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► **To cite this version:**

Richard Eon, Mihai Gradinaru. DISTRIBUTION TAILS FOR SOLUTIONS OF SDE DRIVEN BY AN ASYMMETRIC STABLE LÉVY PROCESS. *Probability and Mathematical Statistics*, 2020, 40 (2), pp.317-330. 10.19195/0208-4147 . hal-02355349

HAL Id: hal-02355349

<https://hal.science/hal-02355349>

Submitted on 8 Nov 2019

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DISTRIBUTION TAILS FOR SOLUTIONS OF SDE DRIVEN BY AN ASYMMETRIC STABLE LÉVY PROCESS

BY

RICHARD EON (RENNES) AND MIHAI GRADINARU (RENNES)

Abstract. The behaviour of the tails of the invariant distribution for stochastic differential equations driven by an asymmetric stable Lévy process is obtained. One generalizes a result by Samorodnitski and Grigoriu [8] where the stable driven noise was supposed symmetric.

2010 AMS Mathematics Subject Classification: Primary: 60H10; Secondary: 60G52; 60E07; 60F17; 60J75.

Key words and phrases: stochastic differential equation; asymmetric stable Lévy noise; tail behaviour; ergodic processes; stationary distribution

1. INTRODUCTION

The goal of this paper is to extend a result obtained by Samorodnitski and Grigoriu in [8]. The authors consider the stochastic differential equation

$$(1.1) \quad dX_t = dL_t - f(X_t)dt, \quad X_0 = x,$$

where f is a function which is regularly varying at infinity and L is a symmetric Lévy motion and they study the exact rate of decay of the tail probabilities of the random variables $X_t, t > 0$. The proof in [8] is technical and in Remark 3.2, p. 76, the authors conjecture that their main result remains true without the assumption of symmetry of the Lévy process. The present paper (Section 2) contains a proof of this conjecture and we reduce the technical difficulties announced in the cited remark by assuming that the Lévy process is α -stable. More precisely, we assume that X is a solution of the stochastic differential equation

$$(1.2) \quad dX_t = d\ell_t - f(X_t)dt, \quad X_0 = x,$$

where ℓ is the asymmetric α -stable Lévy process with its Lévy measure given by

$$(1.3) \quad \nu(dz) = |z|^{-1-\alpha} [a_- \mathbb{1}_{\{z < 0\}} + a_+ \mathbb{1}_{\{z > 0\}}] dz.$$

Here $\alpha \in (0, 2) \setminus \{1\}$, $a_+ \neq a_-$ and x is a real number.

Dynamics of some integrated processes driven by Lévy noises appears in financial mathematics models or in physics. Moreover, diffusions in heterogeneous materials or prices in finance could be modelled by using stochastic differential equations driven by asymmetric Lévy noises (see for instance [9]). In [3] a scaling limit of the position process whose speed satisfies a one-dimensional stochastic differential equation driven by an α -stable Lévy process, multiplied by a small parameter $\varepsilon > 0$, in a potential of the form a power function of exponent $\beta + 1$ was studied. Precisely, one considers the stochastic differential equation

$$(1.4) \quad dv_t^\varepsilon = \varepsilon d\ell_t - |v_t^\varepsilon|^\beta \operatorname{sgn}(v_t^\varepsilon) dt, \quad v_0^\varepsilon = 0,$$

and assume that ℓ is an α -stable Lévy noise. It was proved that, when the driving noise ℓ is a symmetric stable process and by taking a natural scaling of the position process $x_t^\varepsilon = \int_0^t v_s^\varepsilon ds$, there is convergence in distribution toward a Brownian motion. One can wonder if this still stays true when ℓ is an asymmetric α -stable Lévy noise. To get the limit in distribution as $\varepsilon \rightarrow 0$, of the position process one needs to know the exact rate of decay of the tail probabilities for the speed process (see also [2], §4, pp. 70-80).

Let us end this section by introducing some notations and by stating our results. In the following we will always assume that ℓ is the asymmetric α -stable Lévy process having its Lévy measure given by (1.3), with $\alpha \in (0, 2) \setminus \{1\}$, $a_+ \neq a_-$ and $a_+ \neq 0$ and $a_- \neq 0$.

Let $f : \mathbb{R} \rightarrow \mathbb{R}$ be a non-decreasing function with $f(0) = 0$ which is regularly varying at $+\infty$ with exponent $\beta > 1$: for all $a > 0$, $\lim_{x \rightarrow +\infty} \frac{f(ax)}{f(x)} = a^\beta$. The function f could be supposed equally regularly varying at $-\infty$ with exponent $\beta_1 > 1$, but one can only assume, that for all $x \geq 1$, $f(-x) \leq -\kappa x^{\beta_1}$, for some constants $\kappa > 0$ and $\beta_1 > 1$ (see also Remark 5 and Step 9 in the proof of Theorem 1 below). Finally, we will assume furthermore that f is a locally Lipschitz function.

Recall that the process X satisfies

$$(1.5) \quad X_t = x + \ell_t - \int_0^t f(X_s) ds, \quad t \geq 0.$$

Let us note that the existence and the uniqueness of a global solution for the equation (1.5) is justified in [8] for a general Lévy driven noise, and it is a consequence of Theorem 6.2.11, p. 376 in [1] (see also Proposition 1.2.10, p. 27 in [2]). Our main result is the following:

THEOREM 1. We assume all the previous hypotheses on the function f , and we denote, for all $u > 0$,

$$(1.6) \quad h(u) := \int_u^{+\infty} \frac{\nu((y, +\infty))}{f(y)} dy.$$

Then we have

$$(1.7) \quad \lim_{u \rightarrow +\infty} \frac{\mathbb{P}_x(X_t > u)}{h(u)} = 1,$$

uniformly with respect to $x \in \mathbb{R}$ and $t \geq 1$.

