Updates and Errata for ACTEX Study Manual
Exam MFE/3F, Fall 2011 Edition
August 25, 2011

Page M0-7, Example 0.2, part b)

Change "-824.446" to "-826.446" in the last table (under the "Time-2 payoff" column).

Page M1-37, last line.

100 should be changed to 0.

Page M1-61, solution to Ex. 1.4.2

In the solution to part c, e^{γ} should be 1.169204 instead of 1.167899.

For the solution to part e, the second line (the equation) the first term should be $e^{-0.156323\text{x}1}$.

Page M1-73

There is a problem with that equation. It should be written as (Delta)xX(1) + (Delta)yY(1) + 1.05W.

Note that instead of multiplying the first term with 67, we should remove 98 from the second term.

Page M2-54

The portion $" = \dfrac{\ln[E(X)/K] + \sigma^2/2}{\sigma}$ should be removed from the equation.

Page M3-51, solution to #18.

The prepaid forward price should be $S(t)e^{-\delta(T-t)}$ and the delta should be changed accordingly.

Page M3-55, solution to part b) of Example 3.3.1

The first line of the should be "We need to compute the price of the call after 1 month." All calculations are correct. Note that at the end of the first month, the option has a time-to-maturity of 8 months (i.e. 2/3 year).

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