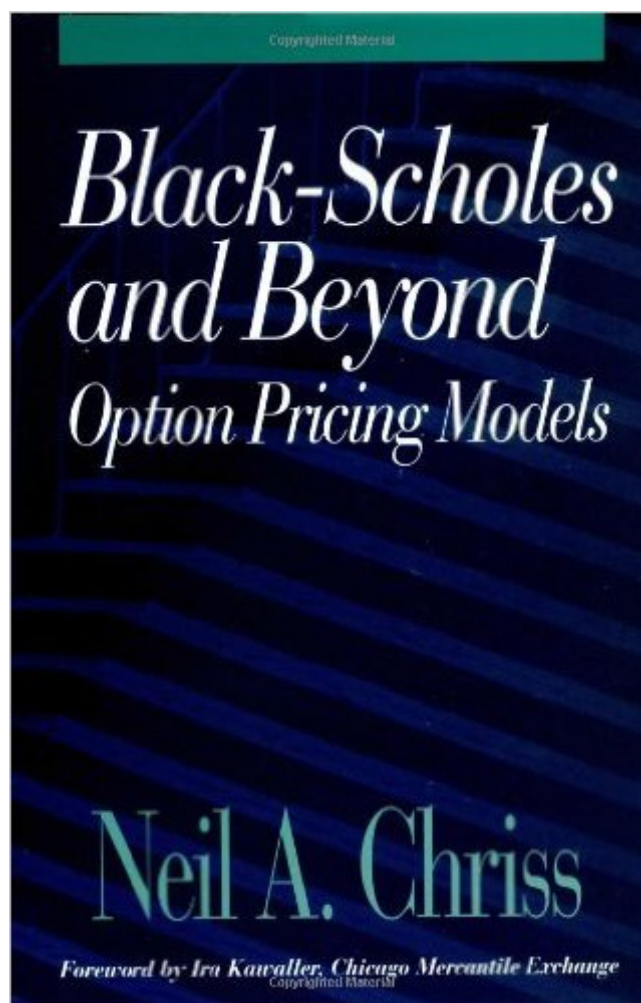# Black-Scholes And Beyond: Option Pricing Models

Synopsis

An unprecedented book on option pricing! For the first time, the basics on modern option pricing are explained ``from scratch'' using only minimal mathematics. Market practitioners and students alike will learn how and why the Black-Scholes equation works, and what other new methods have been developed that build on the success of Black-Shcoles. The Cox-Ross-Rubinstein binomial trees are discussed, as well as two recent theories of option pricing: the Derman-Kani theory on implied volatility trees and Mark Rubinstein's implied binomial trees. Black-Scholes and Beyond will not only help the reader gain a solid understanding of the Balck-Scholes formula, but will also bring the reader up to date by detailing current theoretical developments from Wall Street. Furthermore, the author expands upon existing research and adds his own new approaches to modern option pricing theory. Among the topics covered in Black-Scholes and Beyond: detailed discussions of pricing and hedging options; volatility smiles and how to price options ``in the presence of the smile''; complete explanation on pricing barrier options.

Book Information

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Customer Reviews

Neil Chriss' book, "Black-Scholes and Beyond" is the first book that I have found that clearly presents the fundamental thinking behind the Black-Scholes formula and all of the underpinning assumptions. I have looked long and hard for a book that can present to an interested and mathematically-adept reader a clear picture of the origin of the BS-formula. Books like Hull are poorly written and confusing to the uninitiated. Chriss, however, presents a logical case for the derivation of the BS-formula which has left me with an understanding of its ingredients and

limitations. To flesh-out the BS limitations, Chriss presents 6 chapters on pricing options on Binomial Trees. Chriss' exposition presents trees as an alternative and powerful tool for the valuation of European, American, and exotic options. Trees are treated as a superset of tools to Black-Scholes and moreover as field of their own. The extensive bibliography has helped me track down journal articles on various related subjects so that I can further study the material.Chriss presents a wealth of intuitive explanations to pricing options - explanations that help the reader gain a greater understanding of the limitations and problems that the current methods face. Often it is hard to find a text that presents in detail the shortcomings of a method or technique, but as any researcher would know, understanding the current limitations is fundamental to advancing the state-of-the-art. In this respect, Chriss goes way beyond any textbook available today.The reader will find detailed explanations on how to use the BS formula and how to build binomial trees. Additionally, there is extensive material on how to build implied binomial trees and implied volatility trees.

Black-Scholes and Beyond: Option Pricing Models Pricing the Future: Finance, Physics, and the 300-year Journey to the Black-Scholes Equation Options: The Ultimate Secret, Tips and Tricks to Increase Profits and Avoid Losses (Option trading, Option trading Strategies, Investing) with Expert Guidance Option Strategy Risk / Return Ratios: A Revolutionary New Approach to Optimizing, Adjusting, and Trading Any Option Income Strategy Proven Option Spread Trading Strategies: How to Trade Low-Risk Option Spreads for High Income and Large Returns TRADING: Intermediate, Advanced, Tips & Tricks and Strategy Guide to Crash It with Day Trading - Day Trading Bible (Day Trading, Trading Strategies, Option Trading, Forex, Binary Option, Penny Stock) DAY TRADING for EXPERT: Intermediate and Advanced Guide to Crash It with Day Trading - Day Trading Bible (Day Trading, Stock Exchange, Trading Strategies, Option Trading, Forex, Binary Option) Options Trading for Beginners: 7 Steps to Earning $2,000 per Month Option Trading in Less than 20 Hours a Week! (options trading, options trading for beginners, ... stock investing, how to trade option) Great Careers in 2 Years, 2nd Edition: The Associate Degree Option (Great Careers in 2 Years: The Associate Degree Option) Option Volatility and Pricing: Advanced Trading Strategies and Techniques, 2nd Edition Option Volatility & Pricing: Advanced Trading Strategies and Techniques The Complete Guide to Option Pricing Formulas Failure Is Not an Option: Mission Control from Mercury to Apollo 13 and Beyond Graphic Artist's Guild Handbook of Pricing and Ethical Guidelines (Graphic Artists Guild Handbook: Pricing & Ethical Guidelines) Smart Pricing: How Google, Priceline, and Leading Businesses Use Pricing Innovation for Profitability RSMeans Contractor's

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