As a consequence we obtain the behaviour of the tail for the invariant probability measure. According to Proposition 0.1, p. 604 in [5], and under the assumptions on the function f , the exponential ergodicity of the solution X of (1.1) is insured. Moreover its unique invariant probability measure, denoted by $m_{\alpha,\beta}$, satisfies

$$(1.8) \quad \forall x \in \mathbb{R}, \quad \|\mathbb{P}_x^t - m_{\alpha,\beta}\|_{\text{TV}} = O(\exp(-Ct)), \quad \text{as } t \rightarrow \infty,$$

where \mathbb{P}_x^t is the distribution of X_t under \mathbb{P}_x and $\|\cdot\|_{\text{TV}}$ is the norm in total variation. In other words, by using the definition of the norm in total variation

$$\begin{aligned} \forall x \in \mathbb{R}, \quad \sup_{u>0} |\mathbb{P}_x(X_t > u) - m_{\alpha,\beta}((u, +\infty))| \\ \leq \sup_{B \in \mathcal{B}(\mathbb{R})} |\mathbb{P}_x(X_t \in B) - m_{\alpha,\beta}(B)| \leq \kappa e^{-Ct}, \end{aligned}$$

for some constants κ and C . Therefore, letting $t \rightarrow \infty$ in Theorem 1, we get:

COROLLARY 2. Under the same assumptions as in Theorem 1, we have

$$(1.9) \quad \lim_{u \rightarrow +\infty} \frac{m_{\alpha,\beta}((u, +\infty))}{h(u)} = 1.$$

2. PROOF OF THEOREM 1

We split the proof of Theorem 1 in several steps.

Step 1. Introduce, for $\sigma > 0$ and for some $c > 0$ to be chosen, the Lévy process $\ell^{(\sigma)}$ with the following small jumps prescribed by the Lévy measure

$$(2.1) \quad \nu^{(\sigma)}(dz) = |z|^{-1-\alpha} [a_- \mathbb{1}_{\{z < -\sigma\}} + a_+ \mathbb{1}_{\{z > c\sigma\}}] dz.$$

The process $\ell^{(\sigma)}$ has a finite number of jumps on each finite interval of time. Denote by T_j the time when the j -th jump occurs (with the convention $T_0 = 0$) and by $W_j^{(\sigma)}$ its size. The random variables $(W_j^{(\sigma)})$ are i.i.d. and, by using the underlying compound Poisson process (see for instance Theorem 2.3.10, p. 93 in [1]), the probability density of $W_1^{(\sigma)}$ is given by

$$(2.2) \quad z \mapsto \frac{1}{\lambda_\sigma} |z|^{-1-\alpha} [a_- \mathbb{1}_{\{z < -\sigma\}} + a_+ \mathbb{1}_{\{z > c\sigma\}}], \quad \text{with } \lambda_\sigma := \frac{\sigma^{-\alpha}}{\alpha} (a_- + a_+ c^{-\alpha}).$$

We will choose the constant c such that, for all y and σ ,

$$\mathbb{E}(W_1^{(\sigma)} \mathbf{1}_{\{-y \leq W_1^{(\sigma)} \leq cy\}}) = 0.$$

Hence, by (2.2) we find $\frac{1}{\lambda_\sigma} (-a_- + c^{1-\alpha} a_+) (y^{1-\alpha} - \sigma^{1-\alpha}) = 0$, for all y and σ . We deduce that the only possible value of the constant is

$$(2.3) \quad c = \left(\frac{a_-}{a_+} \right)^{1/(1-\alpha)}.$$

Let us point out that, by the definition of $\nu^{(\sigma)}$, for $u > c\sigma > 0$,

$$(2.4) \quad \nu^{(\sigma)}((u, +\infty)) = \nu((u, +\infty)) =: \rho(u).$$

Step 2. Let us denote

$$(2.5) \quad X_t^{(\sigma)} = x + \ell_t^{(\sigma)} - \int_0^t f(X_s^{(\sigma)}) ds, \quad t \geq 0.$$

According to Theorem 19.25 in [4], p. 385, $X^{(\sigma)}$ converges in distribution to X , as σ tends to 0. To get (1.7) it is enough to prove that there exists σ_0 , such that,

$$(2.6) \quad \left| \frac{\mathbb{P}_x(X_t^{(\sigma)} > u)}{h(u)} - 1 \right| \leq o(1), \quad \text{as } u \rightarrow +\infty,$$

uniformly in $x \in \mathbb{R}$, $\sigma \leq \sigma_0$ and $t \geq 1$.

Step 3. The ordinary differential equation, starting from an arbitrary $x > 0$,

$$(2.7) \quad x(t) = x - \int_0^t f(x(s)) ds, \quad t \geq 0$$

has a unique solution. As in [8], p. 93, we introduce, for all $u > 0$

$$(2.8) \quad g(u) := \int_u^{+\infty} \frac{1}{f(y)} dy.$$

This function is clearly finite, non-negative, continuous and strictly decreasing for large u . Let us fix $1 \leq s \leq t$. It is no difficult to see that the solution of (2.7) is non-increasing and satisfies $g(x(t)) = g(x(s)) + t - s$. In particular,

$$(2.9) \quad \forall u > 0, \text{ if } x(t) > u, \text{ then } g(u) > g(x(t)) \geq t - s.$$

At this level let us recall an important result from [8] (see Lemma 5.1, p. 94). Let $A > 0$ and denote by y , the solution of the deterministic equation (2.7) on each

interval of the form (S_{i-1}, S_i) with $0 = S_0 < \dots < S_n < A$ but with jumps at time S_i of a size j_i . More precisely

$$(2.10) \quad y'(t) = -f(y(t)) \text{ on } (S_{i-1}, S_i), \text{ and } y(S_i) = y(S_i^-) + j_i, \quad y(0) = x.$$

As previously, it is not difficult to see that y satisfies $g(y(A)) = g(y(S_n)) + A - S_n$ and in particular, for any $u > 0$, if $y(A) > u$, then $A - S_n \leq g(u)$. Moreover, one can compare the solution x of (2.7) with y :

$$- \max_{k=1, \dots, n} \left(\sum_{i=k}^n j_i \right)_- \leq y(A) - x(A) \leq \max_{k=1, \dots, n} \left(\sum_{i=k}^n j_i \right)_+.$$

We set, for $a > 0$, $N(a) = \sup\{i \leq n : j_i + \dots + j_n > a\}$ ($=0$ if the set is empty).

