



The Hong Kong University of Science and Technology

Department of Mathematics

Seminar in Financial Mathematics

How to Trade Bermudan Swaption?

by

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ABSTRACT: Bermudan swaption is a very popular interest rate derivative product for long-dated bond investments. After introducing the basics of this product, I will introduce a generic approach of mathematical modeling for pricing and hedging purposes. The PDE methods, in particular, are adopted to calculate the Greeks of the swaption. I will highlight the distinction of the pattern of Greeks between the Bermudan swaption and European swaptions. I then will discuss how “closely” can a Bermudan option be hedged by European swaptions, a topic central to interest rate derivatives trading.

Dr. Ken Yan’s career includes holding the position of global head of structured derivatives in Nomura International, and a senior trader in CitiGroup and BBVA. He has a Ph.D in Mathematics.

Date: ***Friday, 27 April 2018***

Time: ***4:30pm – 5:30pm***

Venue: ***Room 2302, Academic Building
(near Lift 17), HKUST***

All are welcome!