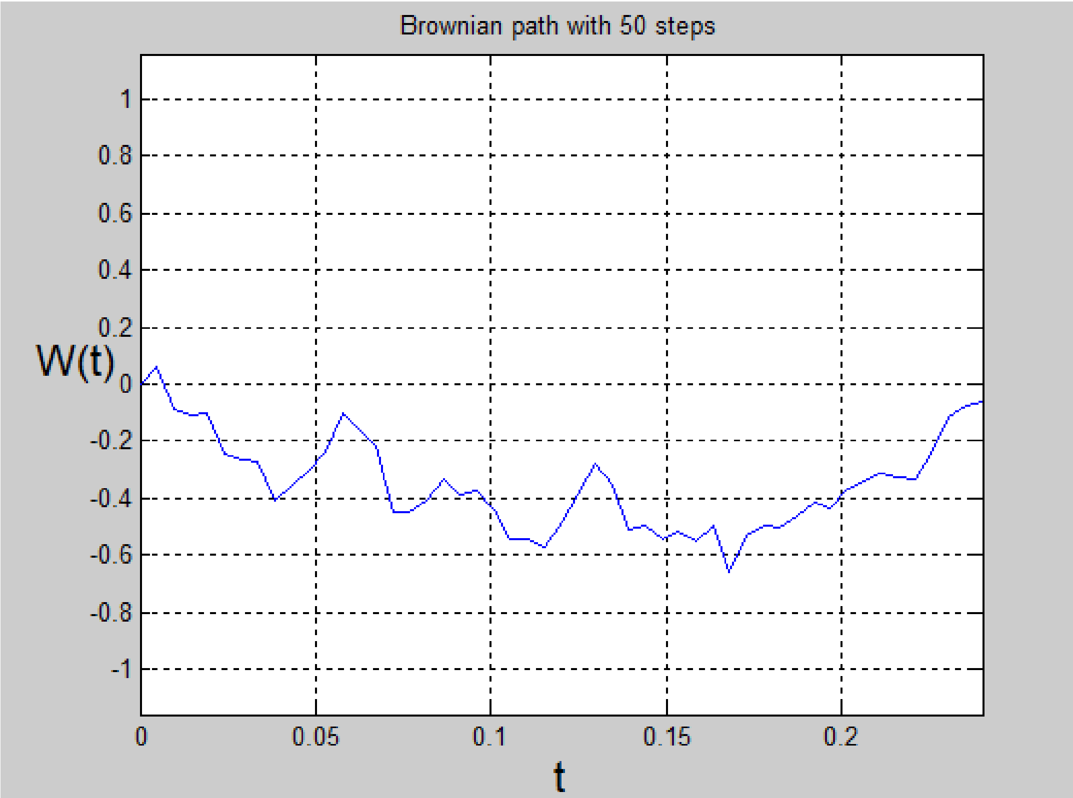
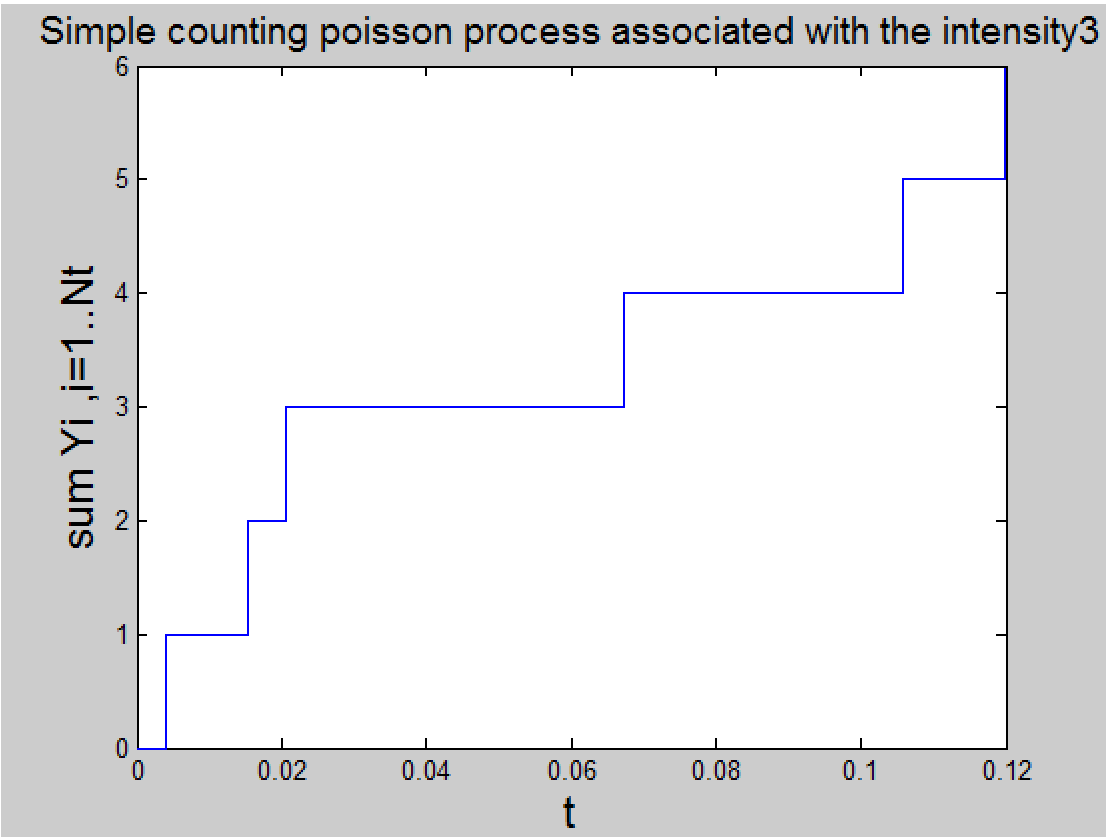