Therefore $\max_{N(a)+1 \leq k \leq n} \left(\sum_{i=k}^n j_i \right) \leq a$. Let $t \in [S_{N(a)}, A]$ be such that $y(t) \leq b$, then the solution of (2.7) starting at t from $y(t)$ satisfies $x(A) \leq b$, since $x(\cdot)$ is a non-increasing function. We deduce that in this case

$$y(A) \leq x(A) + \max_{N(a)+1 \leq k \leq n} \left(\sum_{i=k}^n j_i \right) \leq a + b,$$

in other words,

$$(2.11) \quad \text{for } t \in [S_{N(a)}, A] \text{ such that } y(t) \leq b, \text{ we have } y(A) \leq a + b.$$

Step 4. For $t \geq 1$, denote by $N_t^{(\sigma)}$ the number of jumps of $\ell^{(\sigma)}$ during the interval $[0, t]$ and define, for all $a < 0$ and $b > 0$,

$$(2.12) \quad M_1^{(\sigma)}(a, b) := \sup\{j \leq N_t^{(\sigma)} : W_j^{(\sigma)} \notin [a, b]\}, \quad \text{and } = 0 \text{ if the set is empty.}$$

To simplify notations we will denote by $\tau_1 := T_{M_1^{(\sigma)}(-\varepsilon u, c\varepsilon u)}$ the time of the jump with index $M_1^{(\sigma)}(-\varepsilon u, c\varepsilon u)$. We can write

$$(2.13) \quad \mathbb{P}_x(X_t^{(\sigma)} > u) = \mathbb{P}_x\left(X_t^{(\sigma)} > u, \tau_1 < t - g(\delta u)\right) \\ + \mathbb{P}_x\left(X_t^{(\sigma)} > u, \tau_1 \in [t - g(\delta u), t]\right) := p_1(u) + p_2(u).$$

Let us fix $s \leq t$ and for $\varepsilon, \gamma, \delta > 0$ and $u > 0$, introduce the event

$$(2.14) \quad A_{\varepsilon, \gamma, \delta, u, s} := \left\{ \sup_{\substack{1 \leq i \leq N_t^{(\sigma)} \\ s - g(\delta u) \leq T_i \leq s}} \sum_{i \leq j \leq N_t^{(\sigma)}} W_j^{(\sigma)} \mathbf{1}_{\{-\varepsilon u \leq W_j^{(\sigma)} \leq c\varepsilon u\}} \geq \gamma u \right\}.$$

We can state the following lemma:

LEMMA 3. If $(1 \vee c)\varepsilon \leq \gamma/4$ then there exist $u_0(\varepsilon, \gamma, \delta)$, σ_0 and a positive constant $C(\varepsilon, \gamma)$ such that, for all $u \geq u_0(\varepsilon, \gamma, \delta)$ and $\sigma \leq \sigma_0$,

$$(2.15) \quad \mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, s}) \leq C(\varepsilon, \gamma)g(\delta u)\rho(u)^{\gamma/(4\varepsilon(1 \vee c))}.$$

REMARK 4. Let us point out that the constants in (2.15) do not depend on t . We postpone the proof of Lemma 3 and we proceed with the proof of our main result.

Step 5. To begin with, we study the term p_1 in (2.13). We can write

$$(2.16) \quad p_1(u) \leq \mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, t}) + \mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, t}^c \cap \{X_t^{(\sigma)} > u, \tau_1 < t - g(\delta u)\}).$$

By performing a similar reasoning as for (2.11) (see also (2.9)), we get,

$$X_t^{(\sigma)} \leq \delta u + \gamma u \quad \text{on the event} \quad A_{\varepsilon, \gamma, \delta, u, t}^c \cap \{\tau_1 < t - g(\delta u)\}.$$

By choosing $\delta + \gamma \leq 1$, the second term on the right hand side of (2.16) is equal to 0. Furthermore, assuming that $(1 \vee c)\varepsilon \leq \gamma/4$, using Lemma 3, we see that there exist $u_0(\varepsilon, \gamma, \delta)$ and σ_0 such that, for all $u \geq u_0(\varepsilon, \gamma, \delta)$ and $\sigma \leq \sigma_0$,

$$(2.17) \quad p_1(u) \leq \mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, t}) \leq C(\varepsilon, \gamma)g(\delta u)\rho(u)^{\gamma/(4\varepsilon(1 \vee c))}.$$

We analyse now the term p_2 in (2.13). Let us introduce, for all $a < 0$ and $b > 0$,

$$(2.18) \quad M_2^{(\sigma)}(a, b) := \sup\{j < M_1^{(\sigma)}(a, b) : W_j^{(\sigma)} \notin [a, b]\},$$

and again, to simplify, we set $\tau_2 := T_{M_2^{(\sigma)}(-\varepsilon u, c\varepsilon u)}$ the time of the jump with index $M_2^{(\sigma)}(-\varepsilon u, c\varepsilon u)$. We can write

$$(2.19) \quad \begin{aligned} p_2(u) &= \mathbb{P}_x(X_t^{(\sigma)} > u, \tau_1 \in [t - g(\delta u), t]) \\ &\leq \mathbb{P}(t - \tau_1 \leq g(\delta u), \tau_1 - \tau_2 \leq g(\delta u)) \\ &\quad + \mathbb{P}_x(X_t^{(\sigma)} > u, t - \tau_1 \leq g(\delta u), \tau_1 - \tau_2 > g(\delta u)) =: p_{21}(u) + p_{22}(u). \end{aligned}$$

