BSDEs with jumps in a general filtration

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January 28, 2015

Abstract

In this paper, we show existence and uniqueness of the solution of a multidimensional backward stochastic differential equation (BSDE). The aim is to extend several results on BSDE (L^p solutions, jumps, monotonicity, terminal random time, etc.) without assumption on the filtration.

Introduction

The notion of nonlinear backward stochastic differential equations (BSDEs for short) was introduced by Pardoux and Peng [30]. A solution of this equation, associated with a terminal value ξ and a *generator or coefficient* $f(t,\omega,y,z)$, is a couple of stochastic processes $(Y_t,Z_t)_{t\leq T}$ such that

$$Y_t = \xi + \int_t^T f(s,Y_s,Z_s)ds - \int_t^T Z_s dW_s, \tag{1}$$

a.s. for all $t \leq T$, where W is a Brownian motion and the processes $(Y_t,Z_t)_{t\leq T}$ are adapted to the natural filtration of W.

In their seminal work [30], Pardoux and Peng proved existence and uniqueness of a solution under suitable assumptions, mainly square integrability of ξ and of the process $(f(t,\omega,0,0))_{t\leq T}$, on the one hand, and, the Lipschitz property w.r.t. (y,z) of the generator f, on the other hand. Since this first result, BSDEs have proved to be a powerful tool for formulating and solving a lot of mathematical problems arising for example in finance (see e.g. [2, 8, 33]), stochastic control and differential games (see e.g. [10, 11]), or partial differential equations (see e.g. [28, 29]).

There are a lot of works which provide existence and uniqueness results under weaker assumptions than the ones of Pardoux and Peng [30] or El Karoui et al [7]. A huge part of the literature focuses on weakening the Lipschitz property of the coefficient f. For example, Briand and Carmona [3] and Pardoux [28] consider the case of a monotonic generator w.r.t.

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Thomas Kruse acknowledges the financial support from the French Banking Federation through the Chaire "Markets in Transition".

y with different growth conditions. There have been relatively few papers which deal with the problem of existence and uniqueness of solutions in the case where the coefficients are not square integrable. El Karoui et al. [8] and Briand et al. [4] have proved existence and uniqueness of a solution for the standard BSDE (1) in the case where the data belong only to L^p for some $p \in]1, 2[$.

Another strand of research in the theory of BSDEs concerns the underlying filtration. In [30] the filtration is generated by the Brownian motion W. But since the work of Tang and Li [36], a lot of papers (see e.g. [1, **?**, 24, 26, 34] or the books of Situ [35] or recently of Delong [5]) treat the case where the filtration also supports a Poisson random measure π independent of the Brownian motion. El Karoui and Huang [6] consider the case of a general filtration. In most of these papers, the generator f is supposed to be Lipschitz in y, even if the monotonic case is mentioned (see [34]). Yao [37] or Li and Wei [21] give existence und uniqueness results for a monotonic generator and L^p coefficients. Note that the monotonicity condition in [21] is not the same as the assumption imposed on the generator in this paper. Let us also mention the work of Liang et al. [22] (see also [18]) where the only condition on the filtration is that $L^2(\Omega, \mathcal{F}_T, \mathbb{P})$ is a separable Hilbert space. For a Lipschitz continuous function f, the authors prove existence and uniqueness of the solution. The special case of a Lévy noise is treated by Nualart and Schoutens [25]: in this framework the orthogonal basis of martingales used in [22] is explicitely given by the Teugels martingales.

The aim of this paper is to combine all conditions: We establish existence and uniqueness of solutions to BSDEs in a general filtration which includes a Brownian motion and an independent Poisson random measure. The generator is monotonic w.r.t. the y-variable. The terminal condition and the driver are not necessarily square integrable. We also provide a comparison theorem and show existence and uniqueness of solutions if the time horizon is random.

In very recent papers, Klimsiak has developed the results concerning BSDEs in this general framework in two directions. First for reflected BSDE ([13, 14, 16, 18]), and secondly for parabolic equations ([15, 17, 19, 20]) with measure data. Even if some results are close to ours, let us mention two main differences. We deal here with a multi-dimensional BSDE, which means that Y belongs to $\mathbb{R}^d$, whereas a reflected BSDE is of course only one-dimensional. Moreover, in this paper the generator depends also on the jumps, more precisely on the stochastic integral w.r.t. the Poisson random measure. This last point is very important for the control problem we study in a forthcoming paper (see [9]). The control problem arises in mathematical finance and models the optimal liquidation of a financial position in an illiquid market. In [9] the authors considered the case when the filtration is generated by a Brownian motion and a independent Poisson measure. In our next paper we do not impose any condition on the filtration generated by the market (except right-continuity and completeness) and the Poisson random measure represents the limit orders of the trading strategy. The optimal strategy is determined by a solution of a BSDE of the form (2) where the generator depends on the Poisson random measure.

The paper is decomposed as follows. In the first section, we give the mathematical setting and the main results of this paper. In the second part, we consider square integrable coefficients and we prove existence and uniqueness of the solution. To prove it we mainly

follow the scheme of [28] with suitable modifications. In the next part, we extend the result to L^p coeffcients for any $p > 1$. To the best of our knowledge, there is no result concerning multidimensional BSDE with L^p coefficients under a general filtration. For $p > 2$, the existence is derived from the existence in the L^2 case with the right a priori estimate. For $1 < p < 2$, an extra computation has to be made since the function $x \mapsto |x|^p$ is not smooth in this case. We have to extend Lemma 2.2 in [4] or Proposition 2.1 in [16] to our framework. In the last two sections, we add two extensions: the comparison result in dimension one, extending the results in [32], and existence and uniqueness when the terminal time is a stopping time. Note that the comparison principle requires an extra condition when the generator depends on the jump part (see the counterexample in [1]). But instead of using Girsanov's theorem to obtain the comparison between two solutions, we generalize the argument of [32], which is less restrictive. This point will be crucial in our forthcoming paper.

1 Settings and main results

Let us consider a filtered probability space $(\Omega, \mathcal{F}, \mathbb{P}, \mathbb{F} = (\mathcal{F}_t)_{t\geq 0})$. The filtration is assumed to be complete and right continuous. Without loss of generality we suppose that all semi-martingales have right continuous paths with left limits. We assume that $(\Omega, \mathcal{F}, \mathbb{P}, \mathbb{F} = (\mathcal{F}_t)_{t\geq 0})$ supports a k-dimensional Brownian motion W and a Poisson random measure π with intensity $\mu(du)dt$ on the space $\mathcal{U} \subset \mathbb{R}^m \setminus \{0\}$. The measure μ is σ-finite on $\mathcal{U}$ such that

$$\int_{\mathcal{U}} (1 \wedge |u|^2)\mu(du) < +\infty.$$

The compensated Poisson random measure $\widetilde{\pi}(du, dt) = \pi(du, dt) - \mu(du)dt$ is a martingale w.r.t. the filtration $\mathbb{F}$.

In this paper for a given $T \geq 0$, we denote:

- $\mathcal{P}$: the predictable σ-field on $\Omega \times [0, T]$ and

  $$\widetilde{\mathcal{P}} = \mathcal{P} \otimes \mathcal{B}(\mathcal{U})$$

  where $\mathcal{B}(\mathcal{U})$ is the Borelian σ-field on $\mathcal{U}$.

- On $\widetilde{\Omega} = \Omega \times [0, T] \times \mathcal{U}$, a function that is $\widetilde{\mathcal{P}}$-measurable, is called predictable. $G_{loc}(\pi)$ is the set of $\widetilde{\mathcal{P}}$-mesurables functions ψ on $\widetilde{\Omega}$ such that for any $t \geq 0$ a.s.

  $$\int_0^t \int_{\mathcal{U}} (|\psi_s(u)|^2 \wedge |\psi_s(u)|)\mu(du) < +\infty.$$

- $\mathcal{D}$ (resp. $\mathcal{D}(0, T)$): the set of all progressively measurable càdlàg processes on $\mathbb{R}_+$ (resp. on $[0, T]$). $L^2_{loc}(W)$ is the subspace of $\mathcal{D}$ such that for any $t \geq 0$ a.s.

  $$\int_0^t |Z_s|^2 ds < +\infty.$$

- $\mathcal{M}_{loc}$: the set of càdlàg local martingales orthogonal to W and $\widetilde{\pi}$. If $M \in \mathcal{M}_{loc}$ then

$$\langle M^c, W^i \rangle = 0, 1 \leq i \leq k \qquad \mathbb{E}(\Delta M * \pi | \widetilde{\mathcal{P}}) = 0.$$

  The product $*$ denotes the integral process (see II.1.5 in [12]). Roughly speaking, the jumps of M and π are independent. $\mathcal{M}$ is the subspace of $\mathcal{M}_{loc}$ of martingales.

We refer to [12] (see also [**?**]) for details on random measures and stochastic integrals. Under our assumptions $\widehat{\Gamma} = 0$ for any mesurable function Γ on $\widetilde{\Omega}$. Recall the following result.

Lemma 1 (Lemma III.4.24 in [12]) *Every local martingale has a decomposition*

$$\int_0^{\cdot} Z_s dW_s + \int_0^{\cdot} \int_{\mathcal{U}} \psi_s(u) \widetilde{\pi}(du, ds) + M$$

where $M \in \mathcal{M}_{loc}$, $Z \in L^2_{loc}(W)$, $\psi \in G_{loc}(\mu)$.

Now to define the solution of our BSDE, let us introduce the following spaces for $p \geq 1$.

- $\mathbb{D}^p(0,T)$ is the space of all processes $X \in \mathcal{D}(0,T)$ such that

$$\mathbb{E}\left(\sup_{t \in [0,T]} |X_t|^p \right) < +\infty.$$

  For simplicity, $X_* = \sup_{t \in [0,T]} |X_t|$.

- $\mathbb{H}^p(0,T)$ is the subspace of all processes $X \in \mathcal{D}(0,T)$ such that

$$\mathbb{E}\left[\left(\int_0^T |X_t|^2 dt \right)^{p/2} \right] < +\infty.$$

- $\mathcal{M}^p(0,T)$ is the subspace of $\mathcal{M}$ of all martingales such that

$$\mathbb{E}\left[([M]_T)^{p/2} \right] < +\infty.$$

- $L^p_\pi(0,T) = L^p_\pi(\Omega \times (0,T) \times \mathcal{U})$: the set of processes $\psi \in G_{loc}(\mu)$ such that

$$\mathbb{E}\left[\left(\int_0^T \int_{\mathcal{U}} |\psi_s(u)|^2 \mu(du) ds \right)^{p/2} \right] < +\infty.$$

- $L^p_\mu = L^p(\mathcal{U}, \mu; \mathbb{R}^d)$: the set of measurable functions $\psi : \mathcal{U} \to \mathbb{R}^d$ such that

$$\|\psi\|^p_{L^p_\mu} = \int_{\mathcal{U}} |\psi(u)|^p \mu(du) < +\infty.$$

- $\mathcal{T}$: the set of all finite stopping times and $\mathcal{T}_T$ the set of all stopping times with values in $[0,T]$.

- $\mathcal{E}^p(0,T) = \mathbb{D}^p(0,T) \times \mathbb{H}^p(0,T) \times L^p_\pi(0,T) \times \mathcal{M}^p(0,T)$.

We consider the following BSDE (ξ, f):

$$Y_t = \xi + \int_t^T f(s, Y_s, Z_s, \psi_s)ds - \int_t^T \int_{\mathcal{U}} \psi_s(u)\widetilde{\pi}(du, ds) - \int_t^T Z_s dW_s - \int_t^T dM_s. \qquad (2)$$

Here, the random variable ξ is $\mathcal{F}_T$-measurable with values in $\mathbb{R}^d$ ($d \geq 1$) and the generator $f : \Omega \times [0,T] \times \mathbb{R}^d \times \mathbb{R}^{d\times k} \times L^2_\mu \to \mathbb{R}^d$ is a random function, measurable with respect to $Prog \times \mathcal{B}(\mathbb{R}^d) \times \mathcal{B}(\mathbb{R}^{d\times k}) \times \mathcal{B}(L^2_\mu)$ where $Prog$ denotes the sigma-field of progressive subsets of $\Omega \times [0,T]$.

The unknowns are (Y, Z, ψ, M) such that

- $Y \in \mathcal{D}(0,T)$ with values in $\mathbb{R}^d$;
- $Z \in L^2_{loc}(W)$, with values in $\mathbb{R}^{d\times k}$;
- $\psi \in G_{loc}(\mu)$ with values in $\mathbb{R}^d$;
- $M \in \mathcal{M}_{loc}$ with values in $\mathbb{R}^d$.

On $\mathbb{R}^d$, $|.|$ denotes the Euclidean norm and $\mathbb{R}^{d\times k}$ is identified with the space of real matrices with d rows and k columns. If $z \in \mathbb{R}^{d\times k}$, we have $|z|^2 = \text{Trace}(zz^*)$. If M is a $\mathbb{R}^d$-valued martingale in $\mathcal{M}$, the bracket process $[M]_t$ is

$$[M]_t = \sum_{i=1}^d [M^i]_t,$$

where M^i is the i-th component of the vector M.

Throughout the paper, the following assumptions on the generator f are denoted by $(\mathbf{H_{ex}})$.

(H1) For every $t \in [0,T]$, $z \in \mathbb{R}^{d\times k}$ and every $\psi \in L^2_\mu$ the mapping $y \in \mathbb{R}^d \mapsto f(t,y,z,\psi)$ is continuous. Moreover there exists a constant α such that

$$\langle f(t,y,z,\psi) - f(t,y',z,\psi), y - y' \rangle \leq \alpha |y - y'|^2.$$

(H2) For every $r > 0$ the mapping $(\omega, t) \mapsto \sup_{|y|\leq r} |f(t,y,0,0) - f(t,0,0,0)|$ belongs to $L^1(\Omega \times [0,T], \mathbb{P} \otimes m)$.

(H3) f is Lipschitz continuous w.r.t. z and ψ: there exists a constant K such that for any t and y, for any $z, z' \in \mathbb{R}$ and ψ, ψ' in $L^2(\mu)$

$$|f(t,y,z,\psi) - f(t,y,z',\psi')| \leq K(|z - z'| + \|\psi - \psi'\|_{L^2_\mu}).$$

We can suppose w.l.o.g. that $\alpha = 0$. Indeed if (Y, Z, ψ, M) is a solution of (2) then $(\bar{Y}, \bar{Z}, \bar{\psi}, \bar{M})$ with

$$\bar{Y}_t = e^{\alpha t} Y_t, \quad \bar{Z}_t = e^{\alpha t} Z_t, \quad \bar{\psi}_t = e^{\alpha t}\psi_t, \quad d\bar{M}_t = e^{\alpha t} dM_t$$

satisfies an analogous BSDE with terminal condition $\bar{\xi} = e^{\alpha T}\xi$ and generator

$$\bar{f}(t, y, z, \psi) = e^{\alpha t} f(t, e^{-\alpha t} y, e^{-\alpha t} z, e^{-\alpha t}\psi) - \alpha y.$$

$\bar{f}$ satisfies assumptions $(\mathbf{H_{ex}})$ with $\alpha = 0$. Hence in the rest of this paper, we will suppose that $\alpha = 0$.

Our main results can be summarized as follows. Under Assumptions $(\mathbf{H_{ex}})$ and if for some $p > 1$

$$\mathbb{E}\left(|\xi|^p + \int_0^T |f(t, 0, 0, 0)|^p dt\right) < +\infty,$$

there exists a unique solution (Y, Z, ψ, M) in $\mathcal{E}^p(0, T)$ to the BSDE (2). The comparison principle holds for this BSDE. Moreover with a suitable conditions (see (H5') and (H6)) the terminal time T can be replaced by a stopping time τ.

2 L^2 solutions

Let us begin with the following definition:

Definition 1 (L^2-solution) *We say that (Y, Z, ψ, M) is a L^2-solution of the BSDE (ξ, f) on $[0, T]$ if*

- $(Y, Z, \psi, M) \in \mathcal{E}^2(0, T)$*;*
- *and Equation (2) is satisfied $\mathbb{P} \otimes dt$-a.s.*

In the rest of this section, a solution (Y, Z, ψ, M) will be supposed to be in $\mathcal{E}^2(0, T)$. Now we want to prove existence of the solution of the BSDE with data (ξ, f). For this purpose, we will add the integrability conditions:

(H4) $\mathbb{E}(|\xi|^2) + \mathbb{E}\int_0^T |f(t, 0, 0, 0)|^2 dt < +\infty$.

Some a priori estimates are needed. Note that the following results are modifications of the results obtained in [26].

Lemma 2 *Let $(Y, Z, \psi, M) \in \mathcal{E}^2(0, T)$ be a solution of BSDE (2). Then*

$$\mathbb{E}\left(\int_0^T |Z_s|^2 ds + \int_0^T \int_{\mathcal{U}} |\psi_s(u)|^2 \mu(du) ds + [M]_T\right) \leq C\mathbb{E}\left(\sup_{t\in[0,T]} |Y_t|^2 + \int_0^T |f(t, 0, 0, 0)|^2 dt\right)$$

for some constant C depending only on K^2 and T.

