from  and are elements of the set of events and their associated probabilities P mapped from  to [0,1]." |
| p. 138, Top Heading; First line second word from end; second line; middle of seventh line; second line above the third equation; first line below last equation; Footnote 5 | Replace "Weiner" with "Wiener" |
| p. 161, Equation 6.A.3.1 | Replace the superscript "υ" with normal font "= υ." |
| p. 178, Last sentence above Equation (7.18) | Replace phrase with "yt,n is the rate on a zero-coupon instrument originated at time 1 to be repaid at time n" |
| p. 178, Equation at the bottom of the page | At the end, just before the last "=" sign, subtract 1. |
| p. 207, Line above second equation; Line below Equation (8.22) | Replace "Weiner" with "Wiener" |
| p.216, Equation 8.33 at the bottom of page | Replace upper case S with lower case s |
| p.217, Equation 8.34 at top of page | Replace upper case S with lower case s.Delete exponential functions following s0 and X. |
| p.217, third line after first equation | Replace upper case S with lower case s. |
| p.217, Equation 8.36 | Replace upper case S with lower case s. |
| p.217, d1 equation on middle of page | Delete exponential functions following .5556. |
| p.218, Table 8.2 | Replace upper case S with lower case s everywhere. |
| p. 218, Table 8.3 | Replace data in Table 8.3 with the following: .3345 -.4611 -.0247 -.2482 .0345 -.6732 -.4697 -.6725  .6310 .3224 .4901 .4020 .5138 .2504 .3193 .2506 |
| p.218, third line first paragraph and p equation near bottom of page | Replace upper case S with lower case s both places. |
| p.218, put table at the bottom of the page | Replace data in put table at the bottom of the page with the following:.1648 .2707 .3192 .5125 |
| p. 225, Line above Equation (8.A.1.3) | Replace "Weiner" with "Wiener" |
| p. 226, Line above Equation (8.A.1.11); Line below Equation (8.A.1.12) | Replace "Weiner" with "Wiener" |
| p.228, Line below Equation (8.A.2.8) | Replace "Weiner" with "Wiener" |
| p. 271, Third line down | "W. Bentley", not "Bently" |
| p. 302, second line from the top | Start this sentence with "While it is not clear whether any laws were broken" |
| p. 330, second full paragraph | Replace "For example, the NASD" with "For example, FINRA" |
| p. 384, Solutions 2.a and 2.b | Revise to:First, total the transactions costs B and set the derivative of total transaction costs with respect to the number of slices equal to zero and solve for X: = 0Thus, we find that the optimal number of slices or transactions is n = 1,581, with X/n, the size of each transaction equal to 500,000/1,581 = 316. One note here: First, non-integer numbers of transactions should probably be prohibited, hence, we have rounded our figures. b. Total slippage costs equal nv(X/n)m = .1581 · 3162 = $15,811. Note that fixed administrative transactions costs total $15,811 = 1,581 · 10 (Again, figures are rounded). Total trading costs are 31,622. |
| p. 384, Solution 2.c | Derivative should read: = 0Also, revise sentences following to read “We substitute and iterate to find that n = 1944. Since X = 500,000, the optimal order size is 500,000/1944 = 257 (allow for rounding to obtain integer values).” |
| p.385, Solution 3.b | Revise latter part of 3.b. to: = 0Since slices or orders of size 214 shares were observed by Beagle, who will assume that these slices are of optimal size, c = X/n = 214. Now, we can solve for n in the following to obtain the optimal number of orders in this purchase program: = 0Answers might vary from 920 to 940 based on rounding to integer values. Thus, 932 slices with 214 shares each indicates a total or latent demand for 932 · 214 = 199,448 shares, again, subject to rounding errors. |
| p.397, Solution 15.b | Change 0.035191 to 0.047852. |
| p. 406, Solution 10 | Change solution, replacing numbers and upper case S with lower case s to the following:To answer this question, we first calculate d1:Next we calculate d2: d2 = d1 - σ√T = .2925 - .4242 = -.1317Next, find cumulative normal density functions (z-values) for d1 and d2: N(d1) = N(.1983) = .6151 N(d2) = N(-.226) = .4476Finally, we value the call as follows: c0 = (.65×.8870)(.6151) - [.7×.9231)×(.4476) = $0.1133We can evaluate a put for this European currency option series using put-call parity as follows: p0 = c0 + Xe-r(d)T - S0e-r(f)T = .1128 + .65e-.06×.5 - .7e-.04×.5 = .092 |
| p. 435, Under Market efficiency | Replace "Weiner" with "Wiener" |
| p. 439, Under Random walks | Replace "Weiner" with "Wiener" |
| p. 443, Weiner Processes | Replace "Weiner" with "Wiener" |