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tr_figlewskigao

Input parameters:

- StepNumber N

Output parameters:

- Price
- Delta

This is Adaptive Mesh Model (AMM) taken from [\[1\]](#). It is a 3-node tree which is the archetype of a trinomial tree with adaptive mesh near strike price in the last few periods before expiration, and near spot price for delta computation. We use adaptive mesh model with 3 levels of finer mesh both near strike and spot price.

References

- [1] S.FIGLEWSKI-B:GAO. The adaptive mesh model:a new approach to efficient option pricing. *Journal of Financial Economics*, 53:331–351, 1999. [1](#)