Proof. Let $\tau \in \mathcal{T}_T$ and by Itô's formula on $|Y_t|^2$:

$$\begin{aligned}
&|Y_{\tau\wedge t}|^2 + \int_{\tau\wedge t}^{\tau} |Z_s|^2 ds + \int_{\tau\wedge t}^{\tau}\int_{\mathcal{U}} |\psi_s(u)|^2 \mu(du) ds + [M]_\tau - [M]_{\tau\wedge t} \\
&\quad = |Y_\tau|^2 + 2\int_{\tau\wedge t}^{\tau} Y_s f(s, Y_s, Z_s, \psi_s) ds - 2\int_{\tau\wedge t}^{\tau} Y_{s^-} Z_s dW_s \\
&\qquad -2\int_{\tau\wedge t}^{\tau} Y_{s^-} dM_s - \int_{\tau\wedge t}^{\tau}\int_{\mathcal{U}} \left(|Y_{s^-} + \psi_s(u)|^2 - |Y_{s^-}|^2\right) \widetilde{\pi}(du, ds). \qquad (3)
\end{aligned}$$

But from (H1) and (H3):

$$yf(t,y,z,\psi) \leq |y| \left(K|z| + K\|\psi\|_{L^2_\mu} + |f(t,0,0,0)| \right).$$

Hence with $t=0$ and Young's inequality:

$$\begin{aligned}
&\frac{1}{2}\int_0^\tau |Z_s|^2 ds + \frac{1}{2}\int_0^\tau \int_{\mathcal{U}} |\psi_s(u)|^2 \mu(du)ds + [M]_\tau \\
&\quad \leq (4K^2+2)T \sup_{t\in[0,T]} |Y_t|^2 + \int_0^T |f(s,0,0,0)|^2 ds - 2\int_{\tau\wedge t}^\tau Y_{s^-} Z_s dW_s \\
&\quad -2\int_0^\tau Y_{s^-} dM_s - \int_0^\tau \int_{\mathcal{U}} \left(|Y_{s^-} + \psi_s(u)|^2 - |Y_{s^-}|^2 \right) \widetilde{\pi}(du,ds).
\end{aligned}$$

Moreover from the assumptions on Y, Z, ψ and M, the stochastic integral terms w.r.t. W, M and $\widetilde{\pi}$ are martingales. Now take $\tau = T$ and we can take the expectation on both parts:

$$\begin{aligned}
&\mathbb{E}\left(\frac{1}{2}\int_0^T |Z_s|^2 ds + \frac{1}{2}\int_0^T \int_{\mathcal{U}} |\psi_s(u)|^2 \mu(du)ds + [M]_T \right) \\
&\quad \leq (4K^2+2)T\mathbb{E}\left(\sup_{t\in[0,T]} |Y_t|^2 \right) + \mathbb{E}\int_0^T |f(s,0,0,0)|^2 ds
\end{aligned}$$

which achieves the proof. □

Lemma 3 *Let (Y,Z,ψ,M) be a solution of BSDE (ξ,f) with the same conditions as in Lemma 2. Then*

$$\mathbb{E}\left(\sup_{t\in[0,T]} |Y_t|^2 \right) \quad \leq \quad C\mathbb{E}\left(|\xi|^2 + \int_0^T |f(t,0,0,0)|^2 dt \right)$$

for some constant C depending only on K^2.

Proof. Indeed using again Itô's formula (3) with $\tau = T$, since all local martingales are true martingales we deduce that

$$\mathbb{E}|Y_t|^2 \leq \mathbb{E}|Y_T|^2 + (4K^2+1)\mathbb{E}\int_t^T |Y_s|^2 ds + \mathbb{E}\int_t^T |f(s,0,0,0)|^2 ds.$$

Using the Gronwall lemma, we obtain that

$$\sup_{t\in[0,T]} \mathbb{E}|Y_t|^2 \leq C\mathbb{E}\left(|\xi|^2 + \int_0^T |f(t,0,0,0)|^2 dt \right).$$

Then a combination of this first result, the assumptions of Definition 1 and Doob's inequality (or Bichteler-Jacod inequality (see [23], Theorem 3.2) for the martingale w.r.t. the Poisson measure) yields the statement of the Lemma. □

The next result is an extension of the Proposition 2.1 in [3]. For convenience let us give the result and the proof.

Lemma 4 *Let $(Y, Z, \psi, M) \in \mathcal{E}^2(0,T)$ be a solution of BSDE (2) with bounded terminal condition ξ and generator $|f(t,0,0,0)|$: there exists a constant κ such that a.s.*

$$\sup_{t\in[0,T]} |f(t,0,0,0)| + |\xi| \leq \kappa. \tag{4}$$

Then Y is also almost surely bounded: there exists a constant $\beta = 2(1+2K^2)$ such that almost surely and for any $t \in [0,T]$

$$|Y_t|^2 \leq \kappa^2 e^{\beta(T-t)} \left(1 + \frac{1}{2\beta}\right).$$

Proof.

For $\tau \in \mathcal{T}_T$, and $0 \leq t \leq T$, let us apply Itô formula (3) to $e^{\beta(s-t)}|Y_s|^2$ where β will be chosen later. We have:

$$\begin{aligned}
e^{\beta(t\wedge\tau - t)}|Y_{t\wedge\tau}|^2 &= e^{\beta(T\wedge\tau-t)}|Y_{T\wedge\tau}|^2 + 2\int_{t\wedge\tau}^{T\wedge\tau} e^{\beta(s-t)} Y_s f(s, Y_s, Z_s, \psi_s) ds \\
&- \int_{t\wedge\tau}^{T\wedge\tau} \beta e^{\beta(s-t)}|Y_s|^2 ds - \int_{t\wedge\tau}^{T\wedge\tau}\int_{\mathcal{U}} e^{\beta(s-t)}|\psi_s(u)|^2 \mu(du) ds \\
&- \int_{t\wedge\tau}^{T\wedge\tau} e^{\beta(s-t)} d[M]_s - \int_{t\wedge\tau}^{T\wedge\tau} e^{\beta(s-t)}|Z_s|^2 ds \\
&- 2\int_{t\wedge\tau}^{T\wedge\tau} e^{\beta(s-t)} Y_{s^-} dM_s - 2\int_{t\wedge\tau}^{T\wedge\tau} e^{\beta(s-t)} Y_{s^-} Z_s dW_s \\
&- \int_{t\wedge\tau}^{T\wedge\tau} e^{\beta(s-t)} \int_{\mathcal{U}} \left(|Y_{s^-} + \psi_s(u)|^2 - |Y_{s^-}|^2\right) \widetilde{\pi}(du, ds).
\end{aligned}$$

From the assumptions on f, we have for any $\varepsilon > 0$

$$\begin{aligned}
Y_s f(s, Y_s, Z_s, \psi_s) &= Y_s(f(s, Y_s, Z_s, \psi_s) - f(s, 0, Z_s, \psi_s)) + Y_s(f(s, 0, Z_s, \psi_s) - f(s, 0, 0, \psi_s)) \\
&+ Y_s(f(s, 0, 0, \psi_s) - f(s, 0, 0, 0)) + Y_s f(s, 0, 0, 0) \\
&\leq |Y_s||f(s,0,0,0)| + K|Y_s|\|\psi_s\|_{L^2_\mu} + K|Y_s||Z_s| \\
&\leq \frac{(1+2K^2)}{\varepsilon}|Y_s|^2 + \varepsilon(|f(s,0,0,0)|^2 + \|\psi_s\|^2_{L^2_\mu} + |Z_s|^2).
\end{aligned} \tag{5}$$

We take $\varepsilon = 1/2$ and we obtain:

$$\begin{aligned}
&e^{\beta(t\wedge\tau-t)}|Y_{t\wedge\tau}|^2 + \frac{1}{2}\int_{t\wedge\tau}^{T\wedge\tau} e^{\beta(s-t)}\|\psi_s\|^2_{L^2_\mu} ds + \frac{1}{2}\int_{t\wedge\tau}^{T\wedge\tau} e^{\beta(s-t)} d[M]_s \\
&\leq e^{\beta(T\wedge\tau-t)}|Y_{T\wedge\tau}|^2 + \frac{1}{2}\int_{t\wedge\tau}^{T\wedge\tau} e^{\beta(s-t)}|f(s,0,0,0)|^2 ds \\
&\quad - \int_{t\wedge\tau}^{T\wedge\tau} \left(\beta - 2(1+2K^2)\right) e^{\beta(s-t)}|Y_s|^2 ds + \Gamma_t
\end{aligned}$$

where Γ is a local martingale. Fix $\beta = 2(1+2K^2)$ and we have:

$$\begin{aligned}
&e^{\beta(t\wedge\tau-t)}|Y_{t\wedge\tau}|^2 + \frac{1}{2}\int_{t\wedge\tau}^{T\wedge\tau} e^{\beta(s-t)}\|\psi_s\|^2_{L^2_\mu} ds + \frac{1}{2}\int_{t\wedge\tau}^{T\wedge\tau} e^{\beta(s-t)} d[M]_s \\
&\leq e^{\beta(T\wedge\tau-t)}|Y_{T\wedge\tau}|^2 + \frac{1}{2}\int_{t\wedge\tau}^{T\wedge\tau} e^{\beta(s-t)}|f(s,0,0,0)|^2 ds + \Gamma_t.
\end{aligned}$$

Since (Y, Z, ψ, M) belongs to $\mathcal{E}^2(0,T)$, the involved local martingale Γ is a martingale, and taking $\tau = T$ and the conditional expectation w.r.t. $\mathcal{F}_t$ leads to: a.s. for every $t \in [0,T]$

$$|Y_t|^2 \leq \mathbb{E}\left[e^{\beta(T-t)}|\xi|^2 + \frac{1}{2}\int_t^T e^{\beta(s-t)}|f(s,0,0,0)|^2 ds \middle| \mathcal{F}_t\right].$$

Hence $Y \in \mathcal{D}^\infty(0,T)$.

□

Let now (ξ, f) and (ξ', f') be two sets of data each satisfying the above assumptions $(\mathbf{H_{ex}})$ and (H4).

Lemma 5 *Let (Y, Z, ψ, M) (resp. (Y', Z', ψ', M')) denote a L^2-solution of the BSDE (2) with data (ξ, f) (resp. (ξ', f')). Define*

$$(\widehat{Y}, \widehat{Z}, \widehat{\psi}, \widehat{M}, \widehat{\xi}, \widehat{f}) = (Y - Y', Z - Z', \psi - \psi', M - M', \xi - \xi', f - f').$$

Then there exists a constant C depending on K^2 and T, such that

$$\mathbb{E}\left(\sup_{t\in[0,T]}|\widehat{Y}_t|^2 + \int_0^T |\widehat{Z}_s|^2 ds + \int_0^T\int_{\mathcal{U}} |\widehat{\psi}_s(u)|^2 \mu(du)ds + [\widehat{M}]_T\right)$$
$$\leq C\mathbb{E}\left(|\widehat{\xi}|^2 + \int_0^T |\widehat{f}(t, Y'_t, Z'_t, \psi'_t)|^2 dt\right).$$

As a consequence of this lemma, we obtain uniqueness of the solution (Y, Z, ψ, M) for the BSDE (2) in the set $\mathcal{E}^2(0,T)$ (see also Corollary 2 in dimension $d = 1$).

Proof. Let $\tau \in \mathcal{T}_T$ and by Itô's formula on $|\widehat{Y}_t|^2$:

$$|\widehat{Y}_{\tau\wedge t}|^2 + \int_{\tau\wedge t}^\tau |\widehat{Z}_s|^2 ds + \int_{\tau\wedge t}^\tau\int_{\mathcal{U}} |\widehat{\psi}_s(u)|^2\mu(du)ds + [\widehat{M}]_\tau - [\widehat{M}]_{\tau\wedge t}$$
$$= |\widehat{Y}_\tau|^2 + 2\int_{\tau\wedge t}^\tau \widehat{Y}_s(f(s, Y_s, Z_s, \psi_s) - f'(s, Y'_s, Z'_s, \psi'_s))ds - 2\int_{\tau\wedge t}^\tau \widehat{Y}_{s^-}\widehat{Z}_s dW_s$$
$$-2\int_{\tau\wedge t}^\tau \widehat{Y}_{s^-} d\widehat{M}_s - \int_{\tau\wedge t}^\tau\int_{\mathcal{U}} \left(|\widehat{Y}_{s^-} + \widehat{\psi}_s(u)|^2 - |\widehat{Y}_{s^-}|^2\right)\widetilde{\pi}(du, ds).$$

From the monotonicity assumption on the generator and Young's inequality, we have:

$$|\widehat{Y}_{\tau\wedge t}|^2 + \frac{1}{2}\int_{\tau\wedge t}^\tau |\widehat{Z}_s|^2 ds + \frac{1}{2}\int_{\tau\wedge t}^\tau\int_{\mathcal{U}} |\widehat{\psi}_s(u)|^2\mu(du)ds + [\widehat{M}]_\tau - [\widehat{M}]_{\tau\wedge t}$$
$$\leq |\widehat{Y}_\tau|^2 + (4K^2+1)\int_{\tau\wedge t}^\tau |\widehat{Y}_s|^2 ds + \int_{\tau\wedge t}^\tau |\widehat{f}(s, Y'_s, Z'_s, \psi'_s)|^2 ds - 2\int_{\tau\wedge t}^\tau \widehat{Y}_{s^-}\widehat{Z}_s dW_s$$
$$-2\int_{\tau\wedge t}^\tau \widehat{Y}_{s^-} d\widehat{M}_s - \int_{\tau\wedge t}^\tau\int_{\mathcal{U}} \left(|\widehat{Y}_{s^-} + \widehat{\psi}_s(u)|^2 - |\widehat{Y}_{s^-}|^2\right)\widetilde{\pi}(du, ds). \tag{6}$$

With $\tau = T$ and Gronwall's lemma, we have for any $t \in [0,T]$

$$\mathbb{E}|\widehat{Y}_t|^2 \leq C\mathbb{E}\left(|\widehat{\xi}|^2 + \int_0^T |\widehat{f}(s, Y'_s, Z'_s, \psi'_s)|^2 ds\right).$$

Then using (6) with $t = 0$ and $\tau = T$ and the previous inequality we obtain

$$\mathbb{E}\left(\int_0^T |\widehat{Z}_s|^2 ds + \int_0^T\int_{\mathcal{U}} |\widehat{\psi}_s(u)|^2\mu(du)ds + [\widehat{M}]_T\right) \leq C\mathbb{E}\left(|\widehat{\xi}|^2 + \int_0^T |\widehat{f}(s, Y'_s, Z'_s, \psi'_s)|^2 ds\right).$$

Finally take the conditional expectation w.r.t. $\mathcal{F}_t$ in (6), the supremum over $t \in [0,T]$ on both sides and applying Doob's inequality to the supremum of the $(\mathcal{F}_{\tau\wedge t},\ t \in [0,T])$ martingale on the right-hand side, we have:

$$\mathbb{E}\left(\sup_{t\in[0,T]} |\widehat{Y}_t|^2\right) \leq C\mathbb{E}\left(|\widehat{\xi}|^2 + \int_0^T |\widehat{f}(s, Y'_s, Z'_s, \psi'_s)|^2 ds\right).$$

This completes the proof. □

Let us modify a little the growth assumption (H2):

(H2') For every $(t,y) \in [0,T]\times\mathbb{R}^d$, $|f(t,y,0,0)| \leq |f(t,0,0,0)| + \vartheta(|y|)$ where $\vartheta : \mathbb{R}_+ \to \mathbb{R}_+$ is a deterministic continuous increasing function.

Now we can prove the following result.

Proposition 1 *Under assumptions (H1)-(H2')-(H3) and (H4), there exists a unique L^2-solution (Y,Z,ψ,M) for the BSDE (2).*

Proof. The proof follows closely the arguments in [19] and [26]. Therefore we only sketch it.

- **Step 1:** we assume that f is Lipschitz with w.r.t. y: there exists a constant K' such that for all (t,y,y',ψ)

$$|f(t,y,z,\psi) - f(t,y',z,\psi)| \leq K'|y-y'|. \tag{7}$$

Moreover ξ and $f(t,0,0,0)$ satisfy the condition (4).

Under these assumptions, for (U,V,ϕ,N) in $\mathcal{E}^2(0,T)$, we define the following processes (Y,Z,ψ,M) as follows:

$$Y_t = \mathbb{E}\left[\xi + \int_0^T f(s,U_s,V_s,\phi_s)ds \middle| \mathcal{F}_t\right] - \int_0^t f(s,U_s,V_s,\phi_s)ds,$$

and the local martingale

$$\mathbb{E}\left[\xi + \int_0^T f(s,U_s,V_s,\phi_s)ds \middle| \mathcal{F}_t\right] - Y_0$$

can be decomposed in three parts (see Lemma 1):

$$\mathbb{E}\left[\xi + \int_0^T f(s,U_s,V_s,\phi_s)ds \middle| \mathcal{F}_t\right] - Y_0 = \int_0^t Z_s dW_s + \int_0^t \psi_s(u)\widetilde{\pi}(du,ds) + M_t$$

where $Z \in L^2_{loc}(W)$ a.s., $\psi \in G_{loc}(\pi)$ and $M \in \mathcal{M}_{loc}$. From the conditions imposed on f and ξ, it is straightforward to prove that $(Y,Z,\psi,M) \in \mathcal{E}^2(0,T)$. Moreover (Y,Z,ψ,M) is the unique solution of the BSDE

$$Y_t = \xi + \int_t^T f(s,U_s,V_s,\phi_s)ds - \int_t^T Z_s dW_s - \int_t^T \int_{\mathcal{U}} \psi_s(u)\widetilde{\pi}(du,ds) - \int_t^T dM_s.$$

Therefore we may define the mapping $\Xi : \mathcal{E}^2(0,T) \to \mathcal{E}^2(0,T)$ by putting

$$\Xi((U,V,\phi,N)) = (Y,Z,\psi,M).$$

By standard arguments (see e.g. the proof of Theorem 55.1 in [26]) we can prove that Ξ is contractive on the Banach space $(\mathcal{E}^2(0,T), \|.\|_\beta)$ where

$$\begin{aligned}\|(Y,Z,\psi,M)\|_\beta &= \mathbb{E}\left\{\sup_{0\le t\le T} e^{\beta t}|Y_t|^2 + \int_0^T e^{\beta t}|Z_s|^2 ds \right.\\ &\qquad \left. + \int_0^T e^{\beta t}\int_{\mathcal{U}} |\psi_t(u)|^2 \mu(du)dt + \left[\int_0^\cdot e^{\beta t} dM_t\right]_T\right\},\end{aligned}$$

with suitable constant $\beta > 0$. Consequently, Ξ has a fixed point $(Y,Z,\psi,M) \in \mathcal{E}^2(0,T)$. Therefore, (Y,Z,ψ,M) is the unique solution of the BSDE (2).