Step 6. First, we estimate p_{21} . Since $N_{g(\delta u)}^{(\sigma)}$ has the same distribution as the number of jumps of $\ell^{(\sigma)}$ in the interval $[t - g(\delta u), t]$, we get

$$\mathbb{P}(\tau_1 \leq t - g(\delta u)) = \mathbb{P}(\forall j \in \{1, \dots, N_{g(\delta u)}^{(\sigma)}\}, -\varepsilon u \leq W_j^{(\sigma)} \leq c\varepsilon u).$$

By using the fact that $N_{g(\delta u)}^{(\sigma)}$ is a Poisson distributed random variable of parameter $\lambda_\sigma g(\delta u)$ and is independent of the $W_i^{(\sigma)}$, we deduce

$$\mathbb{P}(\tau_1 \leq t - g(\delta u)) = e^{-\lambda_\sigma g(\delta u)} \sum_{n=0}^{+\infty} \frac{(\lambda_\sigma g(\delta u))^n}{n!} \mathbb{P}(-\varepsilon u \leq W_1^{(\sigma)} \leq c\varepsilon u)^n$$

$$\begin{aligned}
&= \exp \left\{ -\lambda_\sigma g(\delta u) (1 - \mathbb{P}(-\varepsilon u \leq W_1^{(\sigma)} \leq c\varepsilon u)) \right\} \\
&= \exp \left\{ -\lambda_\sigma g(\delta u) \mathbb{P}(W_1^{(\sigma)} \notin [-\varepsilon u, c\varepsilon u]) \right\}.
\end{aligned}$$

Since

$$\mathbb{P}(W_1^{(\sigma)} \notin [-\varepsilon u, c\varepsilon u]) = \frac{c^{1-\alpha} + c^{-\alpha}}{\lambda_\sigma} \rho(\varepsilon u),$$

we get

$$\mathbb{P}(\tau_1 \leq t - g(\delta u)) = e^{-(c^{1-\alpha} + c^{-\alpha})g(\delta u)\rho(\varepsilon u)}.$$

Since $t - \tau_1$ and $\tau_1 - \tau_2$ are independent and have the same distribution, we obtain

$$\begin{aligned}
(2.20) \quad p_{21}(u) &= \mathbb{P}(t - \tau_1 \leq g(\delta u), \tau_1 - \tau_2 \leq g(\delta u)) \\
&= (1 - e^{-(c^{1-\alpha} + c^{-\alpha})g(\delta u)\rho(\varepsilon u)})^2 \leq (c^{1-\alpha} + c^{-\alpha})^2 \rho(\varepsilon u)^2 g(\delta u)^2.
\end{aligned}$$

To estimate p_{22} , we fix η that will be chosen later. We can write

$$\begin{aligned}
(2.21) \quad p_{22}(u) &\leq \mathbb{P}_x(X_t^{(\sigma)} > u, t - \tau_1 \leq g(\delta u), X_{\tau_1-}^{(\sigma)} \leq \eta u) \\
&+ \mathbb{P}_x(t - \tau_1 \leq g(\delta u), X_{\tau_1-}^{(\sigma)} > \eta u, \tau_1 - \tau_2 > g(\delta u)) =: p_{221}(u) + p_{222}(u).
\end{aligned}$$

Step 7. We begin with the study of p_{221} . We have

$$\begin{aligned}
(2.22) \quad p_{221}(u) &\leq \mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, t}) \\
&+ \mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, t}^c \cap \{X_t^{(\sigma)} > u, t - \tau_1 \leq g(\delta u), X_{\tau_1-}^{(\sigma)} \leq \eta u\}) \\
&:= \mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, t}) + p_{\text{main}}(u).
\end{aligned}$$

By using Lemma 3, for all $u \geq u_0(\varepsilon, \gamma, \delta)$ and $\sigma \leq \sigma_0$,

$$(2.23) \quad \mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, t}) \leq C(\varepsilon, \gamma) g(\delta u) (\rho(u))^{\gamma/(4\varepsilon(1 \vee c))}.$$

At this level let us call by \bar{x}_t the deterministic solution of (2.7) with initial value $X_{\tau_1-}^{(\sigma)} + W_{M_1^{(\sigma)}(-\varepsilon u, c\varepsilon u)}^{(\sigma)}$. Therefore, $g(\bar{x}_t) = g(X_{\tau_1-}^{(\sigma)} + W_{M_1^{(\sigma)}(-\varepsilon u, c\varepsilon u)}^{(\sigma)}) + t - \tau_1$. Moreover, for all $u \geq u_0$, on the event

$$(2.24) \quad A_{\varepsilon, \gamma, \delta, u, t}^c \cap \{X_t^{(\sigma)} > u, t - \tau_1 \leq g(\delta u), X_{\tau_1-}^{(\sigma)} \leq \eta u\},$$

we find, since g is decreasing, $g(\bar{x}_t) \leq g(\eta u + W_{M_1^{(\sigma)}(-\varepsilon u, c\varepsilon u)}^{(\sigma)}) + t - \tau_1$. By using (2.11), for all $u \geq u_0$ on the same event (2.24), we get

$$u < X_t^{(\sigma)} < \bar{x}_t + \gamma u, \quad \text{hence} \quad (1 - \gamma)u < \bar{x}_t.$$

Therefore, for all $u \geq u_0$, on the event (2.24), the magnitude $W_{M_1^{(\sigma)}(-\varepsilon u, c\varepsilon u)}^{(\sigma)}$ of the jump at time τ_1 should satisfy

$$t - \tau_1 + g(\eta u + W_{M_1^{(\sigma)}(-\varepsilon u, c\varepsilon u)}^{(\sigma)}) \leq g((1 - \gamma)u).$$

Hence, since g is positive and decreasing, we get

$$t - \tau_1 \leq g((1 - \gamma)u) \text{ and } W_{M_1^{(\sigma)}(-\varepsilon u, c\varepsilon u)}^{(\sigma)} \geq g^{-1}(g((1 - \gamma)u) - (t - \tau_1) - \eta u).$$

