IRS

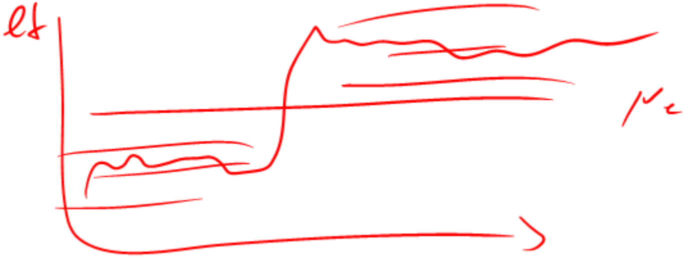
$$MtM_{3Y} = \sum_{i=3}^{i=5} DF(L_i - K) \times PD_i$$

$$Z(3, 3+i)$$

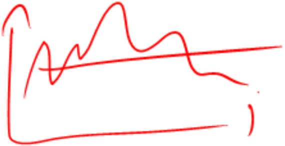
LIBOR $\Leftrightarrow$ risk-free + credit risk + liquidity risk

LIBOR-OIS spread

B.



Cointegration → Fractional Cointegration ?



A.