Stettner, Ł.
Option pricing in the CRR model with proportional transaction costs: a cone transformation approach. (English) Zbl 1043.91511
Appl. Math. 24, No. 4, 475-514 (1997).

Summary: Option pricing in the Cox-Ross-Rubinstein model with transaction costs is studied. Using a cone transformation approach a complete characterization of perfectly hedged options is given.

MSC:

91G20 Derivative securities (option pricing, hedging, etc.)
93E20 Optimal stochastic control

Keywords:

Cox-Cross-Rubinstein model; perfectly hedged options

Full Text: DOI EuDML