At this level we assume that $(1 \vee c)\varepsilon + \gamma + \eta < 1$. For all $s \in (0, g((1 - \gamma)u))$,

$$\begin{aligned} & \mathbb{P}(W_{M_1^{(\sigma)}(-\varepsilon u, c\varepsilon u)}^{(\sigma)} \geq g^{-1}(g((1 - \gamma)u) - s - \eta u)) \\ &= \mathbb{P}(W_1^{(\sigma)} \geq g^{-1}(g((1 - \gamma)u) - s - \eta u) \mid W_1^{(\sigma)} \notin [-\varepsilon u, c\varepsilon u]) \\ &= \frac{\mathbb{P}(W_1^{(\sigma)} \geq g^{-1}(g((1 - \gamma)u) - s - \eta u))}{\mathbb{P}(W_1^{(\sigma)} \notin [-\varepsilon u, c\varepsilon u])} \\ &= \frac{\rho(g^{-1}(g((1 - \gamma)u) - s) - \eta u)}{(c^{1-\alpha} + c^{-\alpha})\rho(\varepsilon u)}. \end{aligned}$$

Since $t - \tau_1$ and $W_{M_1^{(\sigma)}(-\varepsilon u, c\varepsilon u)}^{(\sigma)}$ are independent and recalling that the distribution of $t - \tau_1$ is exponential with parameter $(c^{1-\alpha} + c^{-\alpha})\rho(\varepsilon u)$, we obtain

$$\begin{aligned} p_{\text{main}}(u) &= \mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, t}^c \cap \{X_t^{(\sigma)} > u, t - \tau_1 \leq g(\delta u), X_{\tau_1^-}^{(\sigma)} \leq \eta u\}) \\ &\leq \int_0^{g((1-\gamma)u)} e^{-(c^{1-\alpha} + c^{-\alpha})\rho(\varepsilon u)s} \rho(g^{-1}(g((1 - \gamma)u) - s) - \eta u) ds \\ &\leq \int_0^{g((1-\gamma)u)} \rho(g^{-1}(g((1 - \gamma)u) - s) - \eta u) ds. \end{aligned}$$

We perform the change of variable $y = g^{-1}(g((1 - \gamma)u) - s)$ and we get

$$\begin{aligned} (2.25) \quad p_{\text{main}}(u) &\leq \int_{(1-\gamma)u}^{+\infty} \frac{\rho(y - \eta u)}{f(y)} dy \leq \int_{(1-\gamma)u}^{+\infty} \frac{\rho(y(1 - \eta/(1 - \gamma)))}{f(y)} dy \\ &= \left(1 - \frac{\eta}{1 - \gamma}\right)^{-\alpha} \int_{(1-\gamma)u}^{+\infty} \frac{\rho(y)}{f(y)} dy = \left(1 - \frac{\eta}{1 - \gamma}\right)^{-\alpha} h((1 - \gamma)u). \end{aligned}$$

Putting together (2.22), (2.23) and (2.25), we deduce, for all $u \geq u_0(\varepsilon, \gamma, \delta)$ and $\sigma \leq \sigma_0$,

$$(2.26) \quad p_{221}(u) \leq \left(1 - \frac{\eta}{1 - \gamma}\right)^{-\alpha} h((1 - \gamma)u) + C(\varepsilon, \gamma)g(\delta u)(\rho(u))^{\gamma/(4\varepsilon(1 \vee c))}.$$

It remains to estimate p_{222} . Since $\tau_1 - \tau_2$ and $t - \tau_1$ are independent, we can split

$$p_{222}(u) = \mathbb{P}(t - \tau_1 \leq g(\delta u)) \cdot \mathbb{P}_x(X_{\tau_1-}^{(\sigma)} > \eta u, \tau_1 - \tau_2 > g(\delta u)).$$

We can write

$$\begin{aligned} \mathbb{P}_x(X_{\tau_1-}^{(\sigma)} > \eta u, \tau_1 - \tau_2 > g(\delta u)) &\leq \mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, \tau_1}) \\ &+ \mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, \tau_1}^c \cap \{X_{\tau_1-}^{(\sigma)} > \eta u, \tau_1 - \tau_2 > g(\delta u)\}). \end{aligned}$$

By choosing γ, δ and ε small enough, we can assume that $\delta + \gamma < \eta$. By employing the same argument used to estimate p_1 , we deduce

$$\mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, \tau_1}^c \cap \{X_{\tau_1-}^{(\sigma)} > \eta u, \tau_1 - \tau_2 > g(\delta u)\}) = 0.$$

We use again Lemma 3 and the exponential distribution of $t - \tau_1$ with parameter $(c^{1-\alpha} + c^{-\alpha})\rho(\varepsilon u)$ to obtain that, for all $u \geq u_0(\varepsilon, \delta, \gamma)$ and $\sigma \leq \sigma_0$,

$$(2.27) \quad p_{222}(u) \leq C(\varepsilon, \delta, \gamma, \eta)\rho(u)^{(1+\gamma/(4(1 \vee c)\varepsilon))}g(u)^2.$$

Step 8. Finally, summarizing the inequalities (2.17), (2.20), (2.26) and (2.27), for $\varepsilon, \gamma, \delta$ and η such that $\delta + \gamma < \eta < 1$, $(1 \vee c)\varepsilon < \gamma/4$ and $(1 \vee c)\varepsilon + \gamma + \eta < 1$, there exist $u_0(\varepsilon, \gamma, \delta, \eta)$ and σ_0 such that, for all $u \geq u_0(\varepsilon, \gamma, \delta, \eta)$ and $\sigma \leq \sigma_0$,

$$\begin{aligned} \mathbb{P}_x(X_t^{(\sigma)} > u) &\leq \left(1 - \frac{\eta}{1 - \gamma}\right)^{-\alpha} h((1 - \gamma)u) \\ &+ (c^{1-\alpha} + c^{-\alpha})^2 \rho(\varepsilon u)^2 g(\delta u)^2 + C(\varepsilon, \gamma, \delta, \eta)g(u)\rho(u)^{\gamma/(4(1 \vee c)\varepsilon)}. \end{aligned}$$

Since h is regularly varying at infinity with exponent $1 - \alpha - \beta$, g is regularly varying at infinity with exponent $1 - \beta$ and $\rho(u)$ is regularly varying at infinity with exponent $-\alpha$, choosing $\varepsilon, \gamma, \delta$ and η small enough, we get that for all $\xi > 0$, there exists $u_0(\xi)$ such that, for all $u \geq u_0(\xi)$, all $x \in \mathbb{R}$ and all $t \geq 1$,

$$\frac{\mathbb{P}_x(X_t^{(\sigma)} > u)}{h(u)} \leq 1 + \xi,$$

hence we have established the upper bound of the main result.

