
A General Theory of Finite State Backward Stochastic Difference Equations

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Recent events have emphasized the importance of risk. Novel forms of risk measures can be described in terms of non linear expectations. Our work develops a self-contained theory of Backward Stochastic Difference Equations related to discrete time, finite state processes, and investigates the relationships between this and the theory of nonlinear expectations.

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This is joint work with S. Cohen and C. Pearce.