Introduction to Malliavin Calculus

This textbook offers a compact introductory course on Malliavin calculus, an active and powerful area of research. It covers recent applications including density formulas, regularity of probability laws, central and noncentral limit theorems for Gaussian functionals, convergence of densities, and noncentral limit theorems for the local time of Brownian motion. The book also includes self-contained presentations of Brownian motion and stochastic calculus as well as of Lévy processes and stochastic calculus for jump processes. Accessible to nonexperts, the book can be used by graduate students and researchers to develop their mastery of the core techniques necessary for further study.

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Introduction to Malliavin Calculus

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*University of Kansas*

EU AL AIA NUALART
*Universitat Pompeu Fabra, Barcelona*
To my wife, Maria Pilar

To my daughter, Juliette
## Contents

**Preface**

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>xi</td>
</tr>
</tbody>
</table>

### 1 Brownian Motion

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Preliminaries and Notation</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Definition and Basic Properties</td>
<td>1</td>
</tr>
<tr>
<td>1.3 Wiener Integral</td>
<td>7</td>
</tr>
<tr>
<td>1.4 Wiener Space</td>
<td>9</td>
</tr>
<tr>
<td>1.5 Brownian Filtration</td>
<td>9</td>
</tr>
<tr>
<td>1.6 Markov Property</td>
<td>10</td>
</tr>
<tr>
<td>1.7 Martingales Associated with Brownian Motion</td>
<td>11</td>
</tr>
<tr>
<td>1.8 Strong Markov Property</td>
<td>14</td>
</tr>
<tr>
<td>Exercises</td>
<td>16</td>
</tr>
</tbody>
</table>

### 2 Stochastic Calculus

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Stochastic Integrals</td>
<td>18</td>
</tr>
<tr>
<td>2.2 Indefinite Stochastic Integrals</td>
<td>23</td>
</tr>
<tr>
<td>2.3 Integral of General Processes</td>
<td>28</td>
</tr>
<tr>
<td>2.4 Itô’s Formula</td>
<td>30</td>
</tr>
<tr>
<td>2.5 Tanaka’s Formula</td>
<td>35</td>
</tr>
<tr>
<td>2.6 Multidimensional Version of Itô’s Formula</td>
<td>38</td>
</tr>
<tr>
<td>2.7 Stratonovich Integral</td>
<td>40</td>
</tr>
<tr>
<td>2.8 Backward Stochastic Integral</td>
<td>41</td>
</tr>
<tr>
<td>2.9 Integral Representation Theorem</td>
<td>42</td>
</tr>
<tr>
<td>2.10 Girsanov’s Theorem</td>
<td>44</td>
</tr>
<tr>
<td>Exercises</td>
<td>47</td>
</tr>
</tbody>
</table>

### 3 Derivative and Divergence Operators

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Finite-Dimensional Case</td>
<td>50</td>
</tr>
<tr>
<td>3.2 Malliavin Derivative</td>
<td>51</td>
</tr>
<tr>
<td>3.3 Sobolev Spaces</td>
<td>53</td>
</tr>
<tr>
<td>3.4 The Divergence as a Stochastic Integral</td>
<td>56</td>
</tr>
</tbody>
</table>
## Contents

3.5 Isonormal Gaussian Processes .......................... 57
Exercises ............................................ 61

4 **Wiener Chaos** ........................................ 63
4.1 Multiple Stochastic Integrals ....................... 63
4.2 Derivative Operator on the Wiener Chaos ........ 65
4.3 Divergence on the Wiener Chaos ............... 68
4.4 Directional Derivative ......................... 69
Exercises ............................................ 72

5 **Ornstein–Uhlenbeck Semigroup** .................... 74
5.1 Mehler’s Formula .................................. 74
5.2 Generator of the Ornstein–Uhlenbeck Semigroup 78
5.3 Meyer’s Inequality ................................ 80
5.4 Integration-by-Parts Formula .................. 83
5.5 Nourdin–Viens Density Formula ............... 84
Exercises ............................................ 86

6 **Stochastic Integral Representations** ............ 87
6.1 Clark–Ocone formula ............................. 87
6.2 Modulus of Continuity of the Local Time .... 90
6.3 Derivative of the Self-Intersection Local Time 96
6.4 Application of the Clark–Ocone Formula in Finance 97
6.5 Second Integral Representation ............. 99
6.6 Proving Tightness Using Malliavin Calculus .... 100
Exercises ............................................ 103

7 **Study of Densities** .................................. 105
7.1 Analysis of Densities in the One-Dimensional Case 105
7.2 Existence and Smoothness of Densities for Random Vectors 108
7.3 Density Formula using the Riesz Transform .... 111
7.4 Log-Likelihood Density Formula ............. 113
7.5 Malliavin Differentiability of Diffusion Processes .... 118
7.6 Absolute Continuity under Ellipticity Conditions 122
7.7 Regularity of the Density under Hörmander’s Conditions .... 123
Exercises ............................................ 129

8 **Normal Approximations** .......................... 131
8.1 Stein’s Method .................................... 131
8.2 Stein Meets Malliavin ............................ 136
8.3 Normal Approximation on a Fixed Wiener Chaos ........ 138
8.4 Chaotic Central Limit Theorem .................. 143
8.5 Applications to Fractional Brownian Motion .... 146
Contents

