

Contents

Introduction	1
I Perpetual options and Canadisation	7
1 Introduction	7
2 Perpetual call and put options	13
3 Perpetual Russian option	14
4 Perpetual integral option	17
5 Canadisation	21
II American options under exponential phase-type Lévy models	27
1 Introduction	27
2 Model and problem	29
3 First passage time	33
4 Regime-switching Lévy processes	46
5 Proofs	50
III Exit problems for spectrally negative Lévy processes	57
1 Introduction	57
2 Spectrally negative Lévy processes	58
3 Exit problems for Lévy processes	59
4 Exit problems for reflected Lévy processes	64
5 Russian and American options	70
6 The Russian optimal stopping problem	71
7 The American optimal stopping problem	75
8 Canadised options	79
9 Examples	84
IV On exit and ergodicity of reflected Lévy processes	89
1 Introduction	89
2 Preliminaries	91
3 Scale functions	91
4 Exit problems	94
5 Resolvent measure	99
6 Analytic continuation	105

7	Irreducibility and continuity	105
8	Ergodicity and exponential decay	109
9	The processes Y and \hat{Y} conditioned to stay below a	113
V	Optimal consumption in semimartingale markets	121
1	Introduction	121
2	Formulation of the model	122
3	Reformulation	127
4	Existence	129
5	Characterisation of optimal policies	133
6	Examples	136
	Bibliography	141
	Samenvatting	151
	Dankwoord	153
	About the author	155