- **Step 2:** We now show how to dispense with the assumptions (7) and (4). The main result is the following.

  Lemma 6 *Under assumptions* $(\mathbf{H_{ex}})$ *and (H4), given* $(V,\phi) \in \mathbb{H}^2(0,T) \times L^2_\pi(0,T)$ *there exists a unique process* (Y,Z,ψ,M) *in* $\mathcal{E}^2(0,T)$ *such that*

$$Y_t = \xi + \int_t^T f(s,Y_s,V_s,\phi_s)ds - \int_t^T Z_s dW_s - \int_t^T\int_{\mathcal{U}} \psi_s(u)\widetilde{\pi}(du,ds) - \int_t^T dM_s. \quad (8)$$

  If we admit this result for a moment, then we have a mapping $\Xi : \mathcal{E}^2(0,T) \to \mathcal{E}^2(0,T)$ which to $(U,V,\phi,N) \in \mathcal{E}^2(0,T)$ associates the solution $(Y,Z,\psi,M) \in \mathcal{E}^2(0,T)$ of BSDE (8), and once again it is a contractive mapping with the norm $\|.\|_\beta$ with suitable β. Hence it has a fixed point (Y,Z,ψ,M), solution of the BSDE (2).

- **Step 3:** Proof of Lemma 6. The process $f(s,y,V_s,\phi_s)$ is denoted by $f(s,y)$.

  First we keep the boundness condition (4) and we construct of smooth approximations $(f_n,\ n \in \mathbb{N})$ of f (see proof of Proposition 2.4 in [27]). For any n, f_n is smooth and monotone in y, and thus locally Lipschitz in y. We cannot directly apply the Step 1. But we just add a truncation function Π_p in f_n and from the first step there exists a solution $(Y^{n,p}, Z^{n,p}, \psi^{n,p}, M^{n,p})$ to BSDE (8). Moreover from Lemma 4, the sequence $Y^{n,p}$ is bounded since assumption (4) holds and the upper bound on $Y^{n,p}$ does not depend on p. Thus for p large enough, $Y^{n,p}$ does not depend on p, and is denoted Y^n with the same on $(Z^{n,p}, \psi^{n,p}, M^{n,p}) = (Z^n, \psi^n, M^n)$. Now the sequence f_n satisfies the assumptions of this lemma with constant independent of n. Thus the sequence $(Y^n, U^n, Z^n, \psi^n, M^n)$ is bounded:

$$\sup_{n\in\mathbb{N}} \mathbb{E}\left[\int_0^T \left(|Y^n_s|^2 + |U^n_s|^2 + |Z^n_s|^2 + \int_{\mathcal{U}} |\psi^n_s(u)|^2\mu(du)\right) ds + [M^n]_T\right] \le C$$

  where $U^n_t = f_n(t,Y^n_t)$. Therefore there exists a subsequence which converges weakly to (Y,U,Z,ψ,M). We still denote by (Y^n,U^n,Z^n,ψ^n,M^n) this subsequence. The Brownian martingale $\int_\cdot^T Z^n_s dW_s$ converges weakly in $L^2(\Omega\times[0,T])$ to $\int_\cdot^T Z_s dW_s$ (see

[27]). The same trick can be applied on the Poisson martingale $\int_\cdot^T \int_{\mathcal{U}} \psi_s^n(u)\widetilde{\pi}(du,ds)$ and the orthogonal martingale M^n. Finally we identify U_t and $f(t,Y_t)$ in the same way as in [27].

Finally we remove the condition (4) by a truncation procedure. Once again we obtain a sequence (Y^n,Z^n,ψ^n,M^n) which converges in $\mathcal{E}^2(0,T)$ to the solution (Y,Z,ψ,M) using Lemma 5 (see also proof of Proposition 2).

□

Now we are able to give the main result of this part.

Theorem 1 *Under assumptions* $(\mathbf{H_{ex}})$ *and (H4), there exists a unique* L^2*-solution* (Y,Z,ψ,M) *for the BSDE* (2).

Proof. In Proposition 1 the condition (H2) was replaced by (H2'). To obtain the above result we follow the arguments of the proof of Theorem 4.2 in [4] where f is approximated by a sequence of functions f_n satisfying (H2') (and the other conditions). Indeed we first assume that ξ and $f(t,0,0,0)$ are bounded. We can regularize the generator f and construct two sequences f_n and h_n satisfying $(\mathbf{H_{ex}})$ as in [4]. Note that we will also truncate the part on ψ in f_n. From the Proposition 1, there exists a unique solution (Y^n,Z^n,ψ^n,M^n) in $\mathcal{E}^2(0,T)$ with generator h_n and from Lemma 4, Y^n satisfies the inequality $\|Y^n\|_\infty \leq r$. Lemma 5 shows that

$$\mathbb{E}\left(\int_0^T |Z_s^n|^2 ds + \int_0^T \int_{\mathcal{U}} |\psi_s^n(u)|^2 \mu(du)ds + [M^n]_T\right) \leq r'$$

and (Y^n,Z^n,ψ^n,M^m) is solution of the BSDE (2) with generotor f_n satisfying $(\mathbf{H_{ex}})$. By Itô's formula on $U=Y^{n+i}-Y^n$, $V=Z^{n+i}-Z^n$, $\phi=\psi^{n+i}-\psi^n$, $N=M^{n+i}-M^n$:

$$\begin{aligned}
&e^{4K^2t}|U_t|^2 + \frac{1}{2}\int_t^T e^{4K^2s}|V_s|^2 ds + \frac{1}{2}\int_t^T\int_{\mathcal{U}} e^{4K^2s}|\phi_s(u)|^2\mu(du)ds + \int_t^T e^{4K^2s}d[N]_s \\
&\leq 2\int_t^T e^{4K^2s}U_s(f_{n+i}(s,Y_s^n,Z_s^n,\psi_s^n) - f_n(s,Y_s^n,Z_s^n,\psi_s^n))ds - 2\int_t^T e^{4K^2s}U_sV_sdW_s \\
&\quad -2\int_t^T e^{4K^2s}U_{s^-}dN_s - \int_t^T e^{4K^2s}\int_{\mathcal{U}}\left(|U_{s^-}+\phi_s(u)|^2 - |U_{s^-}|^2\right)\widetilde{\pi}(du,ds) \\
&\leq 4r\int_t^T e^{4K^2s}|f_{n+i}(s,Y_s^n,Z_s^n,\psi_s^n) - f_n(s,Y_s^n,Z_s^n,\psi_s^n)|ds - 2\int_t^T e^{4K^2s}U_sV_sdW_s \\
&\quad -2\int_t^T e^{4K^2s}U_{s^-}dN_s - \int_t^T e^{4K^2s}\int_{\mathcal{U}}\left(|U_{s^-}+\phi_s(u)|^2 - |U_{s^-}|^2\right)\widetilde{\pi}(du,ds)
\end{aligned}$$

since $\|U\|_\infty \leq 2r$. Using the Burkholder-Davis-Gundy (BDG) inequality we get for some constant depending on K and T:

$$\begin{aligned}
&\mathbb{E}\left(\sup_{t\in[0,T]}|U_t|^2 + \int_0^T |V_s|^2 ds + \int_0^T\int_{\mathcal{U}}|\phi_s(u)|^2\mu(du)ds + [N]_T\right) \\
&\qquad \leq Cr\mathbb{E}\int_0^T |f_{n+i}(s,Y_s^n,Z_s^n,\psi_s^n) - f_n(s,Y_s^n,Z_s^n,\psi_s^n)|ds
\end{aligned}$$

and if we denote

$$\Theta_r(t) = \sup_{|y|\leq r} |f(t,y,0,0) - f(t,0,0,0)|$$

we have since $\|Y^n\|_\infty \leq r$

$$\begin{aligned}
&|f_{n+i}(s,Y_s^n,Z_s^n,\psi_s^n) - f_n(s,Y_s^n,Z_s^n,\psi_s^n)| \\
&\quad \leq 2K|Z_s^n|\mathbf{1}_{|Z_s^n|>n} + 2K\|\psi_s^n\|_{L^2}\mathbf{1}_{\|\psi_s^n\|_{L^2}>n} + 2K|Z_s^n|\mathbf{1}_{\Theta_{r+1}(s)>n} \\
&\qquad +2K\|\psi_s^n\|_{L^2}\mathbf{1}_{\Theta_{r+1}(s)>n} + 2\Theta_{r+1}(s)\mathbf{1}_{\Theta_{r+1}(s)>n}.
\end{aligned}$$

This implies that (Y^n, Z^n, ψ^n, M^m) is a Cauchy sequence in $\mathcal{E}^2(0,T)$.

The general case will be obtained by a truncation procedure on ξ and $f(t,0,0,0)$ and the inequality of Lemma 5. □

3 Existence in L^p

The following proposition was proved in the Lipschitz case without jumps in [8], Section 5, or in [4] for the Brownian filtration, for any $p > 1$.

Proposition 2 (L^p-estimates, $p \geq 2$) *For $p \geq 2$, if we have*

$$\mathbb{E}\left(|\xi|^p + \int_0^T |f(t,0,0,0)|^p dt\right) < +\infty, \tag{H5}$$

then the solution (Y,Z,ψ,M) belongs to $\mathcal{E}^p(0,T)$. Moreover there exists a constant C depending only on K^2, p and T such that

$$\begin{aligned}
&\mathbb{E}\left[\sup_{t\in[0,T]} |Y_t|^p + \left(\int_0^T |Z_s|^2 ds\right)^{p/2} + \left(\int_0^T \int_{\mathcal{U}} |\psi_s(u)|^2 \mu(du)ds\right)^{p/2} + [M]_T^{p/2}\right] \\
&\qquad \leq C\mathbb{E}\left(|\xi|^p + \int_0^T |f(s,0,0,0)|^p ds\right).
\end{aligned}$$

Proof. Under this condition on ξ and $f(t,0,0,0)$, we know that there exists a unique solution (Y,Z,ψ,M) which belongs to $\mathcal{E}^2(0,T)$. We want to show that (Y,Z,ψ,M) in fact belongs to $\mathcal{E}^p(0,T)$.

From Step 3 in the proof of Theorem 1 (or Proposition 1), the solution (Y,Z,ψ,M) is obtained as the limit of a sequence (Y^n,Z^n,ψ^n,M^n), solution of BSDE (2) but with bounded coefficients ξ^n and $f^n(t,0,0,0)$. We prove that convergence also holds in $\mathcal{E}^p(0,T)$. For any $(m,n) \in \mathbb{N}^2$ we denote

$$(\widehat{Y},\widehat{Z},\widehat{\psi},\widehat{M},\widehat{\xi},\widehat{f}) = (Y^m - Y^n, Z^m - Z^n, \psi^m - \psi^n, M^m - M^n, \xi^m - \xi^n, f^m - f^n).$$

Since $p \geq 2$ we can apply Itô formula with the C^2-function $\theta(y) = |y|^p$ to the process $\widehat{Y}$. Note that

$$\frac{\partial\theta}{\partial y_i}(y) = py_i|y|^{p-2}, \frac{\partial^2\theta}{\partial y_i \partial y_j}(y) = p|y|^{p-2}\delta_{i,j} + p(p-2)y_iy_j|y|^{p-4}$$

where $\delta_{i,j}$ is the Kronecker delta. Therefore for every $0 \leq t \leq T$ we have:

$$
\begin{aligned}
|\widehat{Y}_t|^p = |\widehat{\xi}|^p &+ \int_t^T p\widehat{Y}_s|\widehat{Y}_s|^{p-2}(f^m(s,Y_s^m,Z_s^m,\psi_s^m) - f^n(s,Y_s^n,Z_s^n,\psi_s^n))ds \\
&-p\int_t^T \widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}d\widehat{M}_s - p\int_t^T \widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}\widehat{Z}_s dW_s \\
&-p\int_t^T\int_{\mathcal{U}}\left(\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}\widehat{\psi}_s(u)\right)\widetilde{\pi}(du,ds) - \frac{1}{2}\int_t^T \mathrm{Trace}\left(D^2\theta(\widehat{Y}_s)\widehat{Z}_s\widehat{Z}_s^*\right)ds \\
&-\int_t^T\int_{\mathcal{U}}\left(|\widehat{Y}_{s^-}+\widehat{\psi}_s(u)|^p - |\widehat{Y}_{s^-}|^p - p\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}\widehat{\psi}_s(u)\right)\pi(du,ds) \\
&-\frac{1}{2}\int_t^T \sum_{1\leq i,j\leq d}\frac{\partial^2\theta}{\partial y_i\partial y_j}(\widehat{Y}_s)d[\widehat{M}^i,\widehat{M}^j]_t^c \\
&-\sum_{t<s\leq T}\left(|\widehat{Y}_{s^-}+\Delta\widehat{M}_s|^p - |\widehat{Y}_{s^-}|^p - p\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}\Delta\widehat{M}_s\right). \qquad (9)
\end{aligned}
$$

The notation $[M]^c$ denotes the continuous part of the bracket process $[M]$. First remark that for a non negative symmetric matrix $\Gamma \in \mathbb{R}^{d\times d}$

$$
\sum_{1\leq i,j\leq d} D^2\theta(y)_{i,j}\Gamma_{i,j} = p|y|^{p-2}\mathrm{Trace}(\Gamma) + p(p-2)|y|^{p-4}(y^*)\Gamma y \geq p|y|^{p-2}\mathrm{Trace}(\Gamma),
$$

and thus

$$
\mathrm{Trace}(D^2\theta(y)zz^*) \geq p|y|^{p-2}|z|^2.
$$

Moreover using Taylor formula (and Lemma A.4 in [37] for the last inequality) we have

$$
\begin{aligned}
\theta(x+y) - \theta(x) - \nabla\theta(x)y &= \int_0^1 yD^2\theta(x+\alpha y)y(1-\alpha)d\alpha \\
&= p|y|^2\int_0^1 (1-r)|x+ry|^{p-2}dr + p(p-2)\int_0^1 (y(x+\alpha y))^2|x+\alpha y|^{p-4}d\alpha \\
&\geq p|y|^2\int_0^1 (1-r)|x+ry|^{p-2}dr \geq p(p-1)3^{1-p}|y|^2|x|^{p-2}.
\end{aligned}
$$

Therefore we deduce that

$$
\begin{aligned}
&\frac{1}{2}\int_t^T \sum_{1\leq i,j\leq d}\frac{\partial^2\theta}{\partial y_i\partial y_j}(\widehat{Y}_s)d[\widehat{M}^i,\widehat{M}^j]_t^c + \sum_{t<s\leq T}\left(|\widehat{Y}_{s^-}+\Delta\widehat{M}_s|^p - |\widehat{Y}_{s^-}|^p - p\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}\Delta\widehat{M}_s(z)\right) \\
&\quad\geq \frac{p}{2}\int_t^T |\widehat{Y}_s|^{p-2}d[\widehat{M}]_s^c + p(p-1)3^{1-p}\sum_{t<s\leq T}|\widehat{Y}_s|^{p-2}|\Delta\widehat{M}_s|^2 \geq \kappa_p\int_t^T |\widehat{Y}_s|^{p-2}d[\widehat{M}]_s
\end{aligned}
$$

where $\kappa_p = \min(p/2, p(p-1)3^{1-p}) > 0$. Now the Poisson part in (9) can be written as follows:

$$
\begin{aligned}
&-p\int_t^T\int_{\mathcal{U}}\left(\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}\widehat{\psi}_s(u)\right)\widetilde{\pi}(du,ds)\\
&\quad-\int_t^T\int_{\mathcal{U}}\left(|\widehat{Y}_{s^-}+\widehat{\psi}_s(u)|^p-|\widehat{Y}_{s^-}|^p-p\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}\widehat{\psi}_s(u)\right)\pi(du,ds)\\
&=-\int_t^T\int_{\mathcal{U}}\left(|\widehat{Y}_{s^-}+\widehat{\psi}_s(u)|^p-|\widehat{Y}_{s^-}|^p-p\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}\widehat{\psi}_s(u)\right)\mu(du)ds\\
&\quad-\int_t^T\int_{\mathcal{U}}\left(|\widehat{Y}_{s^-}+\widehat{\psi}_s(u)|^p-|\widehat{Y}_{s^-}|^p\right)\widetilde{\pi}(du,ds)\\
&\leq -p(p-1)3^{1-p}\int_t^T|\widehat{Y}_{s^-}|^{p-2}\|\widehat{\psi}_s\|^2_{L^2_\mu}ds-\int_t^T\int_{\mathcal{U}}\left(|\widehat{Y}_{s^-}+\widehat{\psi}_s(u)|^p-|\widehat{Y}_{s^-}|^p\right)\widetilde{\pi}(du,ds).
\end{aligned}
$$

Then (9) becomes

$$
\begin{aligned}
&|\widehat{Y}_t|^p+\kappa_p\int_t^T|\widehat{Y}_s|^{p-2}|\widehat{Z}_s|^2ds+\kappa_p\int_t^T|\widehat{Y}_{s^-}|^{p-2}d[\widehat{M}]_s+\kappa_p\int_t^T|\widehat{Y}_{s^-}|^{p-2}\|\widehat{\psi}_s\|^2_{L^2_\mu}ds\\
&\leq|\widehat{\xi}|^p+\int_t^T p\widehat{Y}_s|\widehat{Y}_s|^{p-2}(f^m(s,Y^m_s,Z^m_s,\psi^m_s)-f^n(s,Y^n_s,Z^n_s,\psi^n_s))ds\\
&-p\int_t^T\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}d\widehat{M}_s-p\int_t^T\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}\widehat{Z}_sdW_s\\
&-\int_t^T\int_{\mathcal{U}}\left(|\widehat{Y}_{s^-}+\widehat{\psi}_s(u)|^p-|\widehat{Y}_{s^-}|^p\right)\widetilde{\pi}(du,ds).
\end{aligned}
$$

