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**A necessary and sufficient condition for absence of arbitrage with tame portfolios.** (English)

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Summary: We characterize absence of arbitrage with tame portfolios in the case of invertible volatility matrix. As a corollary we get that, under a certain condition, absence of arbitrage with tame portfolios is characterized by the existence of the so-called equivalent martingale measure. Without that condition, the existence of equivalent martingale measure is equivalent to absence of approximate arbitrage. The proofs are probabilistic and are based on a construction of two specific arbitrages. Some examples are provided.

**MSC:**

91B28 Finance etc. (MSC2000)

60H30 Applications of stochastic analysis (to PDEs, etc.)

Cited in **12** Documents

**Keywords:**

financial market; absence of arbitrage; tame portfolios; equivalent martingale measure; absence of approximate arbitrage

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