

## Contents

Preface	ix
Chapter 1. Introduction	1
1.1. Continuous Time Processes	1
1.2. Continuous Parameter Martingales	3
1.3. Semimartingales	8
1.4. Martingales and Stochastic Integrals	10
Chapter 2. Processes with Independent Increments	13
2.1. The Basic Poisson Process	13
2.2. Compound Poisson Processes	16
2.3. Infinite Number of Small Jumps	17
2.4. Infinitesimal Generators	20
2.5. Some Associated Martingales	21
Chapter 3. Poisson Point Processes	25
3.1. Point Processes	25
3.2. Poisson Point Process	26
Chapter 4. Jump Markov Processes	29
4.1. Simple Examples	29
4.2. Semigroups of Operators	31
4.3. Example: Birth and Death Processes	34
4.4. Markov Processes and Martingales	35
4.5. Explosion	39
4.6. Recurrence and Transience	44
4.7. Invariant Distributions	45
4.8. Beyond Explosion	47
Chapter 5. Brownian Motion	49
5.1. Definition of Brownian Motion	49
5.2. Markov and Strong Markov Property	51
5.3. Heat Equation	53
5.4. Recurrence	55
5.5. Feynman-Kac Formula	56
5.6. Arcsine Law	57
5.7. Harmonic Oscillator	59
5.8. Exit Times from Bounded Intervals	60

5.9. Stochastic Integrals	61
5.10. Brownian Motion with a Drift, Girsanov Formula	69
5.11. Ornstein-Uhlenbeck Process	72
5.12. Invariant Densities	75
5.13. Local Times	76
5.14. Reflected Brownian Motion	79
5.15. Excursion Theory	81
5.16. Invariance Principle	83
5.17. Representation of Martingales	85
Chapter 6. One-Dimensional Diffusions	87
6.1. Stochastic Differential Equations	87
6.2. Properties of the Solution	90
6.3. Connections with Differential Equations	94
6.4. Martingale Characterization	97
6.5. Random Time Change	99
6.6. Some Examples	100
Chapter 7. General Theory of Markov Processes	107
7.1. Introduction	107
7.2. Semigroups, Generators and Resolvents	108
7.3. Generators and Martingales	110
7.4. Invariant Measures and Ergodic Theory	111
Appendix A. Measures on Polish Spaces	113
A.1. The Space $C[0, 1]$	116
A.2. The Space $D[0, 1]$	118
Appendix B. Additional Remarks	121
Bibliography	123
Index	125