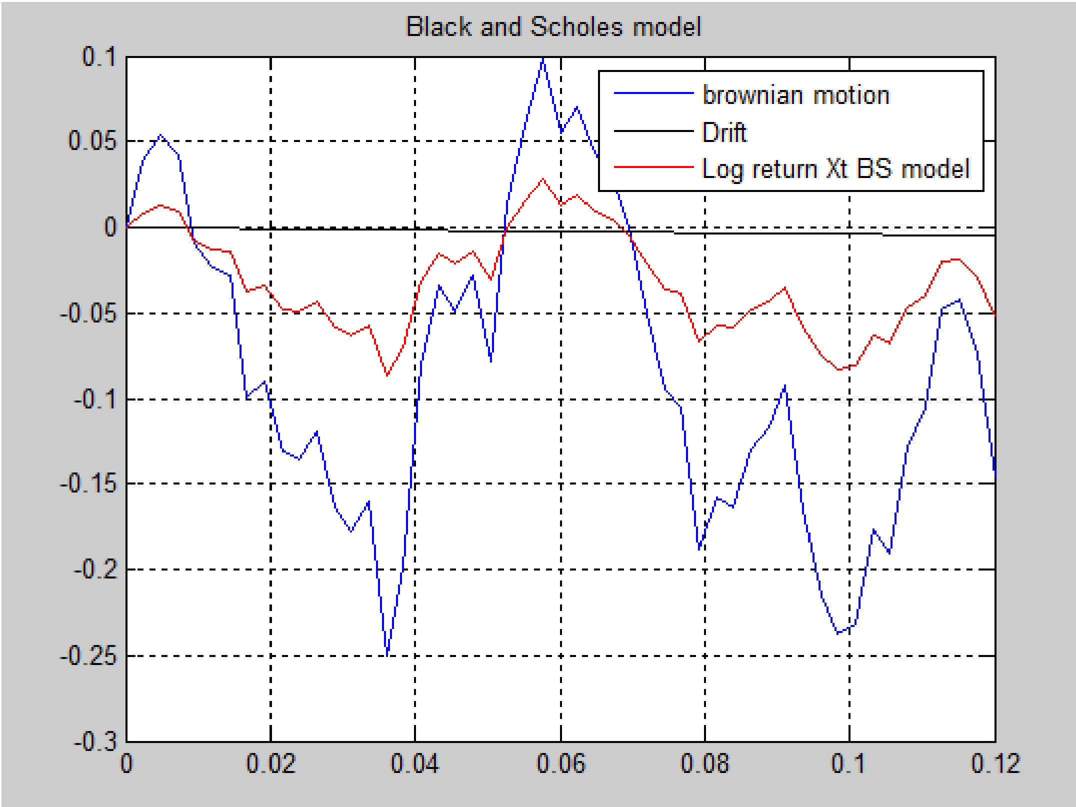
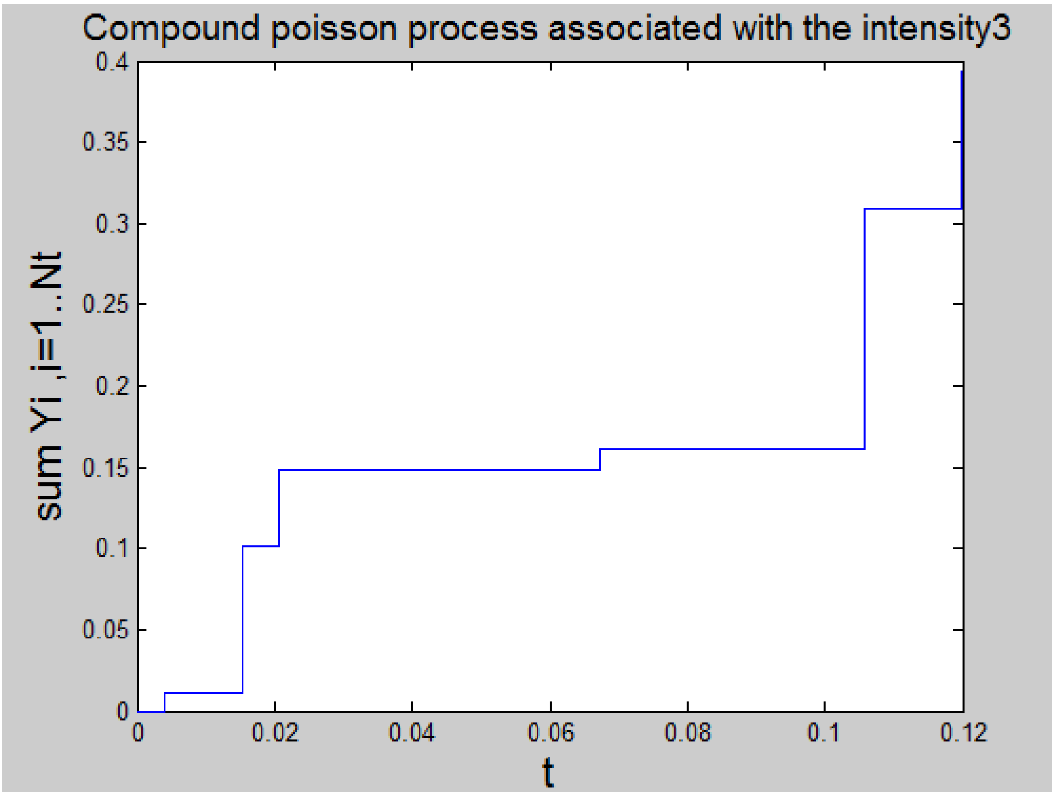
1. Black and Sholes Model Vs Merton model