8.6 Convergence of Densities 150
8.7 Noncentral Limit Theorems 153
Exercises 156

9 Jump Processes 158
9.1 Lévy Processes 158
9.2 Poisson Random Measures 160
9.3 Integral with respect to a Poisson Random Measure 163
9.4 Stochastic Integrals with respect to the Jump Measure of a Lévy Process 164
9.5 Itô’s Formula 168
9.6 Integral Representation Theorem 172
9.7 Girsanov’s Theorem 174
9.8 Multiple Stochastic Integrals 175
9.9 Wiener Chaos for Poisson Random Measures 177
Exercises 180

10 Malliavin Calculus for Jump Processes I 182
10.1 Derivative Operator 182
10.2 Divergence Operator 187
10.3 Ornstein–Uhlenbeck Semigroup 191
10.4 Clark–Ocone Formula 192
10.5 Stein’s Method for Poisson Functionals 193
10.6 Normal Approximation on a Fixed Chaos 194
Exercises 199

11 Malliavin Calculus for Jump Processes II 201
11.1 Derivative Operator 201
11.2 Sobolev Spaces 205
11.3 Directional Derivative 208
11.4 Application to Diffusions with Jumps 212
Exercises 220

Appendix A Basics of Stochastic Processes 221
A.1 Stochastic Processes 221
A.2 Gaussian Processes 222
A.3 Equivalent Processes 223
A.4 Regularity of Trajectories 223
A.5 Markov Processes 223
A.6 Stopping Times 224
A.7 Martingales 225

References 228
Index 235
Preface

This textbook provides an introductory course on Malliavin calculus intended to prepare the interested reader for further study of existing monographs on the subject such as Bichteler et al. (1987), Malliavin (1991), Sanz-Solé (2005), Malliavin and Thalmaier (2005), Nualart (2006), Di Nunno et al. (2009), Nourdin and Peccati (2012), and Ishikawa (2016), among others. Moreover, it contains recent applications of Malliavin calculus, including density formulas, central limit theorems for functionals of Gaussian processes, theorems on the convergence of densities, noncentral limit theorems, and Malliavin calculus for jump processes. Recommended prior knowledge would be an advanced probability course that includes laws of large numbers and central limit theorems, martingales, and Markov processes.

The Malliavin calculus is an infinite-dimensional differential calculus on Wiener space, first introduced by Paul Malliavin in the 1970s with the aim of giving a probabilistic proof of Hörmander’s hypoellipticity theorem; see Malliavin (1978a, b, c). The theory was further developed, see e.g. Shigekawa (1980), Bismut (1981), Stroock (1981a, b), and Ikeda and Watanabe (1984), and since then many new applications have appeared.

Chapters 1 and 2 give an introduction to stochastic calculus with respect to Brownian motion, as developed by Itô (1944). The purpose of this calculus is to construct stochastic integrals for adapted and square integrable processes and to develop a change-of-variable formula.

Chapters 3, 4, and 5 present the main operators of the Malliavin calculus, which are the derivative, the divergence, the generator of the Ornstein–Uhlenbeck semigroup, and the corresponding Sobolev norms. In Chapter 4, multiple stochastic integrals are constructed following Itô (1951), and the orthogonal decomposition of square integrable random variables due to Wiener (1938) is derived. These concepts play a key role in the development of further properties of the Malliavin calculus operators. In particular, Chapter 5 contains an integration-by-parts formula that relates the three op-
Preface

erators, which is crucial for applications. In particular, it allows us to prove a density formula due to Nourdin and Viens (2009).

Chapters 6, 7, and 8 are devoted to different applications of the Malliavin calculus for Brownian motion. Chapter 6 presents two different stochastic integral representations: the first is the well-known Clark–Ocone formula, and the second uses the inverse of the Ornstein–Uhlenbeck generator. We present, as a consequence of the Clark–Ocone formula, a central limit theorem for the modulus of continuity of the local time of Brownian motion, proved by Hu and Nualart (2009). As an application of the second representation formula, we show how to derive tightness in the asymptotic behavior of the self-intersection local time of fractional Brownian motion, following Hu and Nualart (2005) and Jaramillo and Nualart (2018). In Chapter 7 we develop the Malliavin calculus to derive explicit formulas for the densities of random variables and criteria for their regularity. We apply these criteria to the proof of Hörmander’s hypoellipticity theorem. Chapter 8 presents an application of Malliavin calculus, combined with Stein’s method, to normal approximations.

Chapters 9, 10, and 11 develop Malliavin calculus for Poisson random measures. Specifically, Chapter 9 introduces stochastic integration for jump processes, as well as the Wiener chaos decomposition of a Poisson random measure. Then the Malliavin calculus is developed in two different directions. In Chapter 10 we introduce the three Malliavin operators and their Sobolev norms using the Wiener chaos decomposition. As an application, we present the Clark–Ocone formula and Stein’s method for Poisson functionals. In Chapter 11 we use the theory of cylindrical functionals to introduce the derivative and divergence operators. This approach allows us to obtain a criterion for the existence of densities, which we apply to diffusions with jumps.

Finally, in the appendix we review basic results on stochastic processes that are used throughout the book.