

- 76.** You are given the following information about a Black-Derman-Toy binomial tree modeling the movements of effective annual interest rates:
- (i) The length of each period is one year.
 - (ii) In the first year, $r_0 = 9\%$.
 - (iii) In second year, $r_u = 12.6\%$ and $r_d = 9.3\%$
 - (iv) In third year, $r_{uu} = 17.2\%$ and $r_{dd} = 10.6\%$. The value of r_{ud} is not provided.

Calculate the price of a 3-year interest-rate cap for notional amount 10,000 and cap rate 11.5%.

- (A) 202
- (B) 207
- (C) 212
- (D) 217
- (E) 222