

Errata and Additions (3rd printing, 2008)

The following corrections were made in this 2008 3rd reprint of *Quantitative Finance and Risk Management: A Physicist's Approach*. Notation: Chapter C, Equation Eq, Page P, Paragraph Pr, Line L, Footnote F, Reference R.

Numbered Equations:

- (C18, Eq10, P263): Added equation for single-barrier rebate at touch
 (C19, Eq11 and Eq12, P268): Changed lower limit of y^* integral to y_{\min}^*
 (C26, Eq4, P345): Added equivalent formula for quadratic component VAR
 (C28, Eq27, P378): Inserted eqn. number for determinant of a constant matrix

Text¹ and Inline Equations:

- (C5, P47, Pr2, L2-3): Note added: ... $\tau_{KO} = I_{1/2} / I_{3/2}$ (cf. Ch. 17, p. 251).
 (C16, P240, Pr2, L3 + Pr4, L2): Changed 90% to 95%. Corrected: $CL^{Vol} = 95\%$
 (C17, P247, Pr1, L2): Sign corrected: $K(x_a)\tilde{K}(x_b) = \exp\left[-\frac{2\mu}{\sigma^2}(x_a - x_b)\right]$
 (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*
 (C29, P384, Pr3, L2): Sign corrected: $R \exp(-R^2/2) dR d\beta$
 (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 Changes or Additions:** (C1, P3, Pr3, L5), (C1, P4, Pr6, L3), (C8, P97, Pr1, L3), (C13, P167, F17, L6), (C17, P250, Pr4, L3), (C18, P263, Pr3, L7), (C27, P367, Pr7, L1), (C27, P368, Rii + F14), (C28, Eq18, P374), (C28, P378, Pr1, L9), (C34, P435, Pr4, L2-3), (C34, P437, Pr2, L5), (C34, P438, Pr2, L4), (C34, P439, F11), (C34, P440, Ri), (C35, P441, F2, L2), (C39, P479, Pr2, L4), (C39, P481, Pr5), (C39, P487, F20), (C42, P529, F39, L2-5), (C44, P623, Pr5), (C44, P624, Rii), (Errata 2005, P783, L1), Contents, Index.