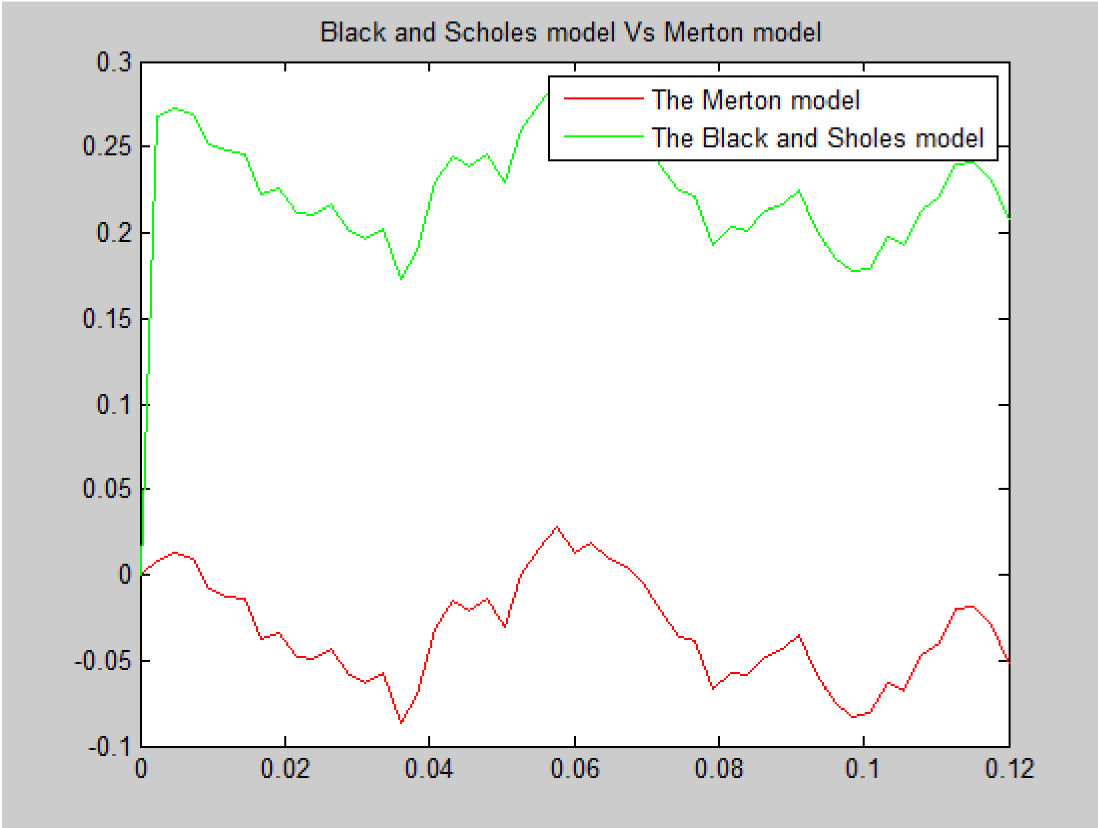




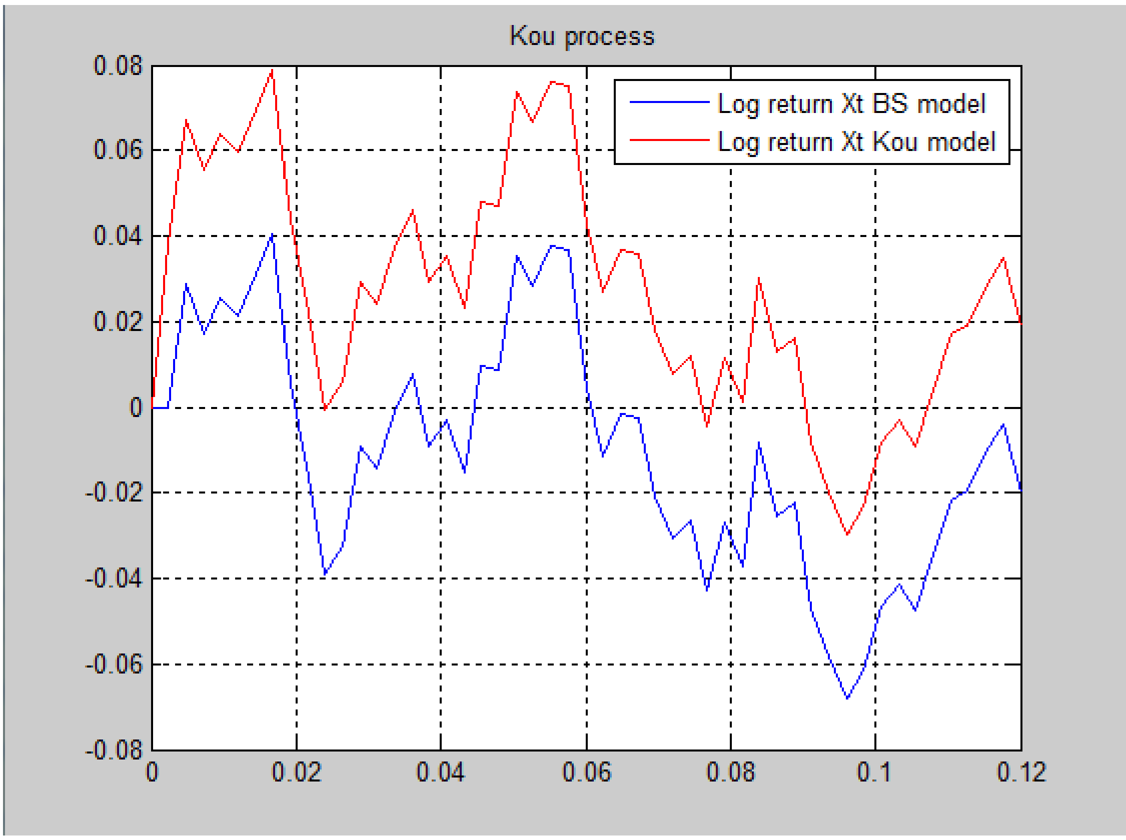


