

Quantitative Finance > Pricing of Securities

Fractional processes as models in stochastic finance

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We survey some new progress on the pricing models driven by fractional Brownian motion \cb{or} mixed fractional Brownian motion. In particular, we give results on arbitrage opportunities, hedging, and option pricing in these models. We summarize some recent results on fractional Black & Scholes pricing model with transaction costs. We end the paper by giving some approximation results and indicating some open problems related to the paper.

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