STOCHASTIC CONTROL WITH ROUGH PATHS

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Abstract. We study a class of controlled differential equations driven by rough paths (or rough path realizations of Brownian motion) in the sense of T. Lyons. It is shown that the value function satisfies a HJB type equation; we also establish a form of the Pontryagin maximum principle. Deterministic problems of this type arise in the duality theory for controlled diffusion processes and typically involve anticipating stochastic analysis. We make the link to old work of M. H. A. Davis and G. Burstein [A deterministic approach to stochastic optimal control with application to anticipative optimal control. Stochastics and Stochastics Reports, 40:203–256, 1992] and then prove a continuous-time generalization of Roger’s duality formula [L. C. G. Rogers, Pathwise Stochastic Optimal Control. SIAM J. Control Optim. 46, 3, 1116-1132, 2007]. The generic case of controlled volatility is seen to give trivial duality bounds, and explains the focus in Burstein–Davis’ (and this) work on controlled drift. Our study of controlled rough differential equations also relates to work of L. Mazliak and I. Nourdin [Optimal control for rough differential equations. Stoch. Dyn. 08, 23, 2008].

1. Introduction

In classical works [11, 32] Doss and Sussmann studied the link between ordinary and stochastic differential equations (ODEs and SDEs, in the sequel). In the simplest setting, consider a nice vector field $\sigma$ and a smooth path $B : [0,T] \to \mathbb{R}$, one solves the (random) ordinary differential equation

$$\dot{X} = \sigma(X) \dot{B},$$

so that $X_t = e^{\sigma B_t} X_0$, where $e^{\sigma B_t}$ denotes flow, for unit time, along the vector field $\sigma(\cdot) B_t$. The point is that the resulting formula for $X_t$ makes sense for any continuous path $B$, and in fact the Itô-map $B \mapsto X$ is continuous with respect to $\|\cdot\|_{\infty ;[0,T]}$. In particular, one can use this procedure for every (continuous) Brownian path; the so-constructed SDE solution then solves the Stratonovich equation,

$$dX = \sigma(X) \circ dB = \sigma(X) dB + \frac{1}{2} (\sigma \sigma') (X) dt.$$

When $B = B(\omega) : [0,T] \to \mathbb{R}^d$ is a multidimensional Brownian motion, which we shall assume from here on, this construction fails and indeed the Itô-map is notorious for its lack of (classical) continuity properties. Nonetheless, many approximations, $B^n \to B$, examples of which include the piecewise linear -, mollifier - and Karhunen-Love approximations, have the property that the
corresponding (random) ODE solutions, say to \( \text{d}X^n = b(X^n) \, \text{d}t + \sigma(X^n) \, \text{d}B^n \) with \( \sigma = (\sigma_1, \ldots, \sigma_d) \), converge to the solution of the Stratonovich equation

\[
\text{d}X = b(X) \, \text{d}t + \sigma(X) \circ \text{d}B.
\]

(At least in the case of piecewise linear approximations, this result is known as Wong-Zakai theorem\(^1\)). It was a major step forward, due to T. Lyons [24], to realize that the multidimensional SDE case can also be understood via deterministic differential equations (known as rough differential equations, short: RDEs); they do, however, require more complicated driving signals (known as rough paths) which in the present context are of the form

\[
B(\omega) : [0, T] \to \mathbb{R}^d \oplus \text{so}(d),
\]

and "contain", in addition to the Brownian sample path, Lévy stochastic area, viewed as process with values in so(d). It is known that \( B(\omega) \) enjoys \( p \)-variation rough path regularity, for any \( p \in (2, 3) \). Given the increasing amount of text books on the subject, [25, 23, 15, 14], we shall keep further background to a minimum. Let us just mention that, among the many applications of rough paths to stochastic analysis, (i) all Wong–Zakai type results follow from \( B^n \to B \) in \( p \)-variation rough path metric (essentially thanks to continuity of rough integration with respect to rough path metrics) and (ii) the (rough)pathwise resolution of SDE can handle immediately situations with anticipating randomness in the coefficients; consistency with anticipating SDE in the sense of Nualart, Ocone, Pardoux [27, 28] was established in [7].

Given the deep insights of rough paths analysis to deterministic and stochastic differential equations, it is a natural question what such a (rough) pathwise point of view can contribute to our understanding of controlled deterministic, and then stochastic, differential equations.

An obstacle, both technical and conceptual, to overcome is that a pathwise approach to (eventually stochastic) control problem naturally leads to anticipating controls (and then potentially to serious measurability issues, as was seen e.g. in [4]) as well as the question of how to relate such anticipating controls to classical adapted controls. We feel that our results here constitute convincing evidence that rough path analysis is ideal to formulate and analyze these problems. In particular, one is able to write down, in a meaningful and direct way, all the quantities that one wants to write down - without any headache related to measurability and anticipativity technicalities : throughout, all quantities depend continuously on some abstract rough path \( \eta \) and are then - trivially - measurable upon substitution \( \eta \leftarrow B(\omega) \).

Loosely stated, our main results are as follows.

**Theorem 1.** (cf. Section 3) Let \( \eta : [0, T] \to \mathbb{R}^d \oplus \text{so}(d) \) be a rough path (of \( p \)-variation regularity, \( p < 3 \)) and \( \mu = (\mu_t) \) a control.

(i) The controlled rough differential equation

\begin{equation}
(1.1) \quad dX = b(X, \mu) \, \text{d}t + \sigma(X) \, d\eta, \ X_t = x
\end{equation}

has a unique solution.

(ii) The value function

\[
v(t, x) = \sup_{\mu} \left\{ \int_t^T f(s, X_s, \mu_s) \, ds + g(X_T) \right\}
\]

\(^1\) ... although, strictly speaking, the multi-dimensional case is due to M. Clark and Stroock-Varadhan.
satisfies a non-linear (rough) partial differential equation, in the sense of Caruana et al. [6]. Moreover, a (rough) Pontryagin type maximum principle (based on a controlled, backward RDE) gives a necessary condition for a pair \((\bar{X}, \bar{\mu})\) to be optimal.

It should be noted that the controlled rough differential equation in (i) does not immediately fall into the standard framework of rough path theory. But, as we lay out in the appendix, it can be easily treated as an infinite dimensional rough differential equation. The required rough PDE theory [6] is far from the standard setting of rough paths and requires a subtle combination of rough path analysis with stochastic viscosity solution in the spirit Lions–Souganidis [21, 22].

When applied with \(\eta = B(\omega)\), the above theorem provides information about the optimal control of the following Stratonovich