From the assumptions on f^n, we still have (5) and we choose $\varepsilon=\frac{\kappa_p}{2p}$. we obtain

$$
\begin{aligned}
&|\widehat{Y}_t|^p+\frac{\kappa_p}{2}\int_t^T|\widehat{Y}_s|^{p-2}|\widehat{Z}_s|^2ds+\frac{\kappa_p}{2}\int_t^T|\widehat{Y}_{s^-}|^{p-2}d[\widehat{M}]_s+\frac{\kappa_p}{2}\int_t^T|\widehat{Y}_{s^-}|^{p-2}\|\widehat{\psi}_s\|^2_{L^2_\mu}ds\\
&\leq|\widehat{\xi}|^p+\frac{4p^2}{\kappa_p}K^2\int_t^T|\widehat{Y}_s|^pds+\frac{\kappa_p}{2}\int_t^T|\widehat{Y}_s|^{p-2}|\widehat{f}(s,Y^n_s,\psi^n_s)|^2ds\\
&-p\int_t^T\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}d\widehat{M}_s-p\int_t^T\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}\widehat{Z}_sdW_s\\
&-\int_t^T\int_{\mathcal{U}}\left(|\widehat{Y}_{s^-}+\widehat{\psi}_s(u)|^p-|\widehat{Y}_{s^-}|^p\right)\widetilde{\pi}(du,ds).
\end{aligned}
$$

Using Young's inequality, we finally have

$$
\begin{aligned}
&|\widehat{Y}_t|^p+\frac{\kappa_p}{2}\int_t^T|\widehat{Y}_s|^{p-2}|\widehat{Z}_s|^2ds+\frac{\kappa_p}{2}\int_t^T|\widehat{Y}_{s^-}|^{p-2}d[\widehat{M}]_s+\frac{\kappa_p}{2}\int_t^T|\widehat{Y}_{s^-}|^{p-2}\|\widehat{\psi}_s\|^2_{L^2_\mu}ds\\
&\leq|\widehat{\xi}|^p+\left[\frac{4p^2}{\kappa_p}K^2+\frac{\kappa_p(p-2)}{2p}\right]\int_t^T|\widehat{Y}_s|^pds+\frac{\kappa_p}{p}\int_t^T|\widehat{f}(s,Y^n_s,\psi^n_s)|^pds\\
&-p\int_t^T\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}d\widehat{M}_s-p\int_t^T\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}\widehat{Z}_sdW_s\\
&-\int_t^T\int_{\mathcal{U}}\left(|\widehat{Y}_{s^-}+\widehat{\psi}_s(u)|^p-|\widehat{Y}_{s^-}|^p\right)\widetilde{\pi}(du,ds).
\end{aligned}
\tag{10}
$$

Note that the three local martingales in the previous inequality are true martingales. Indeed since Y^m and Y^n are in $\mathcal{D}^\infty(0,T)$ and M^m and M^n are in $\mathcal{M}^2(0,T)$, the local martingale

$$\int_0^\cdot \widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}d\widehat{M}_s$$

is a true martingale and we can apply the Burkholder-Davis-Gundy inequality to obtain

$$\begin{aligned}\mathbb{E}\sup_{t\in[0,T]}\left|\int_0^t \widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}d\widehat{M}_s\right| &\leq c_p\mathbb{E}\left(\int_0^T |\widehat{Y}_{s^-}|^{2p-2}d[\widehat{M}]_s\right)^{1/2}\\ &\leq \frac{1}{4p}\mathbb{E}\left(\sup_{t\in[0,T]}|\widehat{Y}_t|^p\right)+4pc_p\mathbb{E}\int_0^T |\widehat{Y}_{s^-}|^{p-2}d[\widehat{M}]_s. \qquad (11)\end{aligned}$$

By the same arguments we have

$$\begin{aligned}\mathbb{E}\sup_{t\in[0,T]}\left|\int_0^t \widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}\widehat{Z}_s dW_s\right| &\leq c_p\mathbb{E}\left(\int_0^T |\widehat{Y}_{s^-}|^{2p-2}|\widehat{Z}_s|^2 ds\right)^{1/2}\\ &\leq \frac{1}{4p}\mathbb{E}\left(\sup_{t\in[0,T]}|\widehat{Y}_t|^p\right)+4pc_p\mathbb{E}\int_0^T |\widehat{Y}_s|^{p-2}|\widehat{Z}_s|^2 ds. \qquad (12)\end{aligned}$$

Finally the same result holds for the martingale

$$\int_0^\cdot\int_{\mathcal{U}}\left(\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}\widehat{\psi}_s(u)\right)\widetilde{\pi}(du,ds),$$

with

$$\begin{aligned}\mathbb{E}\sup_{t\in[0,T]}\left|\int_0^t\int_{\mathcal{U}}\left(\widehat{Y}_{s^-}|\widehat{Y}_{s^-}|^{p-2}\widehat{\psi}_s(u)\right)\widetilde{\pi}(du,ds)\right| &\leq c_p\mathbb{E}\left(\int_0^T |\widehat{Y}_{s^-}|^{2p-2}\int_{\mathcal{U}}|\widehat{\psi}_s(u)|^2\mu(du)ds\right)^{1/2}\\ &\leq \frac{1}{4p}\mathbb{E}\left(\sup_{t\in[0,T]}|\widehat{Y}_t|^p\right)+4pc_p\mathbb{E}\int_0^T |\widehat{Y}_{s^-}|^{p-2}\|\widehat{\psi}_s\|^2_{L^2_\mu}ds. \qquad (13)\end{aligned}$$

Now we come to the conclusion. Using (10) we can take expectations and obtain for every $0\leq t\leq T$:

$$\mathbb{E}|\widehat{Y}_t|^p \leq \mathbb{E}|\widehat{\xi}|^p+\left[\frac{2p^2}{\kappa_p}(1+2K^2)+\frac{\kappa_p(p-2)}{2p}\right]\mathbb{E}\int_t^T|\widehat{Y}_s|^p ds+\frac{\kappa_p}{p}\mathbb{E}\int_t^T|\widehat{f}(s,Y^n_s,\psi^n_s)|^p ds,$$

hence by Gronwall's lemma

$$\mathbb{E}|\widehat{Y}_t|^p \leq C\mathbb{E}\left(|\widehat{\xi}|^p+\mathbb{E}\int_0^T|\widehat{f}(s,Y^n_s,\psi^n_s)|^p ds\right)$$

for some constant C depending on K and p. From this and (10) again we also deduce that

$$\begin{aligned}&\mathbb{E}\int_0^T|\widehat{Y}_s|^p ds+\mathbb{E}\int_0^T|\widehat{Y}_s|^{p-2}|Z_s|^2 ds+\mathbb{E}\int_0^T|\widehat{Y}_{s^-}|^{p-2}d[\widehat{M}]_s+\mathbb{E}\int_0^T|\widehat{Y}_{s^-}|^{p-2}\|\widehat{\psi}_s\|^2_{L^2_\mu}ds\\ &\qquad\leq C\mathbb{E}\left(|\widehat{\xi}|^p+\mathbb{E}\int_0^T|\widehat{f}(s,Y^n_s,\psi^n_s)|^p ds\right).\end{aligned}$$

Now using again (10) and estimates (11), (12) and (13), we get:

$$\mathbb{E}\left(\sup_{t\in[0,T]}|\widehat{Y}_t|^p\right)\leq C\mathbb{E}\left(|\widehat{\xi}|^p+\mathbb{E}\int_0^T|\widehat{f}(s,Y_s^n,\psi_s^n)|^p ds\right).$$

Therefore the limit process Y belongs to $\mathcal{D}^p(0,T)$. Then we can improve the proof of Lemma 2 (see also Lemma 3.1 in [4]) to prove that:

$$\mathbb{E}\left[\left(\int_0^T|Z_s|^2ds\right)^{p/2}+\left(\int_0^T\int_{\mathcal{U}}|\psi_s(u)|^2\mu(du)ds\right)^{p/2}+[\widehat{M}]_T^{p/2}\right]$$
$$\leq C\mathbb{E}\left[\sup_{t\in[0,T]}|Y_t|^p+\int_0^T|f(s,0,0,0)|^p ds\right].$$

This achieves the proof. □

Now we consider the case where $p\in]1,2[$. The main difference is that we cannot directly apply the Itô formula to $\theta(y)=|y|^p$. Let us begin with the following lemma (equivalent to Lemma 2.2 in [4] without jumps or Proposition 2.1 in [16] in dimension one). We denote by $\check{x}=|x|^{-1}x\mathbf{1}_{x\neq 0}$.

Lemma 7 *We consider the $\mathbb{R}^d$-valued semimartingale $(X_t)_{t\in[0,T]}$ defined by*

$$X_t=X_0+\int_0^t K_s ds+\int_0^t Z_s dW_s+\int_0^t\int_{\mathcal{U}}\psi_s(u)\widetilde{\pi}(du,ds)+M_t,$$

such that $t\mapsto K_t$ belongs to $L^1_{loc}(0,+\infty)$ a.s., $Z\in L^2_{loc}(W)$, $\psi\in G_{loc}(\pi)$ and $M\in\mathcal{M}_{loc}$. Then for any $p\geq 1$, we have

$$\begin{aligned}
|X_t|^p=|X_0|^p&+\frac{1}{2}L(t)\mathbf{1}_{p=1}+p\int_0^t|X_s|^{p-1}\check{X}_sK_s ds+p\int_0^t|X_s|^{p-1}\check{X}_sZ_s dW_s\\
&+p\int_0^t|X_{s^-}|^{p-1}\check{X}_{s^-}dM_s+p\int_0^t|X_s|^{p-1}\check{X}_s\int_{\mathcal{U}}\psi_s(u)\widetilde{\pi}(du,ds)\\
&+\int_0^t\int_{\mathcal{U}}\left[|X_{s^-}+\psi_s(u)|^p-|X_{s^-}|^p-p|X_{s^-}|^{p-1}\check{X}_{s^-}\psi_s(u)\right]\pi(du,ds)\\
&+\sum_{0<s\leq t}\left[|X_{s^-}+\Delta M_s|^p-|X_{s^-}|^p-p|X_{s^-}|^{p-1}\check{X}_{s^-}\Delta M_s\right]\\
&+\frac{p}{2}\int_0^t|X_s|^{p-2}\mathbf{1}_{X_s\neq 0}\left\{(2-p)\left[|Z_s|^2-(\check{X}_s)^*Z_sZ_s^*\check{X}_s\right]+(p-1)|Z_s|^2\right\}ds\\
&+\frac{p}{2}\int_0^t|X_s|^{p-2}\mathbf{1}_{X_s\neq 0}\left\{(2-p)\left[d[M]_s^c-(\check{X}_s)^*d[M,M]_s^c\check{X}_s\right]+(p-1)d[M]_s^c\right\}. \quad (14)
\end{aligned}$$

The process $(L(t),\ t\in[0;T])$ is continuous, nondecreasing with $L_0=0$ and increases only on the boundary of the random set $\{t\in[0;T];X_{t^-}=X_t=0\}$.

Proof. Since in the case $p\in]1,2[$ the function θ is not smooth enough to apply Itô's formula we use an approximation. Let $\varepsilon>0$ and let us consider the function $u_\varepsilon(y)=(|y|^2+\varepsilon^2)^{1/2}$. It is a smooth function and we have

$$\frac{\partial u_\varepsilon^p}{\partial y_i}(y)=py_iu_\varepsilon(y)^{p-2},\ \frac{\partial^2u_\varepsilon^p}{\partial y_i\partial y_j}(y)=pu_\varepsilon(y)^{p-2}\delta_{i,j}+p(p-2)y_iy_ju_\varepsilon(y)^{p-4}.$$

We apply Itô's formula to X:

$$
\begin{aligned}
u_\varepsilon(X_t)^p &= u_\varepsilon(X_0)^p + \int_0^t p u_\varepsilon(X_s)^{p-2} X_s K_s ds + p\int_0^t u_\varepsilon(X_s)^{p-2} X_s Z_s dW_s \\
&+ p\int_0^t u_\varepsilon(X_{s^-})^{p-2} X_{s^-} dM_s + p\int_0^t u_\varepsilon(X_{s^-})^{p-2} X_{s^-} \int_{\mathcal{U}} \psi_s(u)\widetilde{\pi}(du,ds) \\
&+ \frac{1}{2}\int_0^t \mathrm{Trace}\left(D^2(u_\varepsilon^p)(X_s) Z_s Z_s^*\right) ds \\
&+ \int_0^t\int_{\mathcal{U}} \left(u_\varepsilon(X_{s^-}+\psi_s(u))^p - u_\varepsilon(X_{s^-})^p - pX_{s^-}u_\varepsilon(X_{s^-})^{p-2}\psi_s(u)\right)\pi(du,ds) \\
&+ \frac{1}{2}\int_0^t \sum_{1\le i,j\le d} \frac{\partial^2 u_\varepsilon^p}{\partial y_i \partial y_j}(X_s) d[M^i,M^j]_s^c \\
&+ \sum_{0<s\le t} \left(u_\varepsilon(X_{s^-}+\Delta M_s)^p - u_\varepsilon(X_{s^-})^p - pX_{s^-}u_\varepsilon(X_{s^-})^{p-2}\Delta M_s\right). \qquad (15)
\end{aligned}
$$

Now we have to pass to the limit when ε goes to 0. As in [4] for the terms involving the first derivatives of u_ε we have

$$
\begin{aligned}
\int_0^t u_\varepsilon(X_s)^{p-2} X_s K_s ds &\longrightarrow \int_0^t |X_s|^{p-1}\check{X}_s K_s ds \\
\int_0^t u_\varepsilon(X_s)^{p-2} X_s Z_s dW_s &\longrightarrow \int_0^t |X_s|^{p-1}\check{X}_s Z_s dW_s \\
\int_0^t u_\varepsilon(X_s)^{p-2} X_s \int_{\mathcal{U}} \psi_s(u)\widetilde{\pi}(du,ds) &\longrightarrow \int_0^t |X_s|^{p-1}\check{X}_s \int_{\mathcal{U}} \psi_s(u)\widetilde{\pi}(du,ds) \\
\int_0^t u_\varepsilon(X_{s^-})^{p-2} X_{s^-} dM_s &\longrightarrow \int_0^t |X_{s^-}|^{p-1}\check{X}_{s^-} dM_s.
\end{aligned}
$$

Moreover by the same arguments (convexity of u_ε and Fatou's lemma) the two following terms

$$
\begin{aligned}
&\int_0^t\int_{\mathcal{U}} \left[u_\varepsilon(X_{s^-}+\psi_s(u))^p - u_\varepsilon(X_{s^-})^p - pX_{s^-}u_\varepsilon(X_{s^-})^{p-2}\psi_s(u)\right]\pi(du,ds) \\
&\sum_{0<s\le t} \left[u_\varepsilon(X_{s^-}+\Delta M_s)^p - u_\varepsilon(X_{s^-})^p - pX_{s^-}u_\varepsilon(X_{s^-})^{p-2}\Delta M_s\right]
\end{aligned}
$$

converge, at least in probability, to

$$
\begin{aligned}
&\int_0^t\int_{\mathcal{U}} \left[|X_{s^-}+\psi_s(u)|^p - |X_{s^-}|^p - p|X_{s^-}|^{p-1}\check{X}_{s^-}\psi_s(u)\right]\pi(du,ds) \\
&\sum_{0<s\le t} \left[|X_{s^-}+\Delta M_s|^p - |X_{s^-}|^p - p|X_{s^-}|^{p-1}\check{X}_{s^-}\Delta M_s\right].
\end{aligned}
$$

Now for a non negative symmetric matrix $\Gamma \in \mathbb{R}^{d\times d}$

$$
\begin{aligned}
&\sum_{1\le i,j\le d} D^2\theta(y)_{i,j}\Gamma_{i,j} = p u_\varepsilon(y)^{p-2}\mathrm{Trace}(\Gamma) + p(p-2)u_\varepsilon(y)^{p-4}(y^*)\Gamma y \\
&= p(2-p)\left(\frac{|y|}{u_\varepsilon(y)}\right)^{4-p}|y|^{p-2}\left[\mathrm{Trace}(\Gamma) - (\check{y})^*\Gamma\check{y}\right]\mathbf{1}_{y\neq 0} \\
&\quad + p(p-1)\left(\frac{|y|}{u_\varepsilon(y)}\right)^{4-p}|y|^{p-2}\mathrm{Trace}(\Gamma)\mathbf{1}_{y\neq 0} + p\varepsilon^2 u_\varepsilon(y)^{p-4}\mathrm{Trace}(\Gamma).
\end{aligned}
$$

We have the following properties:

- $\text{Trace}(\Gamma) \geq (\check{y})^* \Gamma \check{y}$,
- $\frac{|y|}{u_\varepsilon(y)} \nearrow \mathbf{1}_{y \neq 0}$ as $\varepsilon \searrow 0$.

