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A New Approach to Pricing Double-Barrier Options with Arbitrary Payoffs and **Exponential Boundaries**

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Abstract

We consider in this article the arbitrage free pricing of double knock-out barrier options with payoffs that are arbitrary functions of the underlying asset, where we allow exponentially time-varying barrier levels in an otherwise standard Black-Scholes model. Our approach, reminiscent of the method of images of electromagnetics, considerably

simplifie pricing of illustrate (1992)expl payoffs options

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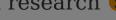
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Notes

¹Where single flat barriers were treated.

²Where the flat double-barrier case is treated.

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