

[Source](#) | [Model](#) | [Option](#)  
| [Model\\_Option](#) | [Help on tr methods](#) | [Archived Tests](#)

## tr\_vellekoop\_heston

This model is given by,

$$\begin{aligned}dS_t &= rS_t dt + \sqrt{v_t}S_t dW_t^1, \\dv_t &= k(\theta - v_t)dt + \sigma\sqrt{v_t}dW_t^2,\end{aligned}$$

where  $W^1$  and  $W^2$  are two correlated brownian motions with  $\langle W^1, W^2 \rangle_t = \rho t$ , and  $k$ ,  $\theta$  and  $\sigma$  are constants. Description of the algorithm is given in [there](#)