Errata in the lecture notes

Last update:February 24, 2021

1. pag. 42, should be $L^2(\Omega) \subset L^1(\Omega)$ (instead of $L^1(\Omega) \subset L^2(\Omega)$).
2. pag. 59, property (x): it should be $g : \mathbb{R}^2 \to \mathbb{R}$ and $f : \mathbb{R} \to \mathbb{R}$, instead of $g : \mathbb{R}^2 \to [0, \infty)$ and $f : \mathbb{R} \to [0, \infty)$. Moreover the assumption $g(X, Y) \in L^1(\Omega)$ is missing
3. pag. 77, first equation after (4.12): The last term in the right hand side should be $2\sigma(t)\alpha(t)dW(t)dt$ (the factor 2 is missing)
4. The statement on pag. 126 that $\Theta < 0$ is true when $r \geq 0$, see (6.29)
5. First line of pag. 212, it should be "since for $r \geq 0$ the (Black-Scholes) value of the call option is increasing with maturity" (instead of decreasing)
6. For some mysterious reason, the constant c in the solution of exercise 6.38 (pag. 215) was redenoted by σ in the last few lines. The first line before the last equation in the solution should read "Comparing with the expression above we find $\sigma(t, T) = c$..." and in the second line of the last equations σ should be replaced by c.