Help

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#include "bs1d_doublim.h"

/*Computation of Laplace transform*/
double fnRf_3(fcomplex z,double aa,double bb,
    double hh,double nn)
{
  double Rfs;
  fcomplex Cun,Cnn,Cnn2,z1,z2,z3,z4,z5,z6,z7,z8,z
    9,z10,z11,z12,z13,mu,Q_1,Q_2,Q;

  Cun=Complex(1.0,0.0);
  Cnn=Complex(nn,0.0);
  mu=RCmul(2.0,z);
  Cnn2=Cmul(Cnn,Cnn);
  mu=Csqrt(Cadd(mu,Cnn2));

  z1=Complex(cos(bb*mu.i)*sinh(mu.r*bb),sin(bb*mu
    .i)*cosh(mu.r*bb));  /*sh(mu b)*/
  z2=Complex(cos(aa*mu.i)*sinh(mu.r*aa),sin(aa*mu
    .i)*cosh(mu.r*aa));  /*sh(mu a)*/
  z3=Complex(cos((aa+bb)*mu.i)*sinh(mu.r*(aa+bb))
    ,sin((aa+bb)*mu.i)*cosh(mu.r*(aa+bb)));  /*sh(mu
    (a+b))*/
  z5=RCmul(exp(-aa*mu.r),Complex(cos(-mu.i*aa),si
    n(-mu.i*aa)));  /*exp(-mu a)*/

    z4=RCmul(pow(hh,nn+1.0-mu.r),Complex(cos(-mu
    .i*log(hh)),sin(-mu.i*log(hh))));
    z6=Cmul(mu,Complex(mu.r-nn,mu.i));
    z7=Cmul(z6,Complex(mu.r-nn-1.0,mu.i));

    z8=Cmul(z4,z5);
    z9=Cmul(z8,z1);
    z10=Cmul(z7,z3);
    Q_1=Cdiv(z9,z10);

    z4=Cmul(mu,mu);
    z5=Cdiv(Cun,Complex(z4.r-(nn+1.0)*(nn+1.0),z
    4.i));
    z6=Cdiv(Cun,Complex(z4.r-nn*nn,z4.i));
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    z5=RCmul(exp((nn+1.0)*bb),z5);
    z6=RCmul(hh*exp(nn*bb),z6);
    z7=RCmul(2.0,Csub(z5,z6));


    z8=RCmul(exp(-bb*mu.r),Complex(cos(-mu.i*bb)
    ,sin(-mu.i*bb)));  /*exp(-mu b)*/
    z9=RCmul(pow(hh,nn+1.0+mu.r),Complex(cos(mu.
    i*log(hh)),sin(mu.i*log(hh))));
    z10=Cmul(mu,Complex(mu.r+nn,mu.i));
    z11=Cmul(z10,Complex(mu.r+nn+1.0,mu.i));
    z12=Cdiv(Cmul(z8,z9),z11);

    z13=Cadd(z7,z12);

    Q_2=Cdiv(Cmul(z2,z13),z3);

    Q=Cadd(Q_1,Q_2);

    Rfs=Q.r;

  return Rfs;
}


static int Out_Laplace(double s,NumFunc_1 *L,
    NumFunc_1 *Up,NumFunc_1  *Rebate,NumFunc_1 *PayOff,
    double t,double r,double divid,double sigma,double *pt
    price,double *ptdelta)
{
  int N=15,M=11;
  int i,dummy;
  double price,delta,price2,delta2;
  double xx,y,hh,sum,sum2,Avg,Avg2,Fun,Fun2,j,S[1
    3],Q[13],U,tt,d,K;
  double St,St2,Lower,Upper,v,pp;
  double sigma2;
  double nu,h,h2,a,a2,b,b2,CTtK;

  /* Inversion Variables*/
  double A;
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```
fcomplex z;

/*Inversion parameters*/
A=19.1;

Upper=(Up->Compute)(Up->Par,0.0);
Lower=(L->Compute)(L->Par,0.);
K=PayOff->Par[0].Val.V_PDOUBLE;
pp=1.e-8;
St=s;
St2=s*(1.+pp);
v=r-divid;
sigma2=sigma*sigma;

nu=(1.0/sigma2)*(v-0.5*sigma2);
h=K/St;
h2=K/St2;
a=log(St/Lower);
a2=log(St2/Lower);
b=log(Upper/St);
b2=log(Upper/St2);