For $\Gamma_s = Z_s Z_s^*$, by monotone convergence we obtain that

$$\int_0^t \left(\frac{|X_s|}{u_\varepsilon(X_s)} \right)^{4-p} |X_s|^{p-2} \left\{ (2-p) \left[|Z_s|^2 - (\check{X}_s)^* Z_s Z_s^* \check{X}_s \right] + (p-1)|Z_s|^2 \right\} \mathbf{1}_{X_s \neq 0} ds$$

converges $\mathbb{P}$-a.s. for all $0 \leq t \leq T$ to

$$\int_0^t |X_s|^{p-2} \left\{ (2-p) \left[|Z_s|^2 - (\check{X}_s)^* Z_s Z_s^* \check{X}_s \right] + (p-1)|Z_s|^2 \right\} \mathbf{1}_{X_s \neq 0} ds.$$

And for the integral w.r.t. the matrix $[M, M]^c = ([M^i, M^j]^c_t,\ 1 \leq i, j \leq d)$ we have the same result and the convergence to

$$\int_0^t |X_s|^{p-2} \mathbf{1}_{X_s \neq 0} \left\{ (2-p) \left[d[M]^c_s - (\check{X}_s)^* d[M, M]^c_s \check{X}_s \right] + (p-1) d[M]^c_s \right\},$$

where $[M]^c = \sum_{i=1}^d [M^i, M^i]^c$. There is one remaining term in (15):

$$C^p_\varepsilon(t) = p\varepsilon^2 \int_0^t u_\varepsilon(X_s)^{p-4} \left[|Z_s|^2 ds + d[M]^c_s \right].$$

It follows from (15) and the considerations above that this term converges to a process $L^p(t)$. By the same arguments as in [4], we can prove that $L^p(t) = 0$ if $p > 1$. Indeed if $p \geq 4$, $u_\varepsilon(X_s)^{p-4}$ converges in $L^1(\Omega \times (0,T))$ and if $1 < p < 4$, using Hölder inequality with $\theta = (4-p)/3 \in (0,T)$:

$$C^p_\varepsilon(t) \leq p \left(\int_0^t \varepsilon^2 u_\varepsilon(X_s)^{-3} \left[|Z_s|^2 ds + d[M]^c_s \right] \right)^\theta \left(\int_0^t \varepsilon^2 \left[|Z_s|^2 ds + d[M]^c_s \right] \right)^{1-\theta}.$$

Since the first term in the right-hand side converges to $L^1(t)$, $C^p_\varepsilon(t)$ tends to zero.

Let us denote by $L(t)$ the process $L^1(t)$ and we proceed almost as in Chapter IV.7 (see Theorem 69) in [31]. By letting ε tend to zero in (15) we obtain that L satisfies (14). By identifying the jumps on both sides of the equation it follows that L is continuous. Moreover, L is non decreasing in time. Now let us set $A = \{t \in [0;T];\ X_{t^-} = X_t = 0\}$. If t is in the interior of A, then there exists $\delta > 0$ such that $X_s = 0$ whenever $|t-s| \leq \delta$ and the quadratic variation of X is constant on the interval $[t-\delta; t+\delta]$ and then $Z_s = 0$ and $[M]_s = 0$ almost everywhere on this interval. Hence L does not increase in the interior of A. Now assume that t is in the interior of the complement of A. Since L is continuous, the associated measure dL is diffusive and does not charge any countable set. In particular, as X is càdlàg , dL does not charge the points where X jumps. Hence, we can assume that $X_t = X_{t-}$. Then there exists some $\delta > 0$ such that $X_s \neq 0$ for $|t-s| < \delta$. Consequently, $L(s) = L(t)$ for $|t-s| < \delta$, which completes the proof.

□

Corollary 1 *If (Y, Z, ψ, M) is a solution of BSDE (2), $p \geq 1$, $c(p) = \frac{p}{2}[(p-1) \wedge 1]$ and $0 \leq t \leq r \leq T$, then:*

$$
\begin{aligned}
|Y_t|^p \leq |Y_r|^p &+ p \int_t^r |Y_s|^{p-1} \check{Y}_s f(s, Y_s, Z_s, \psi_s) ds - p \int_t^r |Y_s|^{p-1} \check{Y}_s Z_s dW_s \\
&- p \int_t^r |Y_{s^-}|^{p-1} \check{Y}_{s^-} dM_s - p \int_t^r |Y_s|^{p-1} \check{Y}_s \int_{\mathcal{U}} \psi_s(u) \widetilde{\pi}(du, ds) \\
&- \int_t^r \int_{\mathcal{U}} \left[|Y_{s^-} + \psi_s(u)|^p - |Y_{s^-}|^p - p|Y_{s^-}|^{p-1} \check{Y}_{s^-} \psi_s(u) \right] \pi(du, ds) \\
&- \sum_{0<t\leq r} \left[|Y_{s^-} + \Delta M_s|^p - |Y_{s^-}|^p - p|Y_{s^-}|^{p-1} \check{Y}_{s^-} \Delta M_s \right] \\
&- c(p) \int_t^r |Y_s|^{p-2} |Z_s|^2 \mathbf{1}_{Y_s \neq 0} ds - c(p) \int_t^r |Y_s|^{p-2} \mathbf{1}_{Y_s \neq 0} d[M]_s^c.
\end{aligned}
$$

Proof. A direct consequence of Lemma 7. □

Lemma 8 *The non-decreasing process involving the jumps of Y controls the quadratic variation as follows:*

$$
\begin{aligned}
&\sum_{0<s\leq t} \left[|Y_{s^-} + \Delta M_s|^p - |Y_{s^-}|^p - p|Y_{s^-}|^{p-1} \check{Y}_{s^-} \Delta M_s \right] \\
&\quad \geq \frac{p(p-1)}{2} \sum_{0<s\leq t} |\Delta M_s|^2 \left(|Y_{s^-}|^2 \vee |Y_{s^-} + \Delta M_s|^2 \right)^{p/2-1} \mathbf{1}_{Y_{s^-} \neq 0}.
\end{aligned}
$$

The same holds for the jumps due to the Poisson random measure.

Proof. We proceed as in the proof of Proposition 2 and we use the approximation of Lemma 7. Using Taylor expansion we obtain

$$
\begin{aligned}
&\sum_{0<s\leq t} \left[u_\varepsilon(Y_{s^-} + \Delta M_s)^p - u_\varepsilon(Y_{s^-})^p - p Y_{s^-} u_\varepsilon(X_{s^-})^{p-2} \Delta M_s \right] \\
&= \sum_{0<s\leq t} \int_0^1 (1-a) \Delta M_s D^2 (u_\varepsilon(Y_{s^-} + a\Delta M_s)^p) \Delta M_s da \\
&= p \sum_{0<s\leq t} \int_0^1 (1-a) |\Delta M_s|^2 u_\varepsilon(Y_{s^-} + a\Delta M_s)^{p-2} da \\
&\quad + p(p-2) \sum_{0<s\leq t} \int_0^1 (1-a) \langle \Delta M_s, Y_{s^-} + a\Delta M_s \rangle^2 u_\varepsilon(Y_{s^-} + a\Delta M_s)^{p-4} da \\
&\geq p(p-1) \sum_{0<s\leq t} |\Delta M_s|^2 \int_0^1 (1-a) u_\varepsilon(Y_{s^-} + a\Delta M_s)^{p-2} da.
\end{aligned}
$$

Since $|Y_{s^-} + a\Delta M_s| = |(1-a)Y_{s^-} + a(Y_{s^-} + \Delta M_s)| \leq |Y_{s^-}| \vee |Y_{s^-} + \Delta M_s|$, we obtain:

$$
\begin{aligned}
&\sum_{0<s\leq t} \left[u_\varepsilon(Y_{s^-} + \Delta M_s)^p - u_\varepsilon(Y_{s^-})^p - p Y_{s^-} u_\varepsilon(X_{s^-})^{p-2} \Delta M_s \right] \\
&\quad \geq \frac{p(p-1)}{2} \sum_{0<s\leq t} |\Delta M_s|^2 \left(|Y_{s^-}|^2 \vee |Y_{s^-} + \Delta M_s|^2 + \varepsilon^2 \right)^{p/2-1}.
\end{aligned}
$$

Passing to the limit as ε goes to zero, we obtain:

$$\sum_{0<s\leq t}\left[|Y_{s^-}+\Delta M_s|^p-|Y_{s^-}|^p-p|Y_{s^-}|^{p-1}\check{Y}_{s^-}\Delta M_s\right]$$
$$\geq \frac{p(p-1)}{2}\sum_{0<s\leq t}|\Delta M_s|^2\left(|Y_{s^-}|^2\vee|Y_{s^-}+\Delta M_s|^2\right)^{p/2-1}\mathbf{1}_{Y_{s^-}\neq 0}.$$

This achieves the proof ot the lemma since for $p<2$, $c(p)=\frac{p(p-1)}{2}$. □

The proof of the existence of a unique solution of BSDE (2) in the space $\mathcal{E}^p(0,T)$ is based on the following technical lemma. We say that the condition (C) holds if $\mathbb{P}$-a.s.

$$\langle\check{y},f(t,y,z,\psi)\rangle\leq f_t+\alpha|y|+K|z|+K\|\psi\|_{L^2_\mu},$$

with $K\geq 0$ and f_t is a non-negative progressively measurable process. Let us denote $F=\int_0^T f_r dr$.

Proposition 3 *Let the assumption (C) hold and let be (Y,Z,ψ,M) be a solution of BSDE (2) and assume moreover that F^p is integrable and $Y\in\mathbb{D}^p(0,T)$.*

1. *Then (Z,ψ,M) belongs to $\mathbb{H}^p(0,T)\times L^p_\pi(0,T)\times\mathcal{M}^p(0,T)$ and there exists a constant C_p such that for any $a>\alpha+2K^2/(p-1)$*

$$\mathbb{E}\left[\left(\int_0^T e^{2at}|Z_t|^2dt\right)^{p/2}+\left(\int_0^T e^{2at}\int_{\mathcal{U}}|\psi_s(u)|^2\mu(du)ds\right)^{p/2}+\left(e^{2aT}[M]_T\right)^{p/2}\right]$$
$$\leq C_p\mathbb{E}\left[\sup_{t\in[0,T]}e^{2at}|Y_t|^p+\left(\int_0^T e^{2ar}f_r dr\right)^p\right].$$

2. *There exists a constant $\widetilde{C}_p$ such that for any $a>\alpha+3K^2/(p-1)$*

$$\mathbb{E}\left[\sup_{t\in[0,T]}e^{2at}|Y_t|^p\right]\leq\widetilde{C}_p\mathbb{E}\left[e^{2aT}|\xi|^p+\left(\int_0^T e^{2ar}f_r dr\right)^p\right].$$

Proof. Let us fix $a\geq K^2/(p-1)$ and define $\widetilde{Y}_t=e^{at}Y_t$, $\widetilde{Z}_t=e^{at}Z_t$, $\widetilde{\psi}_t=e^{at}\psi_t$ and $d\widetilde{M}_t=e^{at}dM_t$. $(\widetilde{Y},\widetilde{Z},\widetilde{\psi},\widetilde{M})$ satisfies an analogous BSDE with terminal condition $\widetilde{\xi}=e^{aT}\xi$ and generator

$$\widetilde{f}(t,y,z,\psi)=e^{at}f(t,e^{-at}y,e^{-at}z,e^{-at}\psi)-ay.$$

$\widetilde{f}$ satisfies assumptions $(\mathbf{H_{ex}})$ and (C) with $\widetilde{K}=K$ and $\widetilde{\alpha}=\alpha-a$. Since we are working on a compact time interval, the integrability conditions are equivalent with or without the superscript $\widetilde{\ }$. Thus, with this change of variable we can restrict attention to the case $a=0$ and $\alpha+2K^2/(p-1)\leq 0$. We omit the superscript $\widetilde{\ }$ for notational convenience.

We proceed as in [4]. For any $n\geq 1$ for the stopping time

$$\tau_n=\inf\left\{t\in[0,T],\quad\int_0^t|Z_r|^2dr+[M]_t+\int_0^t\int_{\mathcal{U}}|\psi_s(u)|\mu(du)ds\geq n\right\}\wedge T$$

we apply Itô's formula to $|Y_t|^2$:

$$\begin{aligned}
&|Y_0|^2 + \int_0^{\tau_n} |Z_s|^2 ds + \int_0^{\tau_n} |\psi_s(u)|^2 \mu(du) ds + [M]_{\tau_n} \\
&\quad = |Y_{\tau_n}|^2 + 2\int_0^{\tau_n} Y_s f(s, Y_s, Z_s, \psi_s) ds - 2\int_0^{\tau_n} Y_{s^-} dM_s \\
&\qquad -2\int_0^{\tau_n} Y_{s^-} Z_s dW_s - \int_0^{\tau_n} \int_{\mathcal{U}} \left(|Y_{s^-} + \psi_s(u)|^2 - |Y_{s^-}|^2 \right) \widetilde{\pi}(du, ds).
\end{aligned}$$

From condition (C)

$$\begin{aligned}
2\langle y, f(t,y,z,\psi)\rangle &\leq 2|y| f_t + 2\alpha |y|^2 + 2K|y||z| + 2K|y| \|\psi\|_{L^2_\mu} \\
&\leq 2|y| f_t + (\alpha + 2K^2)|y|^2 + \frac{|z|^2}{2} + \frac{\|\psi\|^2_{L^2_\mu}}{2} \\
&\leq 2|y| f_t + \frac{|z|^2}{2} + \frac{\|\psi\|^2_{L^2_\mu}}{2}.
\end{aligned}$$

Then

$$\begin{aligned}
&\frac{1}{2}\int_0^{\tau_n} |Z_s|^2 ds + \frac{1}{2}\int_0^{\tau_n} |\psi_s(u)|^2 \mu(du) ds + [M]_{\tau_n} \\
&\quad \leq \left(Y_*^2 + 2Y_* \int_0^T f_s ds \right) - 2\int_0^{\tau_n} Y_{s^-} dM_s \\
&\qquad -2\int_0^{\tau_n} Y_{s^-} Z_s dW_s - \int_0^{\tau_n} \int_{\mathcal{U}} \left(|Y_{s^-} + \psi_s(u)|^2 - |Y_{s^-}|^2 \right) \widetilde{\pi}(du, ds)
\end{aligned}$$

and thus

$$\begin{aligned}
&\left(\int_0^{\tau_n} |Z_t|^2 dt \right)^{p/2} + \left(\int_0^{\tau_n} \int_{\mathcal{U}} |\psi_s(u)|^2 \mu(du) ds \right)^{p/2} + ([M]_{\tau_n})^{p/2} \\
&\leq c_p \left[Y_*^p + \left(\int_0^T f_s ds \right)^p + \left| \int_0^T Y_{s^-} dM_s \right|^{p/2} + \left| \int_0^T Y_{s^-} Z_s dW_s \right|^{p/2} \right. \\
&\qquad \left. + \left| \int_0^T \int_{\mathcal{U}} \left(|Y_{s^-} + \psi_s(u)|^2 - |Y_{s^-}|^2 \right) \widetilde{\pi}(du, ds) \right|^{p/2} \right].
\end{aligned}$$

We use the BDG inequality to get the first part of the lemma.

For the second part we apply Corollary 1 to obtain

$$\begin{aligned}
&|Y_t|^p + c(p) \int_t^T |Y_s|^{p-2} |Z_s|^2 \mathbf{1}_{Y_s \neq 0} ds + c(p) \int_t^T |Y_s|^{p-2} \mathbf{1}_{Y_s \neq 0} d[M]^c_s \\
&\leq |\xi|^p + p\int_t^T |Y_s|^{p-1} \check{Y}_s f(s, Y_s, Z_s, \psi_s) ds - p\int_t^T |Y_s|^{p-1} \check{Y}_s Z_s dW_s \\
&\quad -p\int_t^T |Y_{s^-}|^{p-1} \check{Y}_{s^-} dM_s - p\int_t^T |Y_s|^{p-1} \check{Y}_s \int_{\mathcal{U}} \psi_s(u) \widetilde{\pi}(du, ds) \\
&\quad - \int_t^T \int_{\mathcal{U}} \left[|Y_{s^-} + \psi_s(u)|^p - |Y_{s^-}|^p - p|Y_{s^-}|^{p-1} \check{Y}_{s^-} \psi_s(u) \right] \pi(du, ds) \\
&\quad - \sum_{0 < t \leq T} \left[|Y_{s^-} + \Delta M_s|^p - |Y_{s^-}|^p - p|Y_{s^-}|^{p-1} \check{Y}_{s^-} \Delta M_s \right].
\end{aligned}$$

With the assumption on f this becomes

$$
\begin{aligned}
&|Y_t|^p + c(p)\int_t^T |Y_s|^{p-2}|Z_s|^2\mathbf{1}_{Y_s\neq 0}ds + c(p)\int_t^T |Y_s|^{p-2}\mathbf{1}_{Y_s\neq 0}d[M]_s^c \\
&\leq |\xi|^p + p\int_t^T \left(|Y_s|^{p-1}f_s + \alpha|Y_s|^p\right)ds + pK\int_t^T |Y_s|^{p-1}|Z_s|ds \\
&\quad + pK\int_t^T |Y_s|^{p-1}\|\psi_s\|_{L^2_\mu}ds - p\int_t^T |Y_s|^{p-1}\check{Y}_s Z_s dW_s \\
&\quad - p\int_t^T |Y_{s^-}|^{p-1}\check{Y}_{s^-}dM_s - p\int_t^T |Y_s|^{p-1}\check{Y}_s\int_{\mathcal{U}}\psi_s(u)\widetilde{\pi}(du,ds) \\
&\quad - \int_t^T\int_{\mathcal{U}}\left[|Y_{s^-}+\psi_s(u)|^p - |Y_{s^-}|^p - p|Y_{s^-}|^{p-1}\check{Y}_{s^-}\psi_s(u)\right]\pi(du,ds) \\
&\quad - \sum_{t<s\leq T}\left[|Y_{s^-}+\Delta M_s|^p - |Y_{s^-}|^p - p|Y_{s^-}|^{p-1}\check{Y}_{s^-}\Delta M_s\right]
\end{aligned}
$$

