

Contents

Preface	vii
Notations	xi
Standard abbreviations	xiv
I Introduction to stochastic analysis	1
1 Tools from probability and analysis	3
1.1 Essentials of measure and probability	3
1.2 Characteristic functions	13
1.3 Conditioning	16
1.4 Infinitely divisible and stable distributions	21
1.5 Stable laws as the Holtzmark distributions	27
1.6 Unimodality of probability laws	29
1.7 Compactness for function spaces and measures	35
1.8 Fractional derivatives and pseudo-differential operators	42
1.9 Propagators and semigroups	48
2 Brownian motion (BM)	58
2.1 Random processes: basic notions	58
2.2 Definition and basic properties of BM	62
2.3 Construction via broken-line approximation	66
2.4 Construction via Hilbert-space methods	69
2.5 Construction via Kolmogorov's continuity	71
2.6 Construction via random walks and tightness	73
2.7 Simplest applications of martingales	76
2.8 Skorohod embedding and the invariance principle	78
2.9 More advanced Hilbert space methods: Wiener chaos and stochastic integral	81
2.10 Fock spaces, Hermite polynomials and Malliavin calculus	87
2.11 Stationarity: OU processes and Holtzmark fields	91
3 Markov processes and martingales	94
3.1 Definition of Lévy processes	94
3.2 Poisson processes and integrals	96

3.3	Construction of Lévy processes	103
3.4	Subordinators	108
3.5	Markov processes, semigroups and propagators	110
3.6	Feller processes and conditionally positive operators	115
3.7	Diffusions and jump-type Markov processes	125
3.8	Markov processes on quotient spaces and reflections	130
3.9	Martingales	132
3.10	Stopping times and optional sampling	138
3.11	Strong Markov property; diffusions as Feller processes with continuous paths	143
3.12	Reflection principle and passage times	147
4	SDE, ΨDE and martingale problems	152
4.1	Markov semigroups and evolution equations	152
4.2	The Dirichlet problem for diffusion operators	158
4.3	The stationary Feynman–Kac formula	162
4.4	Diffusions with variable drift, Ornstein–Uhlenbeck processes	165
4.5	Stochastic integrals and SDE based on Lévy processes	167
4.6	Markov property and regularity of solutions	172
4.7	Stochastic integrals and quadratic variation for square-integrable martingales	178
4.8	Convergence of processes and semigroups	187
4.9	Weak convergence of martingales	193
4.10	Martingale problems and Markov processes	195
4.11	Stopping and localization	199
II	Markov processes and beyond	203
5	Processes in Euclidean spaces	204
5.1	Direct analysis of regularity and well-posedness	205
5.2	Introduction to sensitivity analysis	213
5.3	The Lie–Trotter type limits and T -products	213
5.4	Martingale problems for Lévy type generators: existence	221
5.5	Martingale problems for Lévy type generators: moments	226
5.6	Martingale problems for Lévy type generators: unbounded coefficients	228
5.7	Decomposable generators	231
5.8	SDEs driven by nonlinear Lévy noise	240
5.9	Stochastic monotonicity and duality	250
5.10	Stochastic scattering	255
5.11	Nonlinear Markov chains, interacting particles and deterministic processes	257

5.12	Comments	262
6	Processes in domains with a boundary	270
6.1	Stopped processes and boundary points	270
6.2	Dirichlet problem and mixed initial-boundary problem	274
6.3	The method of Lyapunov functions	280
6.4	Local criteria for boundary points	282
6.5	Decomposable generators in \mathbb{R}_+^d	286
6.6	Gluing boundary	290
6.7	Processes on the half-line	292
6.8	Generators of reflected processes	293
6.9	Application to interacting particles: stochastic LLN	295
6.10	Application to evolutionary games	304
6.11	Application to finances: barrier options, credit derivatives, etc.	307
6.12	Comments	308
7	Heat kernels for stable-like processes	310
7.1	One-dimensional stable laws: asymptotic expansions	310
7.2	Stable laws: asymptotic expansions and identities	314
7.3	Stable laws: bounds	319
7.4	Stable laws: auxiliary convolution estimates	323
7.5	Stable-like processes: heat kernel estimates	328
7.6	Stable-like processes: Feller property	335
7.7	Application to sample-path properties	336
7.8	Application to stochastic control	340
7.9	Application to Langevin equations driven by a stable noise	345
7.10	Comments	348
8	CTRW and fractional dynamics	351
8.1	Convergence of Markov semigroups and processes	351
8.2	Diffusive approximations for random walks and CLT	354
8.3	Stable-like limits for position-dependent random walks	355
8.4	Subordination by hitting times and generalized fractional evolutions	361
8.5	Limit theorems for position dependent CTRW	369
8.6	Comments	371
9	Complex Markov chains and Feynman integral	373
9.1	Infinitely-divisible complex distributions and complex Markov chains	373
9.2	Path integral and perturbation theory	380
9.3	Extensions	385
9.4	Regularization of the Schrödinger equation by complex time or mass, or continuous observation	390

9.5	Singular and growing potentials, magnetic fields and curvilinear state spaces	393
9.6	Fock-space representation	398
9.7	Comments	400
Bibliography		403
Index		425