

Help

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#include "sg1d_std.h"
#include "math/read_market_zc/InitialYieldCurve.h"
#include "Quadraticmodel.h"

//The "#else" part of the code will be freely available after the (year of creation of this file + 2)
#if defined(PremiaCurrentVersion) && PremiaCurrentVersion < (2007+2)
int CALC(CF_FloorSG1D)(void *Opt,void *Mod,PricingMethod *Met)
{
return AVAILABLE_IN_FULL_PREMIA;
}
static int CHK_OPT(CF_FloorSG1D)(void *Opt, void *Mod)
{
return NONACTIVE;
}
#else

/// Floor price as a combination of ZC Put option prices
static int cf_cap_sg1d(int flat_flag,double r_t, double bet
a,double sigma, double Nominal,double K,double periodicity,
double first_payerment,double contract_maturity,double *price)
{
double sum, T, S, strike_call;
int i, nb_payerment;
ZCMarketData ZCMarket;

/* Flag to decide to read or not ZC bond datas in "initialyields.dat" */
/* If P(0,T) not read then P(0,T)=exp(-r0*T) */
if(flat_flag==0)
{
ZCMarket.FlatOrMarket = 0;
ZCMarket.Rate = r_t;
}

else
{
ZCMarket.FlatOrMarket = 1;
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        ReadMarketData(&ZCMarket);

        if(contract_maturity > GET(ZCMarket.tm,ZCMarket.Nvalue-1))
        {
            printf("{nError : time bigger than the last
time value entered in initialyield.dat{n");
            exit(EXIT_FAILURE);
        }
    }

    strike_call = 1./(1 + periodicity*K);
    nb_payment = (int)((contract_maturity-first_payment)/
periodicity);

    /*Floor=Portfolio of zero-bond Put options*/
    sum=0.;
    for(i=0; i<nb_payment; i++)
    {
        T    = first_payment + (double)i*periodicity;
        S    = T + periodicity;

        sum  += zb_call_quad1d(&ZCMarket, beta, sigma, T,
S, strike_call);
    }

    sum = Nominal*(1.+K*periodicity)*sum;

    /*Price*/
    *price = sum;

    DeleteZCMarketData(&ZCMarket);

    return OK;
}

int CALC(CF_FloorSG1D)(void *Opt,void *Mod,PricingMethod *
Met)
{
    TYPEOPT* ptOpt=(TYPEOPT*)Opt;

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TYPEMOD* ptMod=(TYPEMOD*)Mod;

return  cf_cap_sg1d( ptMod->flat_flag.Val.V_INT,
                    MOD(GetYield)(ptMod),
                    ptMod->a.Val.V_DOUBLE,
                    ptMod->Sigma.Val.V_PDOUBLE,
                    ptOpt->Nominal.Val.V_PDOUBLE,
                    ptOpt->FixedRate.Val.V_PDOUBLE,
                    ptOpt->ResetPeriod.Val.V_DATE,
                    ptOpt->FirstResetDate.Val.V_DATE-pt
Mod->T.Val.V_DATE,
                    ptOpt->BMaturity.Val.V_DATE-ptMod->
T.Val.V_DATE,
                    &(Met->Res[0].Val.V_DOUBLE));
}
static int CHK_OPT(CF_FloorSG1D)(void *Opt, void *Mod)
{
    return strcmp( ((Option*)Opt)->Name,"Floor");
}
#endif //PremiaCurrentVersion

static int MET(Init)(PricingMethod *Met,Option *Opt)
{
    if ( Met->init == 0)
    {
        Met->init=1;
        Met->HelpFilenameHint = "cf_quadratic1d_cap";
    }

    return OK;
}

PricingMethod MET(CF_FloorSG1D)=
{
    "CF_SquareGaussian1d_Floor",
    {" " ,PREMIA_NULLTYPE,{0},FORBID}},
    CALC(CF_FloorSG1D),
    {"Price",DOUBLE,{100},FORBID},{" " ,PREMIA_NULLTYPE,{0},
    FORBID}},

```

```
    CHK_OPT(CF_FloorSG1D),  
    CHK_ok,  
    MET(Init)  
} ;
```

References