From:	Vincenzo Iozzo <[redacted]
Sent:	Monday, August 18, 2014 6:35 PM
To:	jeffrey E.
Cc:	Joi Ito
Subject:	'Enforcing' lognormality

And I have another question for you (sorry):

So a lot of the 'classical' pricing models assume lognormality (black schole= etc etc). But in reality as we all know lognormality is a bit of a pipe dr=am in most cases.

So my question is: would 'provable' lognormality be enough of an incentives f=r traders to pick a new underlying?

I'm not sure yet how to 'enforce' lognormality but I have the gut feeling th=t it must have something to do with the combination of a new currency and '=nstorable'&useful commodities - like oil, electricity etc etc.
the intuition here is that since 'a variable can be modeled as log-normal if=it can be thought as the multiplicative product of many ALL positive indepe=dent random variables' and the price of certain commodities is a random var=able that is always positive (the price of electricity, oil, etc etc will n=ver to to zero) then there must be something there

Also cc'ing Joi in case he thought at all about this

Thanks,
Vincenzo

Sent from my Iphone

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