

# Pricing discretely monitored exotic options under the Lévy process framework

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We present bounds for the rates of convergence of the prices of discretely monitored exotic options (of barrier and lookback types) to those of the continuous ones when the number of observations goes to infinity. We consider the Geometric Lévy process framework with time-dependent parameters for the underlying stock price. Based on these bounds, we construct numerical procedures for interpolating curves. For the case of the Black-Scholes model with a constant interest rate, we suggest second order approximations as well.