REMARK 5. At this level we note that, if instead of the regular variation at infinity of the function f , we made only the assumption $f(x) \geq \hat{f}(x)$ for all $x \geq A$ for some function \hat{f} which is regularly varying at infinity with exponent greater than one, we would still have the upper bound, for all $\xi > 0$, there exists $u_0(\xi)$ such that, for all $u \geq u_0(\xi)$, all $x \in \mathbb{R}$ and all $t \geq 1$,

$$\frac{\mathbb{P}_x(X_t^{(\sigma)} > u)}{\hat{h}(u)} \leq 1 + \xi \quad \text{with} \quad \hat{h}(u) = \int_u^{+\infty} \frac{\nu((y, +\infty))}{\hat{f}(y)} dy.$$

Step 9. We proceed with the proof of the lower bound. For all $\varepsilon < 1$, $\delta < 1$ and $\eta < 1$, we get, by the strong Markov property and (2.11)

$$\begin{aligned} \mathbb{P}_x(X_t^{(\sigma)} > u) &\geq \mathbb{P}_x(X_t^{(\sigma)} > u, \tau_1 \geq t - g(u(1 + \delta)), X_{\tau_1-}^{(\sigma)} \geq -\eta u) \\ &\geq \int_0^{g(u(1+\delta))} (c^{1-\alpha} + c^{-\alpha})\rho(\varepsilon u)e^{-(c^{1-\alpha}+c^{-\alpha})\rho(\varepsilon u)s} \mathbb{P}_x(X_{(t-s)-}^{(\sigma)} \geq -\eta u) \\ &\quad \times \int_{c\varepsilon u}^{+\infty} \mathbb{P}_{y-\eta u}(X_s^{(\varepsilon u)} > u) \frac{\nu(dy)}{(c^{1-\alpha} + c^{-\alpha})\rho(\varepsilon u)} ds. \end{aligned}$$

Let us observe that $X^{(\sigma)}$ has, under \mathbb{P}_x , the same distribution as $-X^{(\sigma)}$ under the distribution \mathbb{P}_{-x} , but with a drift $\hat{f}(x) = -f(-x)$ and an asymmetric driving noise where the coefficients a_+ , a_- in the expressions of its Lévy measure are inverted. By using the hypothesis on f and Remark 5, we obtain that for all $u \geq u_0$, for all $\sigma \leq \sigma_0$, all $x \in \mathbb{R}$ and all $s < g(u(1 + \delta))$,

$$\mathbb{P}_x(X_{(t-s)-}^{(\sigma)} \geq -\eta u) \geq 1 - r(u),$$

where r is a function converging to zero. In the sequel, the function r can change from line to line. Observe that, according to (2.11), in a similar manner as we studied p_1 , if

$$(2.28) \quad y \geq \eta u + g^{-1}(g(u(1 + \delta)) - s)$$

then, under the distribution $\mathbb{P}_{y-\eta u}$, the event $\{X_s^{(\varepsilon u)} > u\}$ contains, up to an event of probability zero, the event $A_{\varepsilon, \delta, 1+\delta, u, t}^c$. Hence, for all s and y satisfying (2.28), we get

$$\mathbb{P}_{y-\eta u}(X_s^{(\varepsilon u)} > u) \geq 1 - \mathbb{P}_x(A_{\varepsilon, \delta, 1+\delta, u, t}).$$

Therefore, by using Lemma 3, for all $\sigma \leq \sigma_0$ and $u \geq u_0(\varepsilon, \delta)$,

$$\mathbb{P}_{y-\eta u}(X_s^{(\varepsilon u)} > u) \geq 1 - r(u),$$

for all s and y satisfying (2.28), as long as ε is small relatively to δ . So, for all $\varepsilon < 1$, $\delta < 1$ and $\eta < 1$ such that ε is small relatively to δ , for all $\sigma \leq \sigma_0$ and all

$u \geq u_0(\varepsilon, \delta)$,

$$\begin{aligned}
\mathbb{P}_x(X_t^{(\sigma)} > u) &\geq \int_0^{g(u(1+\delta))} e^{-(c^{1-\alpha} + c^{-\alpha})\rho(\varepsilon u)s} \mathbb{P}_x(X_{(t-s)-}^{(\sigma)} \geq -\eta u) \\
&\quad \times \int_{\eta u + g^{-1}(g(u(1+\delta)) - s)}^{+\infty} \mathbb{P}_{y-\eta u}(X_s^{(\varepsilon u)} > u) \nu(dy) ds \\
&\geq (1-r(u))^2 \int_0^{g(u(1+\delta))} e^{-(c^{1-\alpha} + c^{-\alpha})\rho(\varepsilon u)s} \rho(\eta u + g^{-1}(g(u(1+\delta)) - s)) ds \\
&\geq (1-r(u))^2 e^{-(c^{1-\alpha} + c^{-\alpha})\rho(\varepsilon u)g(u(1+\delta))} \int_{u(1+\delta)}^{+\infty} \frac{\rho(\eta u + y)}{f(y)} dy \\
&\geq (1-r(u))^3 \int_{u(1+\delta)}^{+\infty} \frac{\rho(y(1 + \eta/(1+\delta)))}{f(y)} dy \\
&= (1-r(u))^3 \left(1 + \frac{\eta}{1+\delta}\right)^{-\alpha} h(u(1+\delta)).
\end{aligned}$$

