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ap_cgmy_realvar

- Shifting parameter for Laplace transform
- Step of discretization for Laplace transform
- The log of Nb of points for Laplace transform

Output parameters:

- Price, in annual volatility points

Description: Computes the price of Option on Realized Variance in the model based on Tempered Stable Lévy process.

In the routine, the inverse Laplace transform is computed as an integral along a line parallel to real axis in the complex plane, i.e. along the line $\Im \xi = \sigma, \sigma > 0$. This σ is a Shifting parameter for Laplace transform. Step of discretization for Laplace transform and The log of Number of points for Laplace transform are the parameters for numerical integration using the Fast Fourier Transform technique. The number of points must be a power of 2, so that for given log of number of points n , the actual number of points is 2^n .

Description of the algorithm is given in [there](#)

References