Research Highlight: Second-order BSDE under monotonicity condition and liquidation problem under uncertainty

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In this work, we investigate an optimal liquidation problem under Knightian uncertainty. We obtain the value function and an optimal control characterized by the solution of a second-order backward stochastic differential equation (BSDE for short) with monotone generator and with a singular terminal condition.

Reference:

A. Popier, **C. Zhou**, "Second-order BSDE under monotonicity condition and liquidation problem under uncertainty". Annals of Applied Probability, 29, No. 3 (2019): 1685-1739.