1099-60-86 **Anatoliy Swishchuk*** (aswish@ucalgary.ca), 2500 University Drive NW, Calgary, Alberta T2N 1N4, Canada. *'Covariance and Correlation Swaps for Markov-modulated Volatilities'.*

'In this talk, we price covariance and correlation swaps for financial markets with Markov-modulated volatilities. As an example, we consider stochastic volatility driven by two-state continuous Markov chain. In this case, numerical example is presented for VIX and VXN volatility indices (S&P 500 and NASDAQ-100, respectively, since January 2004 to June 2012). We also use VIX (January 2004 to June 2012) to price variance and volatility swaps for the two-state Markov-modulated volatility and to present a numerical result in this case.' (Received January 28, 2014)