We conclude that, for all $\xi > 0$, choosing η, ε and δ small enough, there exist $u_0(\xi)$ and $\sigma_0(\xi)$ such that

$$\frac{\mathbb{P}_x(X_t^{(\sigma)} > u)}{\hat{h}(u)} \geq 1 - \xi,$$

for all $u \geq u_0(\xi)$, all $\sigma \leq \sigma_0(\xi)$, all $x \in \mathbb{R}$ and $t \geq 1$. \square

Proof of Lemma 3. Recall that we denoted $\rho(u) = \nu((u, +\infty))$ and

$$\lambda_\sigma = \frac{\sigma^{-\alpha}}{\alpha} (a_- + a_+ c^{-\alpha}).$$

Set $q := \frac{a_-}{a_- + a_+ c^{-\alpha}}$. For all ε, u and σ , 0 is a quantile of order q for the random variable $W_1^{(\sigma)} \mathbb{1}_{\{W_1^{(\sigma)} \in [-\varepsilon u, c\varepsilon u]\}}$ since, by using (2.2),

$$\begin{aligned}
\mathbb{P}(W_1^{(\sigma)} \mathbb{1}_{\{W_1^{(\sigma)} \in [-\varepsilon u, c\varepsilon u]\}} < 0) &= \mathbb{P}(W_1^{(\sigma)} \in [-\varepsilon u, -\sigma]) \\
&= \frac{1}{\lambda_\sigma \alpha} (a_- \sigma^{-\alpha} - a_- (\varepsilon u)^{-\alpha}) = \frac{q}{\sigma^{-\alpha}} (\sigma^{-\alpha} - (\varepsilon u)^{-\alpha}) \leq q,
\end{aligned}$$

and

$$\begin{aligned}
\mathbb{P}(W_1^{(\sigma)} \mathbb{1}_{\{W_1^{(\sigma)} \in [-\varepsilon u, c\varepsilon u]\}} \leq 0) &= \mathbb{P}(W_1^{(\sigma)} \leq -\sigma) + \mathbb{P}(W_1^{(\sigma)} > c\varepsilon u) \\
&= \frac{1}{\lambda_\sigma \alpha} (a_- \sigma^{-\alpha} + a_+ c^{-\alpha} (\varepsilon u)^{-\alpha}) \geq \frac{a_- \sigma^{-\alpha}}{\lambda_\sigma \alpha} = q.
\end{aligned}$$

Recall that $N_{g(\delta u)}^{(\sigma)}$ has the same distribution as the number of jumps of $\ell^{(\sigma)}$ in $[s - g(\delta u), s]$. By using Theorem 2.1 p. 50 in [6], we get

$$\mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, s}) \leq \frac{1}{q} \mathbb{P}\left(\sum_{i=1}^{N_{g(\delta u)}^{(\sigma)}} W_i^{(\sigma)} \mathbf{1}_{\{W_i^{(\sigma)} \in [-\varepsilon u, c\varepsilon u]\}} \geq \gamma u\right).$$

Again we use the fact that $N_{g(\delta u)}^{(\sigma)}$ is a Poisson distributed random variable of parameter $\lambda_\sigma g(\delta u)$ and is independent of the $W_i^{(\sigma)}$. By conditioning, we obtain

$$(2.29) \quad \mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, s}) \leq \frac{1}{q} \exp(-\lambda_\sigma g(\delta u)) \\ \times \sum_{n \geq 1} \frac{(\lambda_\sigma g(\delta u))^n}{n!} \mathbb{P}\left(\sum_{i=1}^n W_i^{(\sigma)} \mathbf{1}_{\{W_i^{(\sigma)} \in [-\varepsilon u, c\varepsilon u]\}} \geq \gamma u\right).$$

Recall that $W_i^{(\sigma)} \mathbf{1}_{\{W_i^{(\sigma)} \in [-\varepsilon u, c\varepsilon u]\}}$ are i.i.d. random variables with expectation 0, bounded by $(1 \vee c)\varepsilon u$, we can use Theorem 1 in [7], p. 201. We get

$$\mathbb{P}\left(\sum_{i=1}^n W_i^{(\sigma)} \mathbf{1}_{\{W_i^{(\sigma)} \in [-\varepsilon u, c\varepsilon u]\}} \geq \gamma u\right) \\ \leq \exp\left[-\frac{\gamma}{2\varepsilon(1 \vee c)} \operatorname{arcsinh}\left(\frac{\gamma u^2 \varepsilon (1 \vee c)}{n \operatorname{Var}(W_1^{(\sigma)} \mathbf{1}_{\{W_1^{(\sigma)} \in [-\varepsilon u, c\varepsilon u]\}})}\right)\right].$$

Furthermore, we can estimate

$$\operatorname{Var}(W_1^{(\sigma)} \mathbf{1}_{\{W_1^{(\sigma)} \in [-\varepsilon u, c\varepsilon u]\}}) = \mathbb{E}((W_1^{(\sigma)})^2 \mathbf{1}_{\{W_1^{(\sigma)} \in [-\varepsilon u, c\varepsilon u]\}}) \\ = \frac{1}{\lambda_\sigma} \left(\int_{-\varepsilon u}^{-\sigma} a_- |z|^{1-\alpha} dz + \int_{\frac{c\varepsilon u}{\sigma}}^{c\varepsilon u} a_+ z^{1-\alpha} dz \right) \leq \frac{\alpha(c^{1-\alpha} + c^{2-\alpha})}{\lambda_\sigma(2-\alpha)} \varepsilon^{2-\alpha} u^2 \rho(u).$$

