

[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"

static int KamradRitchken_91(int am, double s1, double s2, NumFunc_2 *p, double
                           double *ptprice, double *ptdelta1, double *ptdelta2
{
    int npoints, i, j, k;
    double h, m1, m2, u1, u2, d1, d2, lowerstock1, lowerstock2, puu, pud, pdu, pdd
    double **iv, **P;

    /*Memory Allocation*/
    iv = (double **)calloc(2 * N + 1, sizeof(double *));
    if (iv == NULL)
        return MEMORY_ALLOCATION_FAILURE;
    for (i = 0; i < 2 * N + 1; i++)
    {
        iv[i] = (double *)calloc(2 * N + 1, sizeof(double));
        if (iv[i] == NULL)
            return MEMORY_ALLOCATION_FAILURE;
    }

    P = (double **)calloc(2 * N + 1, sizeof(double *));
    if (P == NULL)
        return MEMORY_ALLOCATION_FAILURE;
    for (i = 0; i < 2 * N + 1; i++)
    {
        P[i] = (double *)calloc(2 * N + 1, sizeof(double));
        if (P[i] == NULL)
            return MEMORY_ALLOCATION_FAILURE;
    }

    /*Up and Down factors*/
    h = t / (double)N;
    u1 = exp(lambda * sigma1 * sqrt(h));
    d1 = 1.0 / u1;
    u2 = exp(lambda * sigma2 * sqrt(h));
    d2 = 1.0 / u2;
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/*Risk-Neutral Probabilities*/
m1 = (r - divid1) - SQR(sigma1) / 2.0;
m2 = (r - divid2) - SQR(sigma2) / 2.0;

puu = exp(-r * h) * (1. / SQR(lambda) + (sqrt(h) / lambda) * (m1 / sigma1 + m2 / sigma2));
pud = exp(-r * h) * (1. / SQR(lambda) + (sqrt(h) / lambda) * (m1 / sigma1 - m2 / sigma2));
pdu = exp(-r * h) * (1. / SQR(lambda) + (sqrt(h) / lambda) * (-m1 / sigma1 + m2 / sigma2));
pdd = exp(-r * h) * (1. / SQR(lambda) + (sqrt(h) / lambda) * (-m1 / sigma1 - m2 / sigma2));
pm = exp(-r * h) * (1. - 1. / SQR(lambda));

/*Terminal Values*/
lowerstock1 = s1;
lowerstock2 = s2;
for (i = 0; i < N; i++)
{
    lowerstock1 *= d1;
    lowerstock2 *= d2;
}

stock1 = lowerstock1;
stock2 = lowerstock2;
for (i = 0; i <= 2 * N; i++, stock1 *= u1, stock2 = lowerstock2)
    for (j = 0; j <= 2 * N; j++, stock2 *= u2)
    {
        iv[i][j] = (p->Compute)(p->Par, stock1, stock2);
        P[i][j] = iv[i][j];
    }

/*Backward Cycle*/
npoints = 2 * N;
for (k = 1; k <= N - 1; k++)
{
    npoints -= 2;
    for (i = 0; i <= npoints; i++)
        for (j = 0; j <= npoints; j++)
        {
            P[i][j] = pdu * P[i][j + 2] + puu * P[i + 2][j + 2] + pdd * P[i][j];
            if (am)
                P[i][j] = MAX(iv[k + i][k + j], P[i][j]);
        }
}

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    }
    /*Deltas*/
    MOD_OPT(Delta_Operator)(u1, d1, u2, d2, s1, s2, P[2][2], P[2][0], P[0][2], P[0][0]);

    /*First Time Step*/
    P[0][0] = pdu * P[0][2] + puu * P[2][2] + pdd * P[0][0] + pud * P[2][0] + pm * P[0][0];
    if (am)
        P[0][0] = MAX(iv[N][N], P[0][0]);

    /*Price*/
    *ptprice = P[0][0];

    /*Memory desallocation*/
    for (i = 0; i < 2 * N + 1; i++)
        free(iv[i]);
    free(iv);

    for (i = 0; i < 2 * N + 1; i++)
        free(P[i]);
    free(P);

    return OK;
}

int CALC(TR_KamradRitchken)(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 KamradRitchken_91(ptOpt->EuOrAm.Val.V_BOOL,
                             ptMod->S01.Val.V_PDOUBLE, ptMod->S02.Val.V_PDOUBLE,
                             ptOpt->PayOff.Val.V_NUMFUNC_2, ptOpt->Maturity.Val.V_INT,
                             ptMod->Sigma1.Val.V_PDOUBLE, ptMod->Sigma2.Val.V_PDOUBLE,
                             Met->Par[0].Val.V_INT, Met->Par[1].Val.V_RGDOUBLE,
                             &(Met->Res[0].Val.V_DOUBLE), &(Met->Res[1].Val.V_DOUBLE));
}

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}

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

static int MET(Init)(PricingMethod *Met, Option *Opt)
{
    if (Met->init == 0)
    {
        Met->init = 1;
        Met->HelpFilenameHint = "TR_KamradRitchken_bs2d";

        Met->Par[0].Val.V_INT2 = 100;
        Met->Par[1].Val.V_RGDOUBLE12 = 1.22;

    }

    return OK;
}

PricingMethod MET(TR_KamradRitchken) =
{
    "TR_KamradRitchken",
    {"StepNumber", INT2, {100}, ALLOW}, {"Lambda", RGDOUBLE12, {100}, ALLOW}, {"
    CALC(TR_KamradRitchken),
    { {"Price", DOUBLE, {100}, FORBID}, {"Delta1", DOUBLE, {100}, FORBID} , {"Delt
    {" ", PREMIA_NULLTYPE, {0}, FORBID}
    },
    CHK_OPT(TR_KamradRitchken),
    CHK_tree,
    MET(Init)
};

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