

A finite-difference method for the valuation of variance swaps in Barndorff-Nielsen-Shephard stochastic volatility model

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We develop a finite-difference method for valuing variance swaps in a Barndorff-Nielsen and Shepherd (BNS) stochastic volatility model. This approach was used by Little and Pant [5] in a diffusion model. We therefore generalize their results.

References

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