METHOD AND SYSTEM OF PRICING FINANCIAL INSTRUMENTS

Abstract:

Some demonstrative embodiments of the invention include a method and/or system of pricing a financial instrument. The method may include receiving trade information of a plurality of traded financial instruments, the trade information including trade information related to a plurality of market prices corresponding to the plurality of traded financial instruments; determining at least one set of market parameter values based on a predefined criterion that relates to a plurality of sets of one or more of the plurality of market prices and to a plurality of sets of one or more model prices that are calculated for the at least one set of market parameter values by a pricing model using the trade information; and estimating a price of the financial instrument using the pricing model based on the at least one set of market parameter values.

(FIG. 1)