

Financial Mathematics/Engineering Seminar Series

Hedging with Market and Limit Orders Professor Johannes Muhle-Karbe Imperial College London, United Kingdom

Abstract

Trading via limit orders allows to earn rather than pay bid-ask spreads. However, limit orders are exposed to "adverse selection", in that they are often executed by counterparties with superior information. In this paper, we study the tradeoff between market and limit orders for option hedging in a tractable extension of Leland's model.

(Joint work in progress with Kevin Webster (Citadel LLC) and Zexin Wang (Imperial).)

About the speaker

Professor Johannes Muhle-Karbe is the Head of the Mathematical Finance Section in the Department of Mathematics at Imperial College London, and the Director of the CFM-Imperial Institute of Quantitative Finance. Before this appointment, he held faculty positions at Carnegie Mellon University, University of Michigan, and ETH Zürich.

The research interests of Professor Muhle-Karbe include Mathematical Finance, Stochastic Processes and Stochastic Optimization.

Date

9 April 2021 (Friday)

Time

17:00 – 18:00 (HK Time)

Zoom

<https://polyu.hk/uHati>

