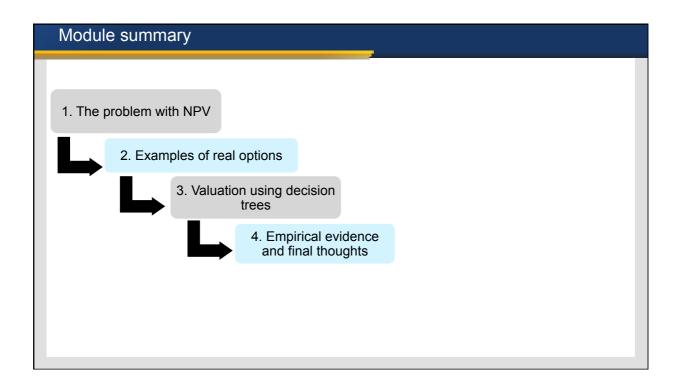


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Background knowledge

Options

- Give you the right but not the obligation to buy/sell an asset at a future date at a predetermined price – (exercise price)
- A call option gives you the right to buy the asset
- · A put option gives you the right to sell the asset
- A European-style option can be exercised at expiry date
- An American-style option can be exercised at any time up to and including the expiry date

Refresher?

 Module 4 (Risk Management) of the course Corporate Financial Decision-Making for Value Creation.

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