

1067-Z1-1741 **Alejandra Sánchez*** (asanchezva@gmail.com), Kr. 102 B. No. 148-40 Casa 65., Urbanización Campiña de Refous, Bogotá, 38007, Colombia. *Convexity Adjustment in the Valuation of the Financial Derivatives*. Preliminary report.

In the valuation of financial derivatives whose payoff depend on the interest rates it is necessary to know the role of probability distribution of the rates at certain moments in time. Sometimes these moments are not the most fortunate for the calculation because with regard to the extent of associated probability may not be a Martingale measure free of risk. However, it is possible to find a Martingale measure and the rate with regard to it, and then adjust the value to get the desired valuation. This setting is the well-known convexity adjustment (or convexity correction). A recent problem in financial mathematics is the interpretation from the mathematical point of view in order to obtain analytical expression for its assessment. I will present some attempts and estimates in that direction. (Received September 21, 2010)