

## [Help](#)

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#include "
href../../../../mod/bs2d/bs2d_std2d/bs2d_std2d_h_src.pdfbs2d_std2d.h"
#include "
href../../../../common/error_msg_h_src.pdferror_msg.h"
#define PRECISION 1.0e-7 /*Precision for the localization of FD methods*/

static void init(double **g, double **u, double alpha, double beta, double gam,
{
    int i, j;

    if (flag == 1)
    {
        for (i = 1; i < N; i++)
            for (j = 1; j < N; j++)
                g[i][j] = alpha * u[i][j - 1] + beta * u[i][j] + gam * u[i][j + 1];
    }
    else
    {
        for (i = 1; i < N; i++)
            for (j = 1; j < N; j++)
                g[j][i] = alpha * u[j - 1][i] + beta * u[j][i] + gam * u[j + 1][i];
    }

    return;
}

static void swap(double **u, double **g, int N)
{
    int i, j;

    for (i = 1; i < N; i++)
        for (j = 1; j < N; j++)
            u[i][j] = g[i][j];

    return;
}

static int tri(double **g, double alpha, double beta, double gam, int flag, int
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int i, j, z;
double *c, *a, *b;

/*Memory Allocation*/
a = (double *)calloc(N + 1, sizeof(double));
if (a == NULL)
    return MEMORY_ALLOCATION_FAILURE;
b = (double *)calloc(N + 1, sizeof(double));
if (b == NULL)
    return MEMORY_ALLOCATION_FAILURE;
c = (double *)calloc(N + 1, sizeof(double));
if (c == NULL)
    return MEMORY_ALLOCATION_FAILURE;

/*Gauss Algorithm*/
b[N - 1] = beta;
for (i = N - 2; i >= 1; i--) b[i] = beta - gam * alpha / b[i + 1];
for (i = 1; i <= N - 1; i++) a[i] = alpha / b[i];
for (i = 1; i < N - 1; i++) c[i] = gam / b[i + 1];
if (flag == 1)
{
    for (j = 1; j < N; j++)
    {
        for (z = N - 2; z >= 1; z--)
            g[z][j] = g[z][j] - g[z + 1][j] * c[z];

        g[1][j] = g[1][j] / b[1];

        for (z = 2; z < N; z++)
            g[z][j] = (g[z][j] / b[z] - g[z - 1][j] * a[z]);
    }
}
else
{
    for (j = 1; j < N; j++)
    {
        for (z = N - 2; z >= 1; z--)
            g[j][z] = g[j][z] - g[j][z + 1] * c[z];

        g[j][1] = g[j][1] / b[1];
    }
}

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        for (z = 2; z < N; z++)
            g[j][z] = (g[j][z] / b[z] - g[j][z - 1] * a[z]);
    }
}

/*Memory Desallocation*/
free(a);
free(b);
free(c);

return OK;
}

static int Adi(int am, double s1, double s2, NumFunc_2 *p, double t, double r, d
{
    int i, j, TimeIndex, Index, flag;
    double x1, x2, sigma11, sigma21, sigma22, k, limit, h, m1, m2, trend1, trend2;
    double a1, b1, a2, b2, scan1, scan2, iv;
    double **P, **G, **temp2, *temp1;

    /*Memory Allocation*/
    P = (double **)calloc(N + 1, sizeof(double *));
    if (P == NULL)
        return MEMORY_ALLOCATION_FAILURE;
    for (i = 0; i < N + 1; i++)
    {
        P[i] = (double *)calloc(N + 1, sizeof(double));
        if (P[i] == NULL)
            return MEMORY_ALLOCATION_FAILURE;
    }

    G = (double **)calloc(N + 1, sizeof(double *));
    if (G == NULL)
        return MEMORY_ALLOCATION_FAILURE;
    for (i = 0; i < N + 1; i++)
    {
        G[i] = (double *)calloc(N + 1, sizeof(double));
        if (G[i] == NULL)
            return MEMORY_ALLOCATION_FAILURE;
    }

    temp2 = (double **)calloc(N + 1, sizeof(double *));

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if (temp2 == NULL)
    return MEMORY_ALLOCATION_FAILURE;
for (i = 0; i < N + 1; i++)
{
    temp2[i] = (double *)calloc(N + 1, sizeof(double));
    if (temp2[i] == NULL)
        return MEMORY_ALLOCATION_FAILURE;
}

temp1 = (double *)calloc(N + 1, sizeof(double));
if (temp1 == NULL)
    return MEMORY_ALLOCATION_FAILURE;

/*Covariance Matrix*/
sigma11 = sigma1;
//sigma12=0.0;
sigma21 = rho * sigma2;
sigma22 = sigma2 * sqrt(1.0 - SQR(rho));
m1 = (r - divid1) - SQR(sigma11) / 2.0;
m2 = (r - divid2) - (SQR(sigma21) + SQR(sigma22)) / 2.0;

/*Space Localisation*/
limit = sqrt(t) * sqrt(log(1 / PRECISION));
h = 2.*limit / (double)N;

/*Time Step*/
k = t / (2.*(double)M);

