

# Preface

This book is an introduction. It deals with a broad array of topics that fit together through a certain logic that we generally call *Financial Engineering*. The book is intended for beginning graduate students and practitioners in financial markets. The approach uses a combination of simple graphs, elementary mathematics and real world examples. The discussion concerning details of instruments, markets and financial market practices is somewhat limited. The pricing issue is treated in an informal way, using simple examples. In contrast, the engineering dimension of the topics under consideration is emphasized.

I learned a great deal from technically oriented market practitioners who, over the years, have taken my courses. The deep knowledge and the professionalism of these brilliant market professionals contributed significantly to putting this text together. I also benefited greatly from my conversations with Marek Musiela on various topics included in the book. Several colleagues and students read the original manuscript. I especially thank Jiang Yi, Lu Yinqi, Andrea Lange, Lucas Bernard, Inas Reshad, and several anonymous referees who read the manuscript and provided comments. The book uses several real-life episodes as examples from market practices. I would like to thank International Financing Review (IFR) and Derivatives Week for their kind permission to use the material.

All the remaining errors are, of course, mine. The errata for the book and other related material will be posted on the Web site [www.neftci.com](http://www.neftci.com) and will be updated periodically. A great deal of effort went into producing this book. Several more advanced issues that I could have treated had to be omitted, and I intend to include these in the future editions. The future editions will also update the real-life episodes used throughout the text.

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