Moreover

$$
\begin{aligned}
pK|Y_s|^{p-1}|Z_s| &\leq \frac{pK^2}{p-1}|Y_s|^p + \frac{c(p)}{2}|Y_s|^{p-2}|Z_s|^2\mathbf{1}_{Y_s\neq 0} \\
pK|Y_s|^{p-1}\|\psi_s\|_{L^2_\mu} &\leq \frac{2pK^2}{p-1}|Y_s|^p + \frac{c(p)}{4}|Y_s|^{p-2}\|\psi_s\|^2_{L^2_\mu}\mathbf{1}_{Y_s\neq 0}
\end{aligned}
$$

and from the previous lemma

$$
\begin{aligned}
&\int_t^T\int_{\mathcal{U}}\left[|Y_{s^-}+\psi_s(u)|^p - |Y_{s^-}|^p - p|Y_{s^-}|^{p-1}\check{Y}_{s^-}\psi_s(u)\right]\pi(du,ds) \\
&\geq c(p)\int_t^T\int_{\mathcal{U}}|\psi_s(u)|^2\left(|Y_{s^-}|^2\vee|Y_{s^-}+\psi_s(u)|^2\right)^{p/2-1}\mathbf{1}_{Y_{s^-}\neq 0}\pi(du,ds).
\end{aligned}
$$

and

$$
\begin{aligned}
&\sum_{t<s\leq T}\left[|Y_{s^-}+\Delta M_s|^p - |Y_{s^-}|^p - p|Y_{s^-}|^{p-1}\check{Y}_{s^-}\Delta M_s\right] \\
&\quad\geq c(p)\sum_{t<s\leq T}|\Delta M_s|^2\left(|Y_{s^-}|^2\vee|Y_{s^-}+\Delta M_s|^2\right)^{p/2-1}\mathbf{1}_{Y_{s^-}\neq 0}
\end{aligned}
$$

Therefore we deduce the following inequality:

$$
\begin{aligned}
&|Y_t|^p + \frac{c(p)}{2}\int_t^T |Y_s|^{p-2}|Z_s|^2\mathbf{1}_{Y_s\neq 0}ds + c(p)\int_t^T |Y_s|^{p-2}\mathbf{1}_{Y_s\neq 0}d[M]_s^c \\
&+c(p)\sum_{t<s\leq T}\left(|Y_{s^-}|^2\vee|Y_{s^-}+\Delta M_s|^2\right)^{p/2-1}\mathbf{1}_{Y_{s^-}\neq 0}|\Delta M_s|^2 \\
&+c(p)\int_t^T\int_{\mathcal{U}}|\psi_s(u)|^2\left(|Y_{s^-}|^2\vee|Y_{s^-}+\psi_s(u)|^2\right)^{p/2-1}\mathbf{1}_{Y_{s^-}\neq 0}\pi(du,ds) \\
&-\frac{c(p)}{2}\int_t^T |Y_s|^{p-2}\|\psi_s\|^2_{L^2_\mu}\mathbf{1}_{Y_s\neq 0}ds \\
&\leq |\xi|^p + p\int_t^T\left(|Y_s|^{p-1}f_s + \alpha|Y_s|^p\right)ds + p\int_t^T\frac{3K^2}{p-1}|Y_s|^p ds \\
&\quad -p\int_t^T |Y_s|^{p-1}\check{Y}_s\left(Z_s dW_s + dM_s + \int_{\mathcal{U}}\psi_s(u)\widetilde{\pi}(du,ds)\right). \qquad (16)
\end{aligned}
$$

As in [4], the process

$$\Gamma_t = \int_0^t |Y_s|^{p-1} \check{Y}_s Z_s dW_s$$

is a uniformly integrable martingale, since

$$\mathbb{E}\left([\Gamma_T]^{1/2}\right) \leq \mathbb{E}\left(Y_*^{p-1}\left(\int_0^T |Z_r|^2 dr\right)^{1/2}\right) \leq \frac{p-1}{p}\mathbb{E}\left(Y_*^p\right) + \frac{1}{p}\mathbb{E}\left(\int_0^T |Z_r|^2 dr\right)^{p/2}$$

and Y is supposed to be in $\mathbb{D}^p(0,T)$ and thus Z belongs to $\mathbb{H}^p(0,T)$. The same argument shows that the two local martingales

$$\Theta_t = \int_0^t |Y_s|^{p-1} \check{Y}_s dM_s, \quad \Xi_t = \int_0^t |Y_s|^{p-1} \check{Y}_s \int_{\mathcal{U}} \psi_s(u) \widetilde{\pi}(du, ds)$$

are uniformly integrable martingales. Now since the set $\{s \geq 0,\ Y_s \neq Y_{s^-}\}$ is countable, we have:

$$\begin{aligned}
&\mathbb{E}\int_t^T \int_{\mathcal{U}} |\psi_s(u)|^2 \left(|Y_{s^-}|^2 \vee |Y_{s^-} + \psi_s(u)|^2\right)^{p/2-1} \mathbf{1}_{Y_{s^-}\neq 0} \pi(du, ds) \\
&= \mathbb{E}\int_t^T \int_{\mathcal{U}} |\psi_s(u)|^2 \left(|Y_{s^-}|^2 \vee |Y_{s^-} + \psi_s(u)|^2\right)^{p/2-1} \mathbf{1}_{Y_{s^-}\neq 0} \mu(du) ds \\
&= \mathbb{E}\int_t^T \int_{\mathcal{U}} |\psi_s(u)|^2 |Y_{s^-}|^{p-2} \mathbf{1}_{Y_{s^-}\neq 0} \mu(du) ds.
\end{aligned}$$

Recall that $\alpha + \frac{3K^2}{p-1} \leq 0$ and denote by X the following integral

$$X = |\xi|^p + p\int_0^T |Y_s|^{p-1} f_s ds.$$

Taking the expectation for $t = 0$ in (16) we get

$$\begin{aligned}
\frac{c(p)}{2}\mathbb{E}\int_0^T |Y_s|^{p-2} |Z_s|^2 \mathbf{1}_{Y_s\neq 0} ds &\leq \mathbb{E}(X) \\
c(p)\mathbb{E}\int_0^T |Y_s|^{p-2} \mathbf{1}_{Y_s\neq 0} d[M]_s^c &\leq \mathbb{E}(X) \\
c(p)\mathbb{E}\sum_{0<s\leq T} \left(|Y_{s^-}|^2 \vee |Y_{s^-} + \Delta M_s|^2\right)^{p/2-1} \mathbf{1}_{Y_{s^-}\neq 0} |\Delta M_s|^2 &\leq \mathbb{E}(X) \\
\frac{c(p)}{2}\mathbb{E}\int_0^T |Y_s|^{p-2} \|\psi_s\|_{L^2_\mu}^2 \mathbf{1}_{Y_s\neq 0} ds &\leq \mathbb{E}(X).
\end{aligned}$$

Moreover

$$\mathbb{E}(Y_*^p) \leq \mathbb{E}(X) + k_p \mathbb{E}\left([\Gamma]_T^{1/2} + [\Theta]_T^{1/2} + [\Xi]_T^{1/2}\right).$$

The bracket $[\Gamma]_T^{1/2}$ can be handled as in [4]:

$$k_p\mathbb{E}\left([\Gamma]_T^{1/2}\right) \leq \frac{1}{6}\mathbb{E}\left(Y_*^p\right) + \frac{3k_p^2}{2}\mathbb{E}\left(\int_0^T |Y_s|^{p-2} |Z_s|^2 \mathbf{1}_{Y_s\neq 0} ds\right).$$

For the other terms we have

$$\begin{aligned} k_p\mathbb{E}\left([\Xi]_T^{1/2}\right) &\leq k_p\mathbb{E}\left(Y_*^{p/2}\left(\int_0^T |Y_s|^{p-2}\|\psi_s\|^2_{L^2_\mu}\mathbf{1}_{Y_s\neq 0}ds\right)^{1/2}\right) \\ &\leq \frac{1}{6}\mathbb{E}\left(Y_*^p\right) + \frac{3k_p^2}{2}\mathbb{E}\left(\int_0^T |Y_s|^{p-2}\|\psi_s\|^2_{L^2_\mu}\mathbf{1}_{Y_s\neq 0}ds\right), \end{aligned}$$

and for $[\Theta]$ since $p > 1$

$$\begin{aligned} k_p\mathbb{E}\left([\Theta]_T^{1/2}\right) &\leq k_p\mathbb{E}\left[\left(\int_0^T \left(|Y_{s^-}|^2 \vee |Y_{s^-}+\Delta M_s|^2\right)^{p-1}\mathbf{1}_{Y_{s^-}\neq 0}d[M]_s\right)^{1/2}\right] \\ &\leq k_p\mathbb{E}\left[\left(\sup_{s\in[0,T]}\left(|Y_{s^-}|^2 \vee |Y_{s^-}+\Delta M_s|^2\right)^{p/2}\right)^{1/2}\right. \\ &\qquad \left.\left(\int_0^T \left(|Y_{s^-}|^2 \vee |Y_{s^-}+\Delta M_s|^2\right)^{p/2-1}\mathbf{1}_{Y_{s^-}\neq 0}d[M]_s\right)^{1/2}\right] \\ &\leq \frac{1}{6}\mathbb{E}\left(Y_*^p\right) + \frac{3k_p^2}{2}\mathbb{E}\left(\int_0^T |Y_{s^-}|^{p-2}\mathbf{1}_{Y_{s^-}\neq 0}d[M]^c_s\right. \\ &\qquad \left. + \sum_{0<s\leq T}\left(|Y_{s^-}|^2 \vee |Y_{s^-}+\Delta M_s|^2\right)^{p/2-1}\mathbf{1}_{Y_{s^-}\neq 0}|\Delta M_s|^2\right). \end{aligned}$$

We deduce that there exists a constant depending only on p such that

$$\mathbb{E}(Y_*^p) \leq \kappa_p\mathbb{E}\left(X\right)$$

and we conclude using exactly the same argument as in [4]. □

Theorem 2 *Under Assumptions* $(\mathbf{H_{ex}})$ *and (H5), there exists a unique solution* (Y, Z, ψ, M) *in* $\mathcal{E}^p(0,T)$ *to the BSDE* (2).

Proof. As for Theorem 1, we follow the proof of Theorem 4.2 in [4] or more precisely the second step. We truncate ξ and $f(t,0,0,0)$ to obtain ξ_n and f_n with $\|\xi_n\|_\infty \leq n$ and $|f_n(t,0,0,0)| \leq n$. Thanks to Theorem 1, we have a unique solution (Y^n, Z^n, ψ^n, M^n) in $\mathcal{E}^2$, and thus in $\mathcal{E}^p$ for any $p > 1$. Proposition 3 shows that

$$\begin{aligned} &\mathbb{E}\left[\sup_{t\in[0,T]}|Y_t^{n+i}-Y_t^n|^p + \left(\int_0^T |Z_s^{n+i}-Z_s^n|^2ds\right)^{p/2}\right. \\ &\quad \left. + \left(\int_0^T\int_{\mathcal{U}}|\psi_s^{n+i}(u)-\psi_s^n(u)|^2\mu(du)ds\right)^{p/2} + \left([M^{n+i}-M^n]_T\right)^{p/2}\right] \\ &\qquad \leq C\mathbb{E}\left[|\xi_{n+i}-\xi_n|^p + \left(\int_0^T |q_{n+i}(f(r,0,0,0)) - q_n(f(r,0,0,0))|dr\right)^p\right]. \end{aligned}$$

Thus (Y^n, Z^n, ψ^n, M^n) is a Cauchy sequence in $\mathcal{E}^p$ and the conclusion follows. □

4 Comparison Principle

In this section we give some results which are derived from the previous sections. In the first part we assume that $d = 1$ and aim at comparing two solutions Y^1 and Y^2 of the BSDE (2) with coefficients (ξ^1, f^1) and (ξ^2, f^2). As in the papers of Barles et al. [1], Royer [34], Situ [35] or Quenez & Sulem [32], we have to restrict the dependence of f w.r.t. ψ. Some monotonicity w.r.t. ψ is necessary. The following set of conditions will be denoted by $(\mathbf{H_{comp}})$. The three conditions (H1) to (H3) hold but assumption (H3) is replaced by:

(H3') f is Lipschitz continuous w.r.t. z with constant K and for each $(y, z, \psi, \phi) \in \mathbb{R} \times \mathbb{R}^k \times (L^2_\mu)^2$, there exists a progressively measurable process $\kappa = \kappa^{y,z,\psi,\psi'} : \Omega \times [0,T] \times \mathcal{U} \to \mathbb{R}$ such that:

$$f(t,y,z,\psi) - f(t,y,z,\phi) \leq \int_{\mathcal{U}} (\psi(u) - \phi(u)) \kappa_t^{y,z,\psi,\phi}(u) \mu(du)$$

with $\mathbb{P} \otimes m \otimes \mu$-a.e. for any (y, z, ψ, ψ'),

- $-1 \leq \kappa_t^{y,\psi,\phi}(u)$
- $|\kappa_t^{y,\psi,\phi}(u)| \leq \vartheta(u)$ where $\vartheta \in L^2_\mu$.

Note that $(\mathbf{H_{comp}})$ implies $(\mathbf{H_{ex}})$. Indeed if (H3') is true we also have:

$$f(t,y,z,\psi) - f(t,y,z,\phi) \geq \int_{\mathcal{U}} (\psi(u) - \phi(u)) \kappa_t^{y,z,\phi,\psi}(u) \mu(du)$$

by changing the role of ψ and ϕ in κ and thus

$$|f(t,y,z,\psi) - f(t,y,z,\phi)| \geq \|\vartheta\|_{L^2_\mu} \|\psi - \phi\|_{L^2_\mu}.$$

We follow the line of argument of [32]. In particular we consider the Doléans-Dade exponential local martingale: Let α, β be predictable processes integrable w.r.t. dt and dW_t, respectively. Let γ be a predictable process defined on $[0,T] \times \Omega \times \mathbb{R}$ integrable w.r.t. $\tilde{\pi}(du, ds)$. For any $0 \leq t \leq s \leq T$ let E be the solution of

$$dE_{t,s} = E_{t,s^-} \left[\beta_s dW_s + \int_{\mathcal{U}} \gamma_s(u) \widetilde{\pi}(du, ds) \right], \qquad E_{t,t} = 1,$$

and let Γ be the solution of

$$d\Gamma_{t,s} = \Gamma_{t,s^-} \left[\alpha_s ds + \beta_s dW_s + \int_{\mathcal{U}} \gamma_s(u) \widetilde{\pi}(du, ds) \right], \qquad \Gamma_{t,t} = 1. \tag{17}$$

Of course $\Gamma_{t,s} = \exp\left(\int_t^s \alpha_r dr\right) E_{t,s}$ and

$$E_{t,s} = \exp\left(\int_t^s \beta_r dW_r - \frac{1}{2} \int_t^s \beta_r^2 dr \right) \prod_{t < r \leq s} (1 + \gamma_r(\Delta_t))$$

with $\Delta_t = \int_0^t \int_{\mathcal{U}} u \pi(du, ds)$.

Lemma 9 *Assume that the processes $|\beta|$ and $\|\gamma\|_{L^2_\mu}$ are bounded and that α is bounded from above. Let (Y, Z, ψ, M) be the solution of the following linear BSDE:*

$$\begin{aligned} Y_t &= \xi + \int_t^T \left[f_s + \alpha_s Y_s + \beta_s Z_s + \int_{\mathcal{U}} \gamma_s(u)\psi_s(u)\mu(du) \right] ds \\ &- \int_t^T \int_{\mathcal{U}} \psi_s(u)\widetilde{\pi}(du, ds) - \int_t^T Z_s dW_s - \int_t^T dM_s. \end{aligned} \tag{18}$$

Then Γ is q-integrable for any $q \geq 2$, and the solution (Y, Z, ψ, M) belongs to $\mathcal{E}^p(0,T)$ if

$$\mathbb{E}\left(|\xi|^p + \int_0^T |f_s|^p ds \right) < +\infty.$$

Moreover

$$Y_t = \mathbb{E}\left[\Gamma_{t,T}\xi + \int_t^T \Gamma_{t,s} f_s ds \middle| \mathcal{F}_t \right].$$

Proof. We follow the arguments of the proof of Theorem 3.4 in [32]. Let (Y, Z, ψ, M) be a solution. For $0 \leq t \leq s \leq T$ set

$$\phi_s = Y_s \Gamma_{t,s} + \int_0^s \Gamma_{t,r} f_r dr.$$

Then by integration by parts we obtain

$$\begin{aligned} d\phi_s &= \Gamma_{t,s^-} dY_s + Y_{s^-} d\Gamma_{t,s} + d[\Gamma_{t,.}, Y]_s + \Gamma_{t,s} f_s ds \\ &= \Gamma_{t,s^-} \left(-f_s - \alpha_s Y_s - \beta_s Z_s - \int_{\mathcal{U}} \gamma_s(u)\psi_s(u)\mu(du) \right) ds \\ &\quad + \Gamma_{t,s^-} \int_{\mathcal{U}} \psi_s(u)\widetilde{\pi}(du, ds) + \Gamma_{t,s^-} Z_s dW_s + \Gamma_{t,s^-} dM_s. \\ &+ Y_{s^-}\Gamma_{t,s^-} \left(\alpha_s ds + \beta_s dW_s + \int_{\mathcal{U}} \gamma_s(u)\widetilde{\pi}(du, ds) \right) \\ &+ \Gamma_{t,s^-}\beta_s Z_s ds + \Gamma_{t,s^-} \int_{\mathcal{U}} \psi_s(u)\gamma_s(u)\mu(du)ds + \Gamma_{t,s} f_s ds \\ &= \Gamma_{t,s^-} \int_{\mathcal{U}} (\psi_s(u) + Y_{s^-}\gamma_s(u))\widetilde{\pi}(du, ds) + \Gamma_{t,s^-}(Z_s + Y_s\beta_s)dW_s + \Gamma_{t,s^-} dM_s \end{aligned}$$

From the assumptions made on the coefficients, we obtain that ϕ is a martingale and thus

$$\phi_t = Y_t + \int_0^t \Gamma_{t,s} f_s ds = \mathbb{E}\left[\phi_T \middle| \mathcal{F}_t \right] = \mathbb{E}\left[Y_T \Gamma_{t,T} + \int_0^T \Gamma_{t,r} f_r dr \middle| \mathcal{F}_t \right].$$

□

The next proposition is a modification of Theorem 4.2 in [32] (see also Theorem 252 in [35]).

