

CONTENTS

<u>CHAPTER I.</u>	STOCHASTIC CALCULUS AND STOCHASTIC DIFFERENTIAL EQUATIONS	1
INTRODUCTION		1
1. PRELIMINARIES		2
1.1. Random variables		2
1.2. Expectation - Conditional expectation		5
1.3. Stochastic processes		7
1.4. Martingales		9
2. STOCHASTIC INTEGRALS		10
2.1. Wiener process		10
2.2. Construction of the stochastic integral		12
2.3. Stochastic process defined by a stochastic integral		16
2.4. Extension of the stochastic integral		18
3. ITO's FORMULA		20
4. STOCHASTIC DIFFERENTIAL EQUATIONS		32
4.1. Setting of the problem		32
4.2. Lipschitz case		33
5. GIRSANOV TRANSFORMATION		37
5.1. Fundamental lemma		37
5.2. Girsanov's Theorem		42
5.3. Application to the concept of weak solution of a stochastic differential equation		46
<u>CHAPTER II.</u>	PARTIAL DIFFERENTIAL EQUATIONS	51
INTRODUCTION		51
1. FUNCTIONAL SPACES		52
1.1. Sobolev spaces		52
1.2. Concept of trace		54
1.3. Green's formula		57

2. THE DIRICHLET PROBLEM FOR ELLIPTIC EQUATIONS	59
2.1. The basic existence and uniqueness results	59
2.2. Variational techniques	64
3. PARABOLIC EQUATIONS	75
3.1. Functional spaces	75
3.2. Variational formulation	78
3.3. Regularity	82
3.3.1. Regularity with respect to time	82
3.3.2. Regularity with respect to space variables	84
3.3.3. Other regularity results	87
3.4. The Cauchy problem	94
<u>CHAPTER III. MARTINGALE PROBLEM</u>	101
INTRODUCTION	101
1. PROPERTIES OF CONTINUOUS MARTINGALES	101
1.1. Square integrable continuous martingales	101
1.2. Stochastic integrals	104
1.3. A representation theorem for continuous martingales	105
2. DEFINITION OF THE MARTINGALE PROBLEM	107
2.1. Setting of the problem	107
2.2. Properties of the martingale problem	108
2.3. Some a priori estimates	112
3. EXISTENCE AND UNIQUENESS OF THE SOLUTION OF THE MARTINGALE PROBLEM	117
3.1. Uniqueness	117
3.2. Existence	122
4. INTERPRETATION OF THE SOLUTION OF P.D.E.	125
4.1. Elliptic equations	125
4.2. Parabolic equations	127
5. SEMI GROUPS	129
5.1. Semi group of diffusions	129
5.2. Stopped diffusions	133

CHAPTER IV. STOCHASTIC CONTROL WITH COMPLETE INFORMATION	139
INTRODUCTION	139
1. SETTING OF THE PROBLEM	139
1.1. Notation. Assumptions	139
1.2. Controlled martingale	140
2. THE EQUATION OF DYNAMIC PROGRAMMING	142
Orientation	142
2.1. Notation	142
2.2. Study of the H.J.B. equation	143
3. SOLUTION OF THE STOCHASTIC CONTROL PROBLEM	150
4. EVOLUTION PROBLEMS	156
4.1. Parabolic equations	156
4.2. Stochastic control problem	158
4.3. Martingale property	160
5. SEMI GROUP FORMULATION	161
5.1. A property of the equation u	161
5.2. The problem of semi group envelope	164
5.3. Interpretation of the discretized problem	170
5.4. A regularity result	178
CHAPTER V. FILTERING AND PREDICTION FOR LINEAR S.D.E.	191
INTRODUCTION	191
1. SETTING OF THE PROBLEM	191
1.1. State equation	191
1.2. The observation process	195
1.3. Statement of the problem	197
2. CHARACTERIZATION OF THE BEST ESTIMATE	199
2.1. Main result	199
2.2. Quadratic optimization problems	203
3. RECURSIVITY - KALMAN FILTER	208
3.1. A general system	208
3.2. Recursive formulas	210
3.3. Kalman filter	213
3.4. The innovation process	216
4. PREDICTION	219

<u>CHAPTER VI.</u> VARIATIONAL METHODS IN STOCHASTIC CONTROL	221
INTRODUCTION	221
1. MODEL WITH ADDITIVE NOISE	221
1.1. Setting of the model	221
1.2. A density result	224
1.3. Necessary conditions	227
2. THE CASE WITH INCOMPLETE OBSERVATION	234
2.1. Statement of the problem	234
2.2. Preliminary results	237
2.3. Necessary conditions	240
2.4. The quadratic case. Separation principle	243
3. SEPARATION PRINCIPLE	253
Orientation	253
3.1. The Kalman filter	254
3.2. A dynamic programming equation	255
3.3. Solution of the stochastic control problem with incomplete information	269
<u>CHAPTER VII.</u> PROBLEMS OF OPTIMAL STOPPING	279
INTRODUCTION	279
1. SETTING OF THE PROBLEM	279
1.1. Assumptions. Notation	279
1.2. Remarks	281
2. UNILATERAL PROBLEMS	281
2.1. Penalized problem	281
2.2. Limit problem in the regular case	282
3. VARIATIONAL INEQUALITIES	287
Orientation	287
3.1. Limit of the penalized problem	288
3.2. Weakening the coercitivity assumption	290
4. SOLUTION OF THE OPTIMAL STOPPING TIME PROBLEM	301
4.1. The regular case	301
4.2. The non regular case	303
4.3. Interpretation of the penalized problem	305
5. SEMI GROUP APPROACH	307
5.1. Solution of the V.I. as a maximum element	307
5.2. The case of general semi group	315

5.3. Discretization	326
5.4. Case without continuity	336
6. INTERPRETATION AS A PROBLEM OF OPTIMAL STOPPING	339
6.1. Markov process related to the semi group	339
6.2. Problem of optimal stopping	341
6.3. Interpretation of the discretized problem	345
<u>CHAPTER VIII. IMPULSIVE CONTROL</u>	355
INTRODUCTION	355
1. SETTING OF THE PROBLEM	356
1.1. Assumptions. Notation	356
1.2. The model	357
1.3. Some remarks	359
2. QUASI VARIATIONAL INEQUALITIES	360
Orientation	360
2.1. Setting of the problem	360
2.2. Solution of the Q.V.I.	361
3. SOLUTION OF THE IMPULSIVE CONTROL PROBLEM	368
3.1. The main result	368
3.2. Interpretation of the decreasing scheme	387
4. SEMI GROUP APPROACH	391
4.1. Solution of the Q.V.I. as a maximum element	391
4.2. Case of general semi groups	392
4.3. Discretization	395
REFERENCES	399