/*Rhs Factor of first step*/
b1 = 1. - k * (1. / SQR(h) + r / 2.0);
a1 = k / (2.0 * SQR(h));

/*Lhs Factor of second step*/
b2 = 1. + k * (1. / SQR(h) + r / 2.0);
a2 = -k / (2.0 * SQR(h));

/*Terminal Values*/
x1 = log(s1);
x2 = log(s2);
trend1 = exp(x1 + m1 * t);
trend2 = exp(x2 + m2 * t);

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for (j = 0; j <= N; j++)
    temp1[j] = exp(sigma11 * (-limit + h * (double)j));
for (i = 1; i < N; i++)
{
    for (j = 1; j < N; j++)
    {
        temp2[i][j] = exp(sigma21 * (-limit + h * (double)j) + sigma22 * (limit - h * (double)j));
        P[i][j] = (p->Compute)(p->Par, trend1 * temp1[j], trend2 * temp2[i][j]);
    }
}

/*Homegenous Dirichlet Conditions*/
for (i = 0; i <= N; i++)
{
    P[i][0] = 0.;
    P[i][N] = 0.;
    P[0][i] = 0.;
    P[N][i] = 0.;
}

/*Finite Difference Cycle */
scan1 = exp(-m1 * 2.*k);
scan2 = exp(-m2 * 2.*k);
for (TimeIndex = 1; TimeIndex <= M; TimeIndex++)
{
    trend1 *= scan1;
    trend2 *= scan2;

    /*First Step*/
    flag = 1;

    /*Init Rhs*/
    init(G, P, a1, b1, a1, flag, N);

    /*Gauss Algorith*/
    tri(G, a2, b2, a2, flag, N);
    swap(P, G, N);

    /*Second Step*/
    flag = 2;
}

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/*Init Rhs*/
init(G, P, a1, b1, a1, flag, N);

/*Gauss Algorithm*/
tri(G, a2, b2, a2, flag, N);
swap(P, G, N);

/*Splitting for the american case */
if (am)
{
    for (i = 1; i < N; i++)
    {
        for (j = 1; j < N; j++)
        {
            iv = (p->Compute)(p->Par, trend1 * temp1[j], trend2 * temp2[i]
            P[i][j] = MAX(iv, P[i][j]);
        }
    }
}

Index = (int)((double)N / 2.0);

/*Price*/
*ptprice = P[Index][Index];

/*Deltas*/
*ptdelta2 = (P[Index - 1][Index] - P[Index + 1][Index]) / (2.*s2 * h * sigma22
*ptdelta1 = ((P[Index][Index + 1] - P[Index][Index - 1]) / (2.*s1 * h) - sigma

/*Memory desallocation*/
for (i = 0; i < N + 1; i++)
    free(P[i]);
free(P);

for (i = 0; i < N + 1; i++)
    free(G[i]);
free(G);

for (i = 0; i < N + 1; i++)
    free(temp2[i]);

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    free(temp2);

    free(temp1);

    return OK;
}

int CALC(FD_Adi)(void *Opt, void *Mod, PricingMethod *Met)
{
    TYPEOPT *ptOpt = (TYPEOPT *)Opt;
    TYPEMOD *ptMod = (TYPEMOD *)Mod;
    double r, divid1, divid2;

    r = log(1. + ptMod->R.Val.V_DOUBLE / 100.);
    divid1 = log(1. + ptMod->Divid1.Val.V_DOUBLE / 100.);
    divid2 = log(1. + ptMod->Divid2.Val.V_DOUBLE / 100.);

    return Adi(ptOpt->EuOrAm.Val.V_BOOL, ptMod->S01.Val.V_PDOUBLE, ptMod->S02.Val.V_PDOUBLE,
               ptOpt->Maturity.Val.V_DATE - ptMod->T.Val.V_DATE, r, divid1, divid2,
               ptMod->Sigma1.Val.V_PDOUBLE, ptMod->Sigma2.Val.V_PDOUBLE, ptMod->Rh.Val.V_PDOUBLE,
               Met->Par[0].Val.V_INT, Met->Par[1].Val.V_INT,
               &(Met->Res[0].Val.V_DOUBLE), &(Met->Res[1].Val.V_DOUBLE), &(Met->Res[2].Val.V_DOUBLE));
}

static int CHK_OPT(FD_Adi)(void *Opt, void *Mod)
{
    return OK;
}

static int MET(Init)(PricingMethod *Met, Option *Opt)
{
    if (Met->init == 0)
    {
        Met->init = 1;

        Met->Par[0].Val.V_INT2 = 100;
        Met->Par[1].Val.V_INT2 = 100;
    }
}

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    return OK;
}

PricingMethod MET(FD_Adi) =
{
    "FD_Adi",
    {"SpaceStep", INT2, {100}, ALLOW}, {"TimeStep", INT2, {100}, ALLOW} , {" ", P
    CALC(FD_Adi),
    { {"Price", DOUBLE, {100}, FORBID}, {"Delta1", DOUBLE, {100}, FORBID} , {"Delt
    {" ", PREMIA_NULLTYPE, {0}, FORBID}
    },
    CHK_OPT(FD_Adi),
    CHK_ok,
    MET(Init)
};

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