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Monte Carlo method for pricing of Bermuda type derivatives

Shigeo Kusuoka

Graduate School of Mathematical Sciences, The University of Tokyo, 3-8-1 Komaba, Meguro-ku, Tokyo 153-8914, Japan

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Abstract. The author gives a rigorous justification of a certain Monte Carlo Method for pricing of Bermuda type derivatives given by Longstaff-Schwartz.

Key words: Mathematical finance, Monte Carlo method