



SDI Review Form 1.6

Journal Name:	<u>British Journal of Mathematics & Computer Science</u>
Manuscript Number:	2014_BJMCS_13176
Title of the Manuscript:	On Stochastic Volatility in the Valuation of European Options
Type of the Article	Original Research Article

General guideline for Peer Review process:

This journal's peer review policy states that **NO** manuscript should be rejected only on the basis of '**lack of Novelty**', provided the manuscript is scientifically robust and technically sound.

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PART 1: Review Comments

	Reviewer's comment	Author's comment (if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)
<u>Compulsory</u> REVISION comments	1. The authors should give more economic implications in section 3.2 (the section of Discussion of Results). 2. The strike price in figures 3-5 ranges from 0.8 to 1.2. However, figures 1 and 2 have very different range of the strike price: 0.092-0.11 and 9-11, respectively. It is suggested that consistent range of the strike price in figures 1 and 2 should be adopted as in figures 3-5.	1. Noted and corrected 2. In Figure 1, we consider the effect of correlation coefficient on the skewness of the density function with 0.092-0.11. In Figure 2, we consider the effect of varying volatility on the kurtosis of the distribution with strike price 9-11. In Figures 3, 4 and 5, we examine the effect of changing the kurtosis of the distribution on the implied volatility with strike price 0.8 -1.2. Therefore we can choose any value for strike for different cases.
<u>Minor</u> REVISION comments	n. a.	
<u>Optional/General</u> comments	This manuscript will be accepted after the compulsory revision as stated above.	The paper is revised.