

Optimal stopping with delayed and advanced information

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Abstract

We discuss optimal stopping problems for jump diffusions, related to the information flow available to the stopper. The following two cases are studied:

(i) Delayed information flow: The information available to the stopper has a fixed time delay, δ . Or, equivalently, there is a fixed delay, δ , between the time, say τ , of the decision to stop and the time $\tau + \delta$ when the system actually stops. (ii) Advanced (inside) information flow: In this case the stopper can at any time t base her decision about whether to stop or not on the information about the system up to δ units ahead of time, i.e. up to time $t + \delta$.

An extension to delayed reaction impulse control is also discussed.

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