Updates and Errata for ACTEX Study Manual
Exam MFE/3F, 2010 Edition
April 13, 2010

Page M2-25 Problem 10.19.

In parts a and c, change 24.5008 to 24.0058.

Page M4-10. Lines 5 and 18.

The three place approximation .583 can be replaced by the value of .5285 given in the examination normal table.

Page M4-10.

The last paragraph should begin with a new first sentence and new statements 1) and 2):

There are some interesting things to note about purchased options:

1) The graph on page 384 shows that if a call is purchased at the money, its Δ will be close to 1 if it goes far in the money and close to 0 if it goes far out of the money.
2) The graph on page 385 shows that if a put is purchased at the money, its Δ will be close to -1 if it goes far in the money and close to 0 if it goes far out of the money.

Page M7-15 problem 3.

The answer for x1 - x2 is that it is normally distributed, with mean 3 and variance 4.4. The source of the error is that the special case formula from the text of chapter 18 is incorrectly transcribed in the narrative to the solution. The last term should be $2ab\sigma_{12}$, not $2\sigma_{12}$..

Page M11-1. First sentence, last paragraph.

Delete the clause "which is not on the syllabus for exam MFE." Chapters 18 and 19 of *Derivatives Markets* are now on the syllabus for exam MFE.

Page PR 12-8.

Problem 3, first line. Vasieck should be Vasicek.

Page PE1-4. Problem 15.

Change choice A to .047.

Page PE1-11. Solution to Problem 15.

Change detail display to

P(T)	0.93000
P(T+s)	0.85000
F	0.91398
K	0.90000
σ	0.11600
T	1.00000
s	1.00000
d1	0.19
d2	0.07
N(d1)	0.5753
N(d2)	0.5279
Call	0.04715

Page PE6-4, problem 15, choices B and D.

Change the $.04/S^2$ term to $.02/S^2$