Setting $\hat{C} := \frac{(1 \vee c)(2-\alpha)}{\alpha(c^{1-\alpha} + c^{2-\alpha})}$, we can write

$$\mathbb{P}\left(\sum_{i=1}^n W_i^{(\sigma)} \mathbf{1}_{\{W_i^{(\sigma)} \in [-\varepsilon u, c\varepsilon u]\}} \geq \gamma u\right) \\ \leq \exp\left[-\frac{\gamma}{2\varepsilon(1 \vee c)} \operatorname{arcsinh}\left(\frac{\hat{C} \varepsilon^{\alpha-1} \gamma \lambda_\sigma}{n \rho(u)}\right)\right].$$

Since $\operatorname{arcsinh}(x) \sim \log(x)$ when $x \rightarrow +\infty$, there exists $a > 0$ such that for all $x \geq a$, $\operatorname{arcsinh}(x) \geq \frac{1}{2} \log(x)$. Therefore, if $n \leq \frac{\hat{C}\varepsilon^{\alpha-1}\gamma\lambda_\sigma}{a\rho(u)}$, we get

$$\begin{aligned} & \mathbb{P}_x \left(\sum_{i=1}^n W_i^{(\sigma)} \mathbf{1}_{\{W_i^{(\sigma)} \in [-\varepsilon u, c\varepsilon u]\}} \geq \gamma u \right) \\ & \leq \exp \left[- \frac{\gamma}{4\varepsilon(1 \vee c)} \log \left(\frac{\hat{C}\varepsilon^{\alpha-1}\gamma\lambda_\sigma}{n\rho(u)} \right) \right] = \left(\frac{n\rho(u)}{\hat{C}\varepsilon^{\alpha-1}\gamma\lambda_\sigma} \right)^{\gamma/(4\varepsilon(1 \vee c))}. \end{aligned}$$

By injecting this result in (2.29), we obtain

$$(2.30) \quad \begin{aligned} \mathbb{P}_x(A_{\varepsilon, \gamma, \delta, u, s}) & \leq \frac{1}{q} \left(\frac{\rho(u)}{\hat{C}\varepsilon^{\alpha-1}\gamma\lambda_\sigma} \right)^{\gamma/(4\varepsilon(1 \vee c))} \mathbb{E} \left((N_{g(\delta u)}^{(\sigma)})^{\gamma/(4\varepsilon(1 \vee c))} \right) \\ & \quad + \frac{1}{q} \mathbb{P} \left(N_{g(\delta u)}^{(\sigma)} > \frac{\hat{C}\varepsilon^{\alpha-1}\gamma\lambda_\sigma}{a\rho(u)} \right). \end{aligned}$$

It is no difficult to see that, if ξ is a Poisson distributed random variable, for all $p \geq 1$, there exists C_p such that

$$\mathbb{E}\xi^p \leq C_p (\mathbb{E}\xi + (\mathbb{E}\xi)^p).$$

Since $(1 \vee c)\varepsilon \leq \gamma/4$, we can apply this result to $N_{g(\delta u)}^{(\sigma)}$ and we deduce

$$\mathbb{E} \left((N_{g(\delta u)}^{(\sigma)})^{\gamma/(4\varepsilon(1 \vee c))} \right) \leq C'_{\varepsilon, \gamma} (\lambda_\sigma g(\delta u) + (\lambda_\sigma g(\delta u))^{\gamma/(4\varepsilon(1 \vee c))}).$$

We obtain an estimate for the first term on the right hand side of (2.30): there exists $C(\varepsilon, \gamma)$ such that

$$(2.31) \quad \frac{1}{q} \left(\frac{\rho(u)}{\hat{C}\varepsilon^{\alpha-1}\gamma\lambda_\sigma} \right)^{\gamma/(4\varepsilon(1 \vee c))} \mathbb{E} \left((N_{g(\delta u)}^{(\sigma)})^{\gamma/(4\varepsilon(1 \vee c))} \right) \leq C(\varepsilon, \gamma) g(\delta u) \rho(u)^{\gamma/(4\varepsilon(1 \vee c))}.$$

To study the second term on the right hand side of (2.30), we set

$$\vartheta := \log \left(\frac{\varepsilon^{\alpha-1}\gamma}{g(\delta u)\rho(u)} \right).$$

There exists $u_0(\varepsilon, \gamma, \delta)$ such that for all $u \geq u_0(\varepsilon, \gamma, \delta)$, ϑ is strictly positive. We get, for all $u \geq u_0(\varepsilon, \gamma, \delta)$,

$$\begin{aligned} \mathbb{P} \left(N_{g(\delta u)}^{(\sigma)} > \frac{\hat{C}\varepsilon^{\alpha-1}\gamma\lambda_\sigma}{a\rho(u)} \right) & = \mathbb{P} \left(e^{\vartheta N_{g(\delta u)}^{(\sigma)}} > \exp \left(\vartheta \frac{\hat{C}\varepsilon^{\alpha-1}\gamma\lambda_\sigma}{a\rho(u)} \right) \right) \\ & \leq \exp \left((e^\vartheta - 1) \lambda_\sigma g(\delta u) - \vartheta \frac{\hat{C}\varepsilon^{\alpha-1}\gamma\lambda_\sigma}{a\rho(u)} \right), \end{aligned}$$

by using Markov's inequality. By choosing $C(\varepsilon, \gamma)$ and $u_0(\varepsilon, \gamma, \delta)$ large enough, we obtain, using the expression of ϑ ,

$$(2.32) \quad \mathbb{P}(N_{g(\delta u)}^{(\sigma)} > \frac{\hat{C}\varepsilon^{\alpha-1}\gamma\lambda_\sigma}{a\rho(u)}) \leq C(\varepsilon, \gamma) (g(\delta u)\rho(u))^{C(\varepsilon, \gamma)\lambda_\sigma/\rho(u)}.$$

Replacing (2.31) and (2.32) in (2.30), we get (2.15). \square

ACKNOWLEDGEMENTS

The authors are grateful to the anonymous referees for their careful reading of the manuscript and useful suggestions who helped to improve the paper.

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Received on 26.09.2018;
revised version on