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## Warrant pricing: a review of empirical research

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## Abstract

Recently, several warrant pricing studies have become available for different models as well as for different countries. The most important conclusions that can be drawn from reviewing these studies are: (1) it is not necessary to make a correction on option valuation models for the dilution effect; (2) the only model that systematically outperforms the Black-Scholes (1973) type models is the Square Root model; (3) US and German warrants seem to be priced correctly, while deviations are found for English and Japanese warrants (underpriced by the market) and Swiss and Dutch warrants (overpriced by the market).

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