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Asset price models with a change point

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We consider a general class of continuous asset price models where the drift and the volatility functions, as well as the driving Brownian motions, change at a random time. Under minimal assumptions on the random time and on the driving Brownian motions, we study the behavior of the model in all the filtrations which naturally arise in this setting, establishing martingale representation results and characterizing the validity of the NA1 and NFLVR no-arbitrage conditions.

Biography

Qinghua Li received her PhD degree from Columbia University in 2011 and BS degree from the Business School, University of Science and Technology of China, in 2005. From 2011 to 2013, she conducted collaborative research in Institut Europlace de Finance Paris and in the Quantitative Finance Laboratory at Humboldt University Berlin, on topics including stock price dynamics with a change point, algorithmic trading, and market microstructure and risk management.

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