/* INVERSION  */
tt=t;
xx=A/(2*tt);
hh=PI/tt;
z=Complex(xx/sigma2, 0.0);

sum=fnRf_3(z,a,b,h,nu)*.5/sigma2;
sum2=fnRf_3(z,a2,b2,h2,nu)*.5/sigma2;

/* Computation of S[0]=s(n) which approximate
  f(t) */
for(i=1;i<=N;i++)
{
  y=(double)i*hh;
  z=Complex(xx/sigma2, y/sigma2);
  j=pow(-1.0,(double)i);
  sum=sum+j*fnRf_3(z,a,b,h,nu)/sigma2;
  sum2=sum2+j*fnRf_3(z,a2,b2,h2,nu)/sigma2;
}
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```
S[0]=sum;
Q[0]=sum2;
/* End of Inversion */

/*  Computation of s(n+p)  p<=M+1 for Euler app
  romations */
for(i=1;i<=M+1;i++)
{
  y=(double)(N+i)*hh;
  z=Complex(xx/sigma2,y/sigma2);
  j=pow(-1.0,(double)N+i);
  S[i]=S[i-1]+j*fnRf_3(z,a,b,h,nu)/sigma2;
  Q[i]=Q[i-1]+j*fnRf_3(z,a2,b2,h2,nu)/sigma2;
}

/* Computation of Euler appromations */
Avg=0.;
Avg2=0.;
for(i=1;i<=M+1;i++)
{
  Avg=Avg+Cnp(M,i-1)*S[i-1];
  Avg2=Avg2+Cnp(M,i-1)*Q[i-1];
}

d=pow(2.0,(double)M);
U=exp(A/2.)/tt;

/*f(t) values*/
Fun=U*Avg/d;
Fun2=U*Avg2/d;

/*Black-Sholes price for call option*/

  dummy=Call_BlackScholes_73(1.,h,t,r,divid,si
  gma,&price,&delta);
  dummy=Call_BlackScholes_73(1.,h2,t,r,divid,
  sigma,&price2,&delta2);

  CTtK=St*price-St*exp(-r*t)*Fun;
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    /*Price*/
    *ptprice=CTtK;

    /*Delta*/
    *ptdelta=(CTtK-(price2-price)/(h2-h)*K)/St-
    exp(-r*t)*(Fun2-Fun)/pp;

  return OK;
}


int CALC(AP_Out_Laplace)(void*Opt,void *Mod,Pric
    ingMethod *Met)
{
  TYPEOPT* ptOpt=(TYPEOPT*)Opt;
  TYPEMOD* ptMod=(TYPEMOD*)Mod;
  double r,divid;

  r=log(1.+ptMod->R.Val.V_DOUBLE/100.);
  divid=log(1.+ptMod->Divid.Val.V_DOUBLE/100.);

  return  Out_Laplace(ptMod->S0.Val.V_PDOUBLE,pt
    Opt->LowerLimit.Val.V_NUMFUNC_1, ptOpt->UpperLimit.
    Val.V_NUMFUNC_1, ptOpt->Rebate.Val.V_NUMFUNC_1,pt
    Opt->PayOff.Val.V_NUMFUNC_1,ptOpt->Maturity.Val.V_
    DATE-ptMod->T.Val.V_DATE,r,divid,ptMod->Sigma.Val
    .V_PDOUBLE,&(Met->Res[0].Val.V_DOUBLE),&(Met->Re
    s[1].Val.V_DOUBLE));
}

int CHK_OPT(AP_Out_Laplace)(void *Opt, void *Mod)
{Option* ptOpt=(Option*)Opt;
 TYPEOPT* opt=(TYPEOPT*)(ptOpt->TypeOpt);

 if ((opt->Parisian).Val.V_BOOL==WRONG)
   if((opt->RebOrNo).Val.V_BOOL==NOREBATE)
   if ((strcmp( ((Option*)Opt)->Name,"
    DoubleCallOutEuro")==0))
        return OK;

 return WRONG;
```

```
}


static int MET(Init)(PricingMethod *Met)
{
  return OK;
}

PricingMethod MET(AP_Out_Laplace)=
{
  "AP_Out_Laplace",
  {{" ",END,0,FORBID}},
  CALC(AP_Out_Laplace),
  {{"Price",DOUBLE,100,FORBID},{"Delta",DOUBLE,10
    0,FORBID} ,{" ",END,0,FORBID}},
  CHK_OPT(AP_Out_Laplace),
  CHK_ok,
  MET(Init)
} ;
```

References