Proposition 4 *We consider a generator f_1 satisfying $(\mathbf{H_{ex}})$ and we ask f_2 to verify $(\mathbf{H_{comp}})$. Let ξ^1 and ξ^2 be two terminal conditions for BSDEs (2) driven respectively by f_1 and f_2. Denote by (Y^1, Z^1, ψ^1, M^1) and (Y^2, Z^2, ψ^2, M^2) the respective solutions in some space $\mathcal{E}^p(0,T)$ with $p > 1$. If $\xi^1 \leq \xi^2$ and $f_1(t, Y_t^1, Z_t^1, \psi_t^1) \leq f_2(t, Y_t^1, Z_t^1, \psi_t^1)$, then a.s. for any $t \in [0,T]$, $Y_t^1 \leq Y_t^2$.*

Proof. As usual we set

$$\widehat{Y} = Y^1 - Y^2, \quad \widehat{Z} = Z^1 - Z^2, \quad \widehat{\psi} = \psi^1 - \psi^2, \quad \widehat{M} = M^1 - M^2.$$

Then $(\widehat{Y}, \widehat{Z}, \widehat{\psi}, \widehat{M})$ satisfies:

$$\widehat{Y}_t = \widehat{\xi} + \int_t^T h_s ds - \int_t^T \int_{\mathcal{U}} \widehat{\psi}_s(u)\widetilde{\pi}(du, ds) - \int_t^T \widehat{Z}_s dW_s - \int_t^T d\widehat{M}_s,$$

where

$$h_s = f_1(Y_s^1, Z_s^1, \psi_s^1) - f_2(Y_s^2, Z_s^2, \psi_s^2).$$

Now we define

$$\begin{aligned} f_s &= f_1(Y_s^1, Z_s^1, \psi_s^1) - f_2(Y_s^1, Z_s^1, \psi_s^1) \\ \alpha_s &= \frac{f_2(Y_s^1, Z_s^1, \psi_s^1) - f_2(Y_s^2, Z_s^1, \psi_s^1)}{\widehat{Y}_s} \mathbf{1}_{\widehat{Y}_s \neq 0} \\ \beta_s &= \frac{f_2(Y_s^2, Z_s^1, \psi_s^1) - f_2(Y_s^2, Z_s^2, \psi_s^1)}{\widehat{Z}_s} \mathbf{1}_{\widehat{Z}_s \neq 0} \end{aligned}$$

then

$$\begin{aligned} h_s &= f_s + \alpha_s \widehat{Y}_s + \beta_s \widehat{Z}_s + f_2(Y_s^2, Z_s^2, \psi_s^1) - f_2(Y_s^2, Z_s^2, \psi_s^2) \\ &\geq f_s + \alpha_s \widehat{Y}_s + \beta_s \widehat{Z}_s + \int_{\mathcal{U}} \kappa_s^{Y_s^2, Z_s^2, \psi_s^2, \psi_s^1} \widehat{\psi}_s(u)\mu(du) \end{aligned}$$

since f^2 satisfies $(\mathbf{H_{comp}})$. Moreover since f^2 is Lipschitz continuous w.r.t. z, $|\beta|$ is bounded by K, whereas from Assumption (H1), α is bounded from above. Moreover, the process $\kappa_s^{Y_s^2, Z_s^2, \psi_s^2, \psi_s^1}$ is controlled by $\vartheta \in L^2_\mu$. Therefore the process Γ defined by (17) is q-integrable for any $q \geq 2$ and

$$\widehat{Y}_t \geq \mathbb{E}\left[\Gamma_{t,T}\widehat{\xi} + \int_t^T \Gamma_{t,s} f_s ds \middle| \mathcal{F}_t\right].$$

To conclude recall that since $-1 \leq \kappa_t^{y,\psi,\phi}(u)$, $\Gamma_{t,s} \geq 0$ a.s. and by assumptions, $\widehat{\xi} \geq 0$ and $f_s \geq 0$. Therefore $\widehat{Y}_t \geq 0$ and the conclusion follows. □

Note that the conditions $(\mathbf{H_{ex}})$ are just imposed on f^1 to ensure existence of a solution (Y^1, Z^1, ψ^1, M^1). This proposition gives again uniqueness of the solution.

Corollary 2 *Assume* $(\mathbf{H_{comp}})$ *and (H4) (resp. (H5)). Then there exists at most one solution* (Y, Z, ψ, M) *of BSDE* (ξ, f) *in* $\mathcal{E}^2(0,T)$ *(resp.* $\mathcal{E}^p(0,T)$*).*

5 Random terminal times

We come back to the general multidimensional case but we assume that τ is a stopping time for the filtration $\mathcal{F}_t$, which need not be bounded. Assumptions $(\mathbf{H_{ex}})$ still hold with a monotonicity constant α and a Lipschitz constant K. (H2) is replaced by:

$$\forall r > 0, \ \forall n \in \mathbb{N}, \quad \sup_{|y| \leq r} (|f(t, y, 0, 0) - f(t, 0, 0, 0)|) \in L^1(\Omega \times (0, n)). \tag{H2"}$$

We assume that $1 < p \leq 2$ and condition (H4) (or (H4')) is replaced by the following one: for some

$$\rho > \nu = \alpha + \frac{K^2}{(p-1)},$$

we have

$$\mathbb{E}\left[e^{p\rho\tau}|\xi|^p + \int_0^\tau e^{p\rho t}|f(t,0,0,0)|^p dt\right] < +\infty. \tag{H5'}$$

We will need the following additional assumption

$$\xi \text{ is } \mathcal{F}_\tau - \text{measurable and } \mathbb{E}\left[\int_0^\tau e^{p\rho t}|f(t,\xi_t,\eta_t,\gamma_t)|^p dt\right] < +\infty, \tag{H6}$$

where $\xi_t = \mathbb{E}(\xi|\mathcal{F}_t)$ and (η, γ, N) are given by the martingale representation:

$$\xi = \mathbb{E}(\xi) + \int_0^\infty \eta_s dW_s + \int_0^\infty \int_{\mathcal{U}} \gamma_s(u)\widetilde{\pi}(du,ds) + N_\tau$$

with

$$\mathbb{E}\left[\left(\int_0^\infty |\eta_s|^2 ds + \int_0^\infty \int_{\mathcal{U}} |\gamma_s(u)|^2 \mu(du)ds + [N]_\tau\right)^{p/2}\right] < +\infty.$$

Definition 2 *A process $(Y,Z,\psi,M) = (Y_t, Z_t, \psi_t, M_t)_{t\geq 0} \in \mathcal{D}(0,T)^2 \times \mathcal{P} \times \mathcal{M}_{loc}$ with values in $\mathbb{R}^d \times \mathbb{R}^{d\times k} \times \mathbb{R}^d \times \mathbb{R}^d$ is a solution to the BSDE (2) with random terminal time τ with data $(\xi; f)$ if on the set $\{t \geq \tau\}$ $Y_t = \xi$ and $Z_t = \psi_t = M_t = 0$, $\mathbb{P}$-a.s., $t \mapsto f(t, Y_t, Z_t, \psi_t)\mathbf{1}_{t\leq T}$ belongs to $L^1_{loc}(0,\infty)$ for any $T \geq 0$, Z belongs to $L^2_{loc}(W)$, ψ belongs to $G_{loc}(\pi)$ and, $\mathbb{P}$-a.s., for all $0 \leq t \leq T$,*

$$\begin{aligned} Y_{t\wedge\tau} &= Y_{T\wedge\tau} + \int_{t\wedge\tau}^{T\wedge\tau} f(s,Y_s,Z_s,\psi_s)ds - \int_{t\wedge\tau}^{T\wedge\tau} Z_s dW_s \\ &- \int_{t\wedge\tau}^{T\wedge\tau}\int_{\mathcal{U}} \psi_s(u)\widetilde{\pi}(du,ds) - \int_{t\wedge\tau}^{T\wedge\tau} dM_s. \end{aligned} \tag{19}$$

A solution is said to be L^p-solution if we have moreover

$$\begin{aligned} &\mathbb{E}\left[e^{p\rho(t\wedge\tau)}|Y_{t\wedge\tau}|^p + \int_0^{T\wedge\tau} e^{p\rho s}|Y_s|^p ds + \int_0^{T\wedge\tau} e^{p\rho s}|Y_s|^{p-2}|Z_s|^2 \mathbf{1}_{Y_s\neq 0} ds\right] \\ &+\mathbb{E}\left[\int_0^{T\wedge\tau} e^{p\rho s}|Y_s|^{p-2}\mathbf{1}_{Y_s\neq 0}\|\psi_s\|_{L^2} ds + \int_0^{T\wedge\tau} e^{p\rho s}|Y_s|^{p-2}\mathbf{1}_{Y_s\neq 0} d[M]^c_s\right] \\ &+\mathbb{E}\left[\sum_{0<s\leq T\wedge\tau} e^{p\rho s}|\Delta M_s|^2 \left(|Y_{s^-}|^2 \vee |Y_{s^-} + \Delta M_s|^2\right)^{p/2-1} \mathbf{1}_{Y_{s^-}\neq 0}\right] < +\infty. \end{aligned}$$

Theorem 3 *Under conditions (H1), (H2"), (H3), (H5') and (H6), the BSDE* (19) *has a unique solution satisfying*

$$\begin{aligned}
&\mathbb{E}\left[e^{p\rho(t\wedge\tau)}|Y_{t\wedge\tau}|^p + \int_0^{T\wedge\tau} e^{p\rho s}|Y_s|^p ds + \int_0^{T\wedge\tau} e^{p\rho s}|Y_s|^{p-2}|Z_s|^2 \mathbf{1}_{Y_s\neq 0} ds\right] \\
&+\mathbb{E}\left[\int_0^{T\wedge\tau} e^{p\rho s}|Y_s|^{p-2}\mathbf{1}_{Y_s\neq 0}\|\psi_s\|_{L^2} ds + \int_0^{T\wedge\tau} e^{p\rho s}|Y_s|^{p-2}\mathbf{1}_{Y_s\neq 0} d[M]^c_s\right] \\
&+\mathbb{E}\left[\sum_{0<s\leq T\wedge\tau} e^{p\rho s}|\Delta M_s|^2 \left(|Y_{s^-}|^2 \vee |Y_{s^-}+\Delta M_s|^2\right)^{p/2-1} \mathbf{1}_{Y_{s^-}\neq 0}\right] \\
&\leq C\mathbb{E}\left[e^{p\rho\tau}|\xi|^p + \int_0^{\tau} e^{p\rho s}|f(s,0,0,0)|^p ds\right] \qquad (20)
\end{aligned}$$

for some constant C depending only on p, K and μ.

Proof. *Step 1 : uniqueness.* Assume that there exist two solutions (Y,Z,ψ,M) and (Y',Z',ψ',M') and let

$$\widehat{Y}_t = Y_t - Y'_t, \quad \widehat{Z}_t = Z_t - Z'_t, \quad \widehat{\psi}_t = \psi_t - \psi'_t, \quad \widehat{M}_t = M_t - M'_t.$$

From Corollary 1 and Lemma 8 we have for $0\leq t\leq T$

$$\begin{aligned}
&e^{p\rho(t\wedge\tau)}|\widehat{Y}_{t\wedge\tau}|^p + c(p)\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|\widehat{Y}_s|^{p-2}|\widehat{Z}_s|^2\mathbf{1}_{\widehat{Y}_s\neq 0} ds + c(p)\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|\widehat{Y}_s|^{p-2}\mathbf{1}_{\widehat{Y}_s\neq 0} d[\widehat{M}]^c_s \\
&+\frac{p(p-1)}{2}\sum_{t\wedge\tau<s\leq T\wedge\tau} e^{p\rho s}|\Delta\widehat{M}_s|^2\left(|\widehat{Y}_{s^-}|^2 \vee |\widehat{Y}_{s^-}+\Delta\widehat{M}_s|^2\right)^{p/2-1}\mathbf{1}_{\widehat{Y}_{s^-}\neq 0} \\
&+\frac{p(p-1)}{2}\int_{t\wedge\tau<s\leq T\wedge\tau}\int_{\mathcal{U}} e^{p\rho s}|\widehat{\psi}_s(u)|^2\left(|\widehat{Y}_{s^-}|^2 \vee |\widehat{Y}_{s^-}+\widehat{\psi}_s(u)|^2\right)^{p/2-1}\mathbf{1}_{\widehat{Y}_{s^-}\neq 0}\pi(du,ds) \\
&\leq e^{p\rho(T\wedge\tau)}|\widehat{Y}_{T\wedge\tau}|^p \\
&\quad +p\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}\left(|\widehat{Y}_s|^{p-1}\check{\widehat{Y}}_s(f(s,Y_s,Z_s,\psi_s)-f(s,Y'_s,Z'_s,\psi'_s)) - \rho|\widehat{Y}_s|^p\right) ds \\
&\quad -p\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|\widehat{Y}_s|^{p-1}\check{\widehat{Y}}_s\widehat{Z}_s dW_s - p\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|\widehat{Y}_{s^-}|^{p-1}\check{\widehat{Y}}_{s^-} d\widehat{M}_s \\
&\quad -p\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|\widehat{Y}_s|^{p-1}\check{\widehat{Y}}_s\int_{\mathcal{U}}\widehat{\psi}_s(u)\widetilde{\pi}(du,ds).
\end{aligned}$$

From the assumption on f and Young's inequality we deduce that

$$\begin{aligned}
|\widehat{y}|^{p-1}\check{\widehat{y}}(f(s,y,z,\psi)-f(s,y',z',\psi') &\leq \left(\alpha+\frac{K^2}{(p-1)}\right)|\widehat{y}|^p \\
&+\frac{p-1}{2}|\widehat{y}|^{p-2}\mathbf{1}_{\widehat{y}\neq 0}|\widehat{z}|^2 + \frac{p-1}{2}|\widehat{y}|^{p-2}\mathbf{1}_{\widehat{y}\neq 0}\|\widehat{\psi}\|_{L^2}.
\end{aligned}$$

Using this estimate and taking the expectation (note that from the integrability conditions on the solution every local martingale is a uniformly integrable martingale) we obtain:

$$\mathbb{E}e^{p\rho(t\wedge\tau)}|\widehat{Y}_{t\wedge\tau}|^p \leq \mathbb{E}e^{p\rho(T\wedge\tau)}|\widehat{Y}_{T\wedge\tau}|^p,$$

and if we use any $\alpha + \frac{K^2}{(p-1)} < \rho' < \rho$ we get for any $0 \leq t \leq T$

$$\mathbb{E}e^{p\rho'(t\wedge\tau)}|\widehat{Y}_{t\wedge\tau}|^p \leq e^{p(\rho'-\rho)T}\mathbb{E}e^{p\rho(T\wedge\tau)}|\widehat{Y}_{T\wedge\tau}|^p.$$

We let T go to infinity to obtain $\widehat{Y}_t = 0$, and thus uniqueness of the solution.
Step 2 : existence. We follow the proof of Theorem 4.1 in [28]. For each $n \in \mathbb{N}$ we construct a solution $\{(Y^n, Z^n, \psi^n, M^n),\ t \geq 0\}$ as follows. For the interval $[0, n]$:

$$\begin{aligned} Y_t^n &= \mathbb{E}(\xi|\mathcal{F}_n) + \int_t^n \mathbf{1}_{[0,\tau]}(s) f(s, Y_s^n, Z_s^n, \psi_s^n) ds - \int_t^n Z_s^n dW_s \\ &- \int_t^n \int_{\mathcal{U}} \psi_s^n(u) \widetilde{\pi}(du, ds) - \int_t^n dM_s^n. \end{aligned}$$

And for $t \geq n$:

$$Y_t^n = \xi_t, \quad Z_t^n = \eta_s, \quad \psi_s^n(u) = \gamma_s(u), \quad M_s^n = N_s.$$

From Corollary 1 and Lemma 8 we have for $0 \leq t \leq T \leq n$

$$\begin{aligned} &e^{p\rho(t\wedge\tau)}|Y_{t\wedge\tau}^n|^p + c(p)\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y_s^n|^{p-2}|Z_s^n|^2 \mathbf{1}_{Y_s^n\neq 0} ds + c(p)\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y_s^n|^{p-2}\mathbf{1}_{Y_s^n\neq 0} d[M^n]_s^c \\ &+\frac{p(p-1)}{2}\sum_{t\wedge\tau<s\leq T\wedge\tau} e^{p\rho s}|\Delta M_s^n|^2 \left(|Y_{s^-}^n|^2 \vee |Y_{s^-}^n + \Delta M_s^n|^2\right)^{p/2-1} \mathbf{1}_{Y_{s^-}^n\neq 0} \\ &+\frac{p(p-1)}{2}\int_{t\wedge\tau<s\leq T\wedge\tau}\int_{\mathcal{U}} e^{p\rho s}|\psi_s^n(u)|^2 \left(|Y_{s^-}^n|^2 \vee |Y_{s^-}^n + \psi_s^n(u)|^2\right)^{p/2-1} \mathbf{1}_{Y_{s^-}^n\neq 0}\pi(du, ds) \\ &\leq e^{p\rho(T\wedge\tau)}|Y_{T\wedge\tau}^n|^p + p\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}\left(|Y_s^n|^{p-1}\check{Y}_s^n f(s, Y_s^n, Z_s^n, \psi_s^n) - \rho|Y_s^n|^p\right) ds \\ &\quad -p\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y_s^n|^{p-1}\check{Y}_s^n Z_s^n dW_s - p\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y_{s^-}^n|^{p-1}\check{Y}_{s^-}^n dM_s^n \\ &\quad -p\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y_s^n|^{p-1}\check{Y}_s^n \int_{\mathcal{U}} \psi_s^n(u)\widetilde{\pi}(du, ds). \end{aligned}$$

