

Questions for Lecture 3

While reading *Chapter 4.3* of [G], ask yourself:

- In which sense is the solution to an SDE unique?
- How can the proof of the existence and uniqueness result be used for simulations? How does one implement this?
- How “explicit” are the solutions to a geometric Brownian motion and an Ornstein–Uhlenbeck process?
- Why does the CIR process require extra care?