Adding the jumps to the Black and Sholes model using a Compound Poisson process:

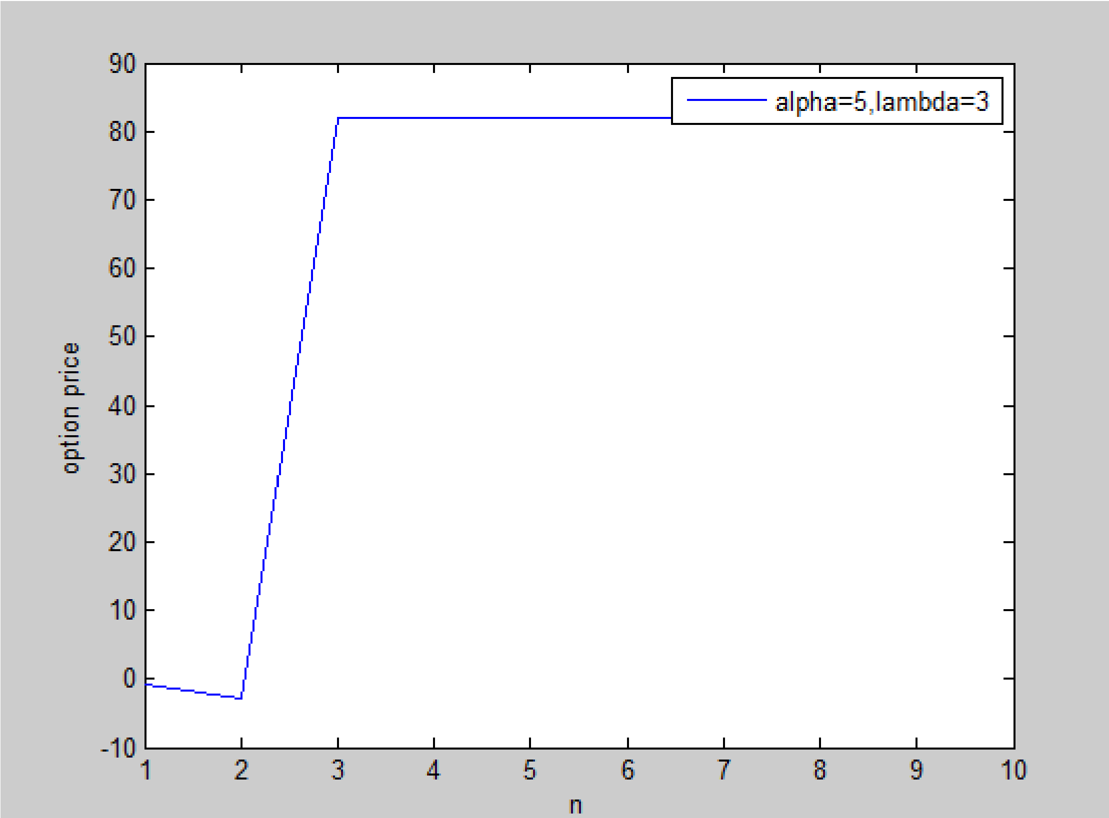


