Errata for
Stochastic Calculus for Finance II
Continuous-Time Models
September 2006

Page 6, lines 1, 3 and 7 from bottom. Replace $A_{n,m}$ by $S_{n,m}$.

Page 21, line 12. After "*Borel measurable.*" insert the sentence
Throughout this text, without further mention every function we consider is assumed to be Borel measurable.

Page 21, last line. Move the equation

$$\int_{\mathbb{R}} f(x)\,d\mathcal{L}(x) = \int_{\mathbb{R}} f^+(x)\,d\mathcal{L}(x) - \int_{\mathbb{R}} f^-(x)\,d\mathcal{L}(x),$$

to the top of page 22.

Page 22, first line. This page should begin with the equation

$$\int_{\mathbb{R}} f(x)\,d\mathcal{L}(x) = \int_{\mathbb{R}} f^+(x)\,d\mathcal{L}(x) - \int_{\mathbb{R}} f^-(x)\,d\mathcal{L}(x),$$

moved from the bottom of page 21.

Page 21, last line. Move the text "Theorem 1.3.8(i) may be restated as:" to the top of page 23.

Page 23, first line. This page should begin with the text "Theorem 1.3.8(i) may be restated as:" moved from the bottom of page 22.

Page 36, line 6. Replace $\widetilde{\mathbb{E}}Z$ by $\mathbb{E}Z$.

Page 47, line 4. Replace

$$\frac{\widetilde{\mathbb{P}}(A)}{\mathbb{P}(A)} \quad \text{by} \quad \frac{\widetilde{\mathbb{P}}\big(A(\overline{\omega},\epsilon)\big)}{\mathbb{P}\big(A(\overline{\omega},\epsilon)\big)}.$$

Page 55, line 2. Change "Figure 1.2.2" to "Example 1.2.2."

Page 70, line 9. Replace "sub-σ algebra" by "sub-σ-algebra."

Page 72, line 12. After "Chapter 2" insert "of Volume I."

Page 73, lines 1 and 2 from bottom. The equation should be

$$\begin{aligned} g(x) &= \mathbb{E}f\left(x, \frac{\rho\sigma_2}{\sigma_1}x + W\right) \\ &= \frac{1}{\sigma_3\sqrt{2\pi}}\int_{-\infty}^{\infty} f\left(x, \frac{\rho\sigma_2}{\sigma_1}x + w\right)\exp\left\{-\frac{(w-\mu_3)^2}{2\sigma_3^2}\right\}dw. \end{aligned}$$

Page 78, line 14. Change "Example 2.2.8" to "Example 2.2.10."

Page 80, line 5. Remove the text "Let X be a random variable."

Page 93, line 14. The left-hand side of the equation should be $\log S_n(t)$.

Page 102, line 1. Change the sentence to, "We usually work with functions that have continuous derivatives, and their quadratic variations are zero."