

# Contents

<b>Preface</b>	<b>vii</b>
<b>List of Notation</b>	<b>ix</b>
<b>I Stochastic Calculus Preliminaries</b>	<b>1</b>
<b>1 Stochastic Differential Equations</b>	<b>3</b>
1.1 Notation and First Definitions . . . . .	3
1.2 Existence and Uniqueness of Strong Solutions: The Lipschitz Case . . .	4
1.3 SDEs of McKean–Vlasov Type . . . . .	11
1.4 Conditional Propagation of Chaos . . . . .	18
1.5 Notes & Complements . . . . .	26
<b>2 Backward Stochastic Differential Equations</b>	<b>27</b>
2.1 Introduction and First Definitions . . . . .	27
2.2 Mean-Field BSDEs . . . . .	35
2.3 Reflected Backward Stochastic Differential Equations (RBSDEs) . . .	37
2.4 Forward-Backward Stochastic Differential Equations (FBSDEs) . . . .	40
2.5 Existence and Uniqueness of Solutions . . . . .	46
2.6 The Affine Case . . . . .	58
2.7 Notes & Complements . . . . .	63
<b>II Stochastic Control</b>	<b>65</b>
<b>3 Continuous Time Stochastic Optimization and Control</b>	<b>67</b>
3.1 Optimization of Stochastic Dynamical Systems . . . . .	67
3.2 First Financial Applications . . . . .	75
3.3 Dynamic Programming and the HJB Equation . . . . .	79
3.4 Infinite Horizon Case . . . . .	85
3.5 Constraints and Singular Control Problems . . . . .	87
3.6 Viscosity Solutions of HJB Equations and QVIs . . . . .	101
3.7 Impulse Control Problems . . . . .	107
3.8 Ergodic Control . . . . .	112
<b>4 Probabilistic Approaches to Stochastic Control</b>	<b>119</b>
4.1 BSDEs and Stochastic Control . . . . .	119
4.2 Pontryagin Stochastic Maximum Principle . . . . .	125
4.3 Linear-Quadratic (LQ) Models . . . . .	136

4.4	Optimal Control of McKean–Vlasov Dynamics . . . . .	141
4.5	Notes & Complements . . . . .	160
<b>III</b>	<b>Stochastic Differential Games</b>	<b>163</b>
<b>5</b>	<b>Stochastic Differential Games</b>	<b>165</b>
5.1	Introduction and First Definitions . . . . .	165
5.2	Specific Examples . . . . .	176
5.3	Weak Formulation and the Case of Uncontrolled Volatility . . . . .	182
5.4	Game Versions of the Stochastic Maximum Principle . . . . .	186
5.5	A Simple Model for Systemic Risk . . . . .	198
5.6	A Predatory Trading Game Model . . . . .	204
5.7	Notes & Complements . . . . .	216
<b>6</b>	<b>Mean-Field Games</b>	<b>219</b>
6.1	Introduction and First Definitions . . . . .	219
6.2	A Full Solution Without the Common Noise . . . . .	226
6.3	Propagation of Chaos and Approximate Nash Equilibriums . . . . .	236
6.4	Applications and Open Problems . . . . .	243
6.5	Notes & Complements . . . . .	250
	<b>Bibliography</b>	<b>253</b>
	<b>Author Index</b>	<b>261</b>
	<b>Subject Index</b>	<b>263</b>