Now with Young's inequality and for some $\delta > 0$ sufficiently small

$$\begin{aligned} |y|^{p-1}\check{y} f(t, y, z, \psi) &\leq \left(\alpha + \delta + \frac{K^2}{(p-1-2\delta)}\right)|y|^p \\ &+ \left(\frac{p-1}{2} - \delta\right)|y|^{p-2}\mathbf{1}_{y\neq 0}|z|^2 + \frac{1}{p}|f(t,0,0,0)|^p\left(\frac{p\delta}{p-1}\right)^{1-p} \\ &+ \left(\frac{p-1}{2} - \delta\right)|y|^{p-2}\mathbf{1}_{y\neq 0}\|\psi\|_{L^2}. \end{aligned} \tag{21}$$

We choose $\delta > 0$ such that $\alpha + 2\delta + \frac{K^2}{2(p-1-2\delta)} \leq \rho$ and we obtain:

$$
\begin{aligned}
&e^{p\rho(t\wedge\tau)}|Y^n_{t\wedge\tau}|^p + p\delta\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y^n_s|^p ds + p\delta\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y^n_s|^{p-2}|Z^n_s|^2\mathbf{1}_{Y^n_s\neq 0}ds\\
&+c(p)\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y^n_s|^{p-2}\mathbf{1}_{Y^n_s\neq 0}d[M^n]^c_s\\
&+\frac{p(p-1)}{2}\sum_{t\wedge\tau<s\leq T\wedge\tau} e^{p\rho s}|\Delta M^n_s|^2\left(|Y^n_{s^-}|^2\vee|Y^n_{s^-}+\Delta M^n_s|^2\right)^{p/2-1}\mathbf{1}_{Y^n_{s^-}\neq 0}\\
&+\frac{p(p-1)}{2}\int_{t\wedge\tau<s\leq T\wedge\tau}\int_{\mathcal{U}} e^{p\rho s}|\psi^n_s(u)|^2\left(|Y^n_{s^-}|^2\vee|Y^n_{s^-}+\psi^n_s(u)|^2\right)^{p/2-1}\mathbf{1}_{Y^n_{s^-}\neq 0}\pi(du,ds)\\
&-p\left(\frac{p-1}{2}-\delta\right)\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y^n_s|^{p-2}\mathbf{1}_{Y^n_s\neq 0}\|\psi^n_s\|_{L^2}ds\\
&\leq e^{p\rho(T\wedge\tau)}|Y_{T\wedge\tau}|^p + \int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|f(s,0,0,0)|^p\left(\frac{p\delta}{p-1}\right)^{1-p}ds - p\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y^n_s|^{p-1}\check{Y}^n_s Z^n_s dW_s\\
&\quad -p\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y^n_{s^-}|^{p-1}\check{Y}^n_{s^-}dM^n_s - p\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y^n_s|^{p-1}\check{Y}^n_s\int_{\mathcal{U}}\psi^n_s(u)\widetilde{\pi}(du,ds). \qquad (22)
\end{aligned}
$$

Taking the expectation we get

$$
\begin{aligned}
&\mathbb{E}\left[e^{p\rho(t\wedge\tau)}|Y^n_{t\wedge\tau}|^p + p\delta\int_0^{T\wedge\tau} e^{p\rho s}|Y^n_s|^p ds\right]\\
&+p\delta\mathbb{E}\left[\int_0^{T\wedge\tau} e^{p\rho s}|Y^n_s|^{p-2}\mathbf{1}_{Y^n_s\neq 0}\|\psi^n_s\|_{L^2}ds + \int_0^{T\wedge\tau} e^{p\rho s}|Y^n_s|^{p-2}|Z^n_s|^2\mathbf{1}_{Y^n_s\neq 0}ds\right]\\
&+c(p)\mathbb{E}\int_0^{T\wedge\tau} e^{p\rho s}|Y^n_s|^{p-2}\mathbf{1}_{Y^n_s\neq 0}d[M^n]^c_s\\
&+\frac{p(p-1)}{2}\mathbb{E}\left[\sum_{0<s\leq T\wedge\tau} e^{p\rho s}|\Delta M^n_s|^2\left(|Y^n_{s^-}|^2\vee|Y^n_{s^-}+\Delta M^n_s|^2\right)^{p/2-1}\mathbf{1}_{Y^n_{s^-}\neq 0}\right]\\
&\leq \mathbb{E}\left[e^{p\rho(T\wedge\tau)}|Y^n_{T\wedge\tau}|^p + \left(\frac{p\delta}{p-1}\right)^{1-p}\int_0^{T\wedge\tau} e^{p\rho s}|f(s,0,0,0)|^p ds\right].
\end{aligned}
$$

Using an argument based on Burkholder-Davis-Gundy inequality we can moreover include a $\sup_{t\in[0,n]}$ inside the expectation on the left hand side.

Now take $m > n$ and define

$$
\widehat{Y}_t = Y^m_t - Y^n_t, \quad \widehat{Z}_t = Z^m_t - Z^n_t, \quad \widehat{\psi}_t = \psi^m_t - \psi^n_t, \quad \widehat{M}_t = M^m_t - M^n_t.
$$

For $n \leq t \leq m$,

$$
\begin{aligned}
\widehat{Y}_t \;=\; &\int_{t\wedge\tau}^{m\wedge\tau} f(s,Y^m_s,Z^m_s,\psi^m_s)ds - \int_{t\wedge\tau}^{m\wedge\tau}\widehat{Z}_s dW_s - \int_{t\wedge\tau}^{m\wedge\tau}\int_{\mathcal{U}}\widehat{\psi}_s(u)\widetilde{\pi}(du,ds)\\
&-\widehat{M}_{m\wedge\tau} + \widehat{M}_{t\wedge\tau}.
\end{aligned}
$$

Thus for $n \leq t \leq m$,

$$
\begin{aligned}
& e^{p\rho(t\wedge\tau)}|\widehat{Y}_{t\wedge\tau}|^p + c(p)\int_{t\wedge\tau}^{m\wedge\tau} e^{p\rho s}|\widehat{Y}_s|^{p-2}|\widehat{Z}_s|^2\mathbf{1}_{\widehat{Y}_s\neq 0}ds + c(p)\int_{t\wedge\tau}^{m\wedge\tau} e^{p\rho s}|\widehat{Y}_s|^{p-2}\mathbf{1}_{\widehat{Y}_s\neq 0}d[\widehat{M}]^c_s \\
& + \frac{p(p-1)}{2}\sum_{t\wedge\tau<s\leq m\wedge\tau} e^{p\rho s}|\Delta\widehat{M}_s|^2\left(|\widehat{Y}_{s^-}|^2 \vee |\widehat{Y}_{s^-}+\Delta\widehat{M}_s|^2\right)^{p/2-1}\mathbf{1}_{\widehat{Y}_{s^-}\neq 0} \\
& + \frac{p(p-1)}{2}\int_{t\wedge\tau}^{m\wedge\tau}\int_{\mathcal{U}} e^{p\rho s}|\widehat{\psi}_s(u)|^2\left(|\widehat{Y}_{s^-}|^2 \vee |\widehat{Y}_{s^-}+\widehat{\psi}_s(u)|^2\right)^{p/2-1}\mathbf{1}_{\widehat{Y}_{s^-}\neq 0}\pi(du,ds) \\
& \leq p\int_{t\wedge\tau}^{m\wedge\tau} e^{p\rho s}\left(|\widehat{Y}_s|^{p-1}\check{\widehat{Y}}_s f(s,Y^m_s,Z^m_s,\psi^m_s) - \rho|\widehat{Y}_s|^p\right)ds \\
& \quad -p\int_{t\wedge\tau}^{m\wedge\tau} e^{p\rho s}|\widehat{Y}_s|^{p-1}\check{\widehat{Y}}_s\widehat{Z}_s dW_s - p\int_{t\wedge\tau}^{m\wedge\tau} e^{p\rho s}|\widehat{Y}_{s^-}|^{p-1}\check{\widehat{Y}}_{s^-}d\widehat{M}_s \\
& \quad -p\int_{t\wedge\tau}^{m\wedge\tau} e^{p\rho s}|\widehat{Y}_s|^{p-1}\check{\widehat{Y}}_s\int_{\mathcal{U}}\widehat{\psi}_s(u)\widetilde{\pi}(du,ds) \\
& \leq p\int_{t\wedge\tau}^{m\wedge\tau} e^{p\rho s}\left(\alpha|\widehat{Y}_s|^p + K|\widehat{Y}_s|^{p-1}|\widehat{Z}_s| + K|\widehat{Y}_s|^{p-1}\|\widehat{\psi}_s\|_{L^2} - \rho|\widehat{Y}_s|^p\right)ds \\
& \quad +p\int_{t\wedge\tau}^{m\wedge\tau} e^{p\rho s}|\widehat{Y}_s|^{p-1}\check{\widehat{Y}}_s f(s,\xi_s,\eta_s,\gamma_s)ds \\
& \quad -p\int_{t\wedge\tau}^{m\wedge\tau} e^{p\rho s}|\widehat{Y}_s|^{p-1}\check{\widehat{Y}}_s\widehat{Z}_s dW_s - p\int_{t\wedge\tau}^{m\wedge\tau} e^{p\rho s}|\widehat{Y}_{s^-}|^{p-1}\check{\widehat{Y}}_{s^-}d\widehat{M}_s \\
& \quad -p\int_{t\wedge\tau}^{m\wedge\tau} e^{p\rho s}|\widehat{Y}_s|^{p-1}\check{\widehat{Y}}_s\int_{\mathcal{U}}\widehat{\psi}_s(u)\widetilde{\pi}(du,ds).
\end{aligned}
$$

By an argument already used to control the generator (see (21)) and to obtain Inequality (22), we deduce that

$$
\begin{aligned}
& \mathbb{E}\left[\sup_{t\in[n,m]} e^{p\rho(t\wedge\tau)}|\widehat{Y}_{t\wedge\tau}|^p + \int_{n\wedge\tau}^{m\wedge\tau} e^{p\rho s}|\widehat{Y}_s|^p ds + \int_{n\wedge\tau}^{m\wedge\tau} e^{p\rho s}|\widehat{Y}_s|^{p-2}\mathbf{1}_{\widehat{Y}_s\neq 0}d[\widehat{M}]^c_s\right] \\
& + \mathbb{E}\left[\int_{n\wedge\tau}^{m\wedge\tau} e^{p\rho s}|\widehat{Y}_s|^{p-2}|\widehat{Z}_s|^2\mathbf{1}_{\widehat{Y}_s\neq 0}ds + \int_{n\wedge\tau}^{m\wedge\tau}\int_{\mathcal{U}} e^{p\rho s}|\widehat{Y}_s|^{p-2}|\widehat{\psi}_s(u)|^2\mathbf{1}_{\widehat{Y}_s\neq 0}\mu(du)ds\right] \\
& + \mathbb{E}\left[\sum_{n\wedge\tau<s\leq m\wedge\tau} e^{p\rho s}|\Delta\widehat{M}_s|^2\left(|\widehat{Y}_{s^-}|^2 \vee |\widehat{Y}_{s^-}+\Delta\widehat{M}_s|^2\right)^{p/2-1}\mathbf{1}_{\widehat{Y}_{s^-}\neq 0}\right] \\
& \qquad \leq C\mathbb{E}\int_{n\wedge\tau}^{\tau} e^{p\rho s}|f(s,\xi_s,\eta_s,\gamma_s)|^p ds.
\end{aligned}
$$

By assumption the last term goes to zero as n goes to infinity. Next for $t \leq n$

$$
\begin{aligned}
\widehat{Y}_t &= \widehat{Y}_n + \int_{n\wedge\tau}^{m\wedge\tau}(f(s,Y^m_s,Z^m_s,\psi^m_s) - f(s,Y^n_s,Z^n_s,\psi^n_s))ds - \int_{n\wedge\tau}^{m\wedge\tau}\widehat{Z}_s dW_s \\
&\quad - \int_{n\wedge\tau}^{m\wedge\tau}\int_{\mathcal{U}}\widehat{\psi}_s(u)\widetilde{\pi}(du,ds) - \widehat{M}_{m\wedge\tau} + \widehat{M}_{n\wedge\tau}.
\end{aligned}
$$

It follows from the same argument as in the proof of uniqueness that

$$
\begin{aligned}
\mathbb{E}e^{p\rho(t\wedge\tau)}|\widehat{Y}_{t\wedge\tau}|^p &\leq \mathbb{E}e^{p\rho(n\wedge\tau)}|\widehat{Y}_n|^p \\
&\leq C\mathbb{E}\int_{n\wedge\tau}^{\tau} e^{p\rho s}|f(s,\xi_s,\eta_s,\gamma_s)|^p ds.
\end{aligned}
$$

Then it can be shown that the sequence (Y^n, Z^n, ψ^n, M^n) is Cauchy for the norm whose appears on the left side of (20) and that the limit (Y, Z, ψ, M) is a solution of the BSDE (19) which satisfies (20). □

Let us just remark that the case $p > 2$ can be deduced from this theorem and an a priori estimate (as in Proposition 2).

Remark 1 *As in Pardoux [28] (Exercise 4.2), one can replace the condition $\rho > \nu = \alpha + \frac{K^2}{(p-1)}$ by the condition $\rho > \alpha$ if there exists a progressively measurable process g such that for any z and ψ*

$$|f(t, 0, z, \psi)| \leq g_t,$$

and

$$E \int_0^\tau e^{p\rho t} |g_t|^p dt < \infty.$$

In this case the conclusion of Theorem 3 also holds.

Indeed for $p \geq 2$ as in the proof of Proposition 2 we can obtain for every $0 \leq t \leq T$ and every $\rho > \alpha$

$$\begin{aligned}
&e^{p\rho(t\wedge\tau)}|Y_{t\wedge\tau}|^p + \kappa_p \int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y_s|^{p-2}|Z_s|^2 ds + \kappa_p \int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y_{s^-}|^{p-2} d[M]_s \\
&\quad + \kappa_p \int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y_{s^-}|^{p-2}\|\psi_s\|^2_{L^2_\mu} ds \\
&\leq e^{p\rho(T\wedge\tau)}|Y_{T\wedge\tau}|^p + \int_{t\wedge\tau}^{T\wedge\tau} p e^{p\rho s}\left(Y_s|Y_s|^{p-2} f(s, Y_s, Z_s, \psi_s) - \rho|Y_s|^p\right) ds \\
&- p\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s} Y_{s^-}|Y_{s^-}|^{p-2} dM_s - p\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s} Y_{s^-}|Y_{s^-}|^{p-2} Z_s dW_s \\
&- \int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s} \int_{\mathcal{U}} \left(|Y_{s^-} + \psi_s(u)|^p - |Y_{s^-}|^p\right) \widetilde{\pi}(du, ds)
\end{aligned}$$

where κ_p just depends on p. Now for any $\varepsilon > 0$

$$y|y|^{p-2} f(s, y, z, \psi) - \rho|y|^p \leq (\alpha - \rho)|y|^p + |y|^{p-1} g_s \leq (\alpha + \varepsilon - \rho)|y|^p + \frac{1}{p}\left(\frac{p\varepsilon}{p-1}\right)^{1-p} g_s^p.$$

Therefore for any $\rho > \alpha$ we choose ε such that $\rho > \alpha + \varepsilon$ and taking the expectation we have

$$\begin{aligned}
&\mathbb{E}e^{p\rho(t\wedge\tau)}|Y_{t\wedge\tau}|^p + \mathbb{E}\kappa_p \int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y_s|^{p-2}|Z_s|^2 ds + \kappa_p \mathbb{E}\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y_{s^-}|^{p-2} d[M]_s \\
&\quad + \mathbb{E}\kappa_p \int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|Y_{s^-}|^{p-2}\|\psi_s\|^2_{L^2_\mu} ds \\
&\leq \mathbb{E}e^{p\rho(T\wedge\tau)}|Y_{T\wedge\tau}|^p + \left(\frac{p\varepsilon}{p-1}\right)^{1-p} \mathbb{E}\int_{t\wedge\tau}^{T\wedge\tau} e^{p\rho s}|g_s|^p ds.
\end{aligned}$$

The same argument can be used in the case $1 < p < 2$.

Remark 2 *In dimension one, if ξ and $f(t,0,0,0)$ are non negative, the L^p-solution Y is non negative and if $f(s,0,z,\psi) \leq 0$ for any z and ψ, the conclusion of Theorem 3 holds.*

Remark 3 *In dimension one, under the assumptions of Theorem 3 (or of the previous remarks), and with condition (H3'), then the comparison result (Proposition 4) holds.*

Indeed we can sketch the proof to obtain that for any $0 \leq t \leq T$

$$\widehat{Y}_{t\wedge\tau} \geq \mathbb{E}\left[\Gamma_{t\wedge\tau,T\wedge\tau}\widehat{Y}_{T\wedge\tau} + \int_{t\wedge\tau}^{T\wedge\tau} \Gamma_{t\wedge\tau,s} f_s ds \middle| \mathcal{F}_{t\wedge\tau}\right]$$

with suitable integrability conditions. The conclusion follows by letting T go to $+\infty$.

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