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Model-independent Bounds for Option Prices: A Mass Transport Approach

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(Submitted on 29 Jun 2011)

In this paper we investigate model-independent bounds for exotic options written on a risky asset using infinite-dimensional linear programming methods.
Using arguments from the theory of Monge-Kantorovich mass-transport we establish a dual version of the problem that has a natural financial interpretation in terms of semi-static hedging.

Submission history

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