

[Help](#)

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#include "mer1d_std.h"

static int Put_Merton(double x, NumFunc_1 *p, double T, double r, double divid,
{

    double lambdaT, mv2, exmv2, EU, mu, M, sigma02, sigmasqrt, price, delta, test,

    lambdaT = lambda * T;
    K = p->Par[0].Val.V_DOUBLE;
    mv2 = m + v / 2.;
    exmv2 = exp(mv2);
    EU = exmv2 - 1;
    mu = r - divid - lambda * EU;
    rT = r * T;
    muT = mu * T;
    M = exp(T * (-divid - lambda * exmv2));
    sigma02 = sigma * sigma;
    sigmasqrt = sigma * sqrt(T);
    d1 = (log(x / K) + sigma02 * T / 2 + muT) / sigmasqrt;
    d2 = d1 - sigmasqrt;
    price = K * exp(-rT - lambdaT) * cdf_nor(-d2) - x * M * cdf_nor(-d1);
    puissancen1 = 1.;
    factorieln = 1.;
    delta = -M * cdf_nor(-d1);
    ex_r_lT = exp(-rT - lambdaT);
    test = exp(-lambdaT);
    puissancen1 = 1.;
    factorieln = 1.;
    n = 0;

    while (test < 0.99999)
    {
        n++;

        factorieln *= n; /* n! */
        puissancen1 *= lambdaT; /* (lambda*T)^n */
        sigma2 = sigma02 + v * (double)n / T;
        sigmasqrt = sqrt(sigma2 * T);
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        d1 = (log(x / K) + sigma2 * T / 2 + n * (mv2) + muT) / sigmasqrt;
        d2 = d1 - sigmasqrt;
        price += (puissancen1 / factorieln) * (K * ex_r_lT * cdf_nor(-d2) - (x * e
        test += exp(-lambdaT) * puissancen1 / factorieln;
        delta += -(puissancen1 / factorieln) * exp(n * mv2) * M * cdf_nor(-d1);
    }

    *ptprice = price;
    *ptdelta = delta;

    return OK;

}

int CALC(CF_Put_Merton)(void *Opt, void *Mod, PricingMethod *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 Put_Merton(ptMod->S0.Val.V_PDOUBLE, ptOpt->PayOff.Val.V_NUMFUNC_1, ptO
        r, divid, ptMod->Sigma.Val.V_PDOUBLE, ptMod->Lambda.Val.V_P
}

static int CHK_OPT(CF_Put_Merton)(void *Opt, void *Mod)
{
    /*
        Option* ptOpt=(Option*)Opt;
        TYPEOPT* opt=(TYPEOPT*)(ptOpt->TypeOpt);
    */
    return strcmp(((Option *)Opt)->Name, "PutEuro");
}

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

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        Met->init = 1;
    }

    return OK;
}

PricingMethod MET(CF_Put_Merton) =
{
    "CF_Put_Merton",
    {" ", PREMIA_NULLTYPE, {0}, FORBID}},
    CALC(CF_Put_Merton),
    {"Price", DOUBLE, {100}, FORBID}, {"Delta", DOUBLE, {100}, FORBID}, {" ", PRE
    CHK_OPT(CF_Put_Merton),
    CHK_ok,
    MET(Init)
} ;
```