Subject ST6

Corrections to 2015 study material

Comment

This document contains details of any errors and ambiguities in the Subject ST6 study materials for the 2015 exams that have been brought to our attention. We will incorporate these changes in the study material each year. We are always happy to receive feedback from students, particularly details concerning any errors, contradictions or unclear statements in the courses, If you have any such comments on this course please email them to ST6@bpp.com.

You may also find it useful to refer to the Subject ST6 Frequently Asked Questions thread on the Actuarial Discussion Forum (you can reach the forums by clicking on the "Discussion Forum" button at the top of ActEd's Home page). This contains useful questions asked by students studying ST6, with answers written by ActEd's tutors.

Important note

This document was produced on 2 February 2015. The dates on which any subsequent corrections have been added are noted below.

X Assignments

Question X4.7 (i)

There is a typo in the formula for X, which should read:

$$X = \frac{S_t e^{-q(T-t)}}{K e^{-r(T-t)}}$$

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Solution 1.15 (ii)

There is a typo in the approximation for h, which has S_0 and F_0 the wrong way round. The second sentence in this solution should read:

"Comparing this with the initial futures price, *ie* $F_0 = S_0 e^{(r-r_f)T}$, we see that:

$$h \approx S_0 / F_0 \text{, as required.} \qquad [½]"$$