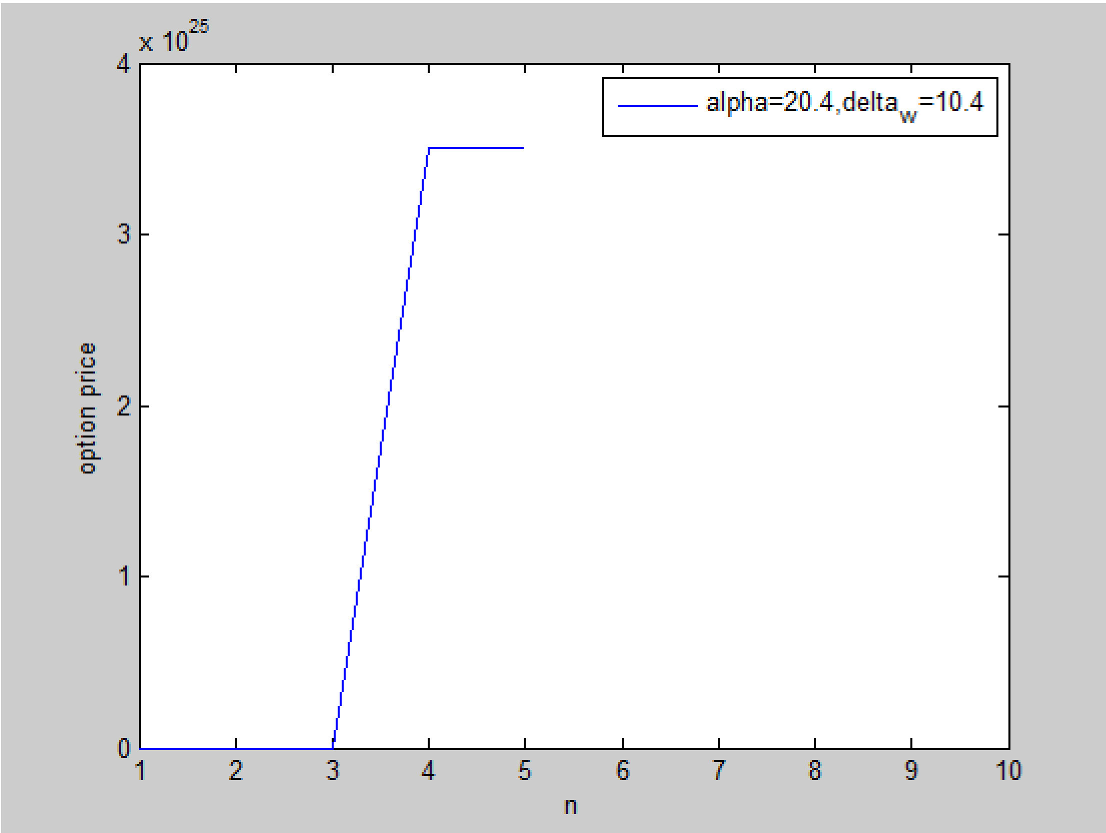


The same case for the Kou model but with different jump distribution function:



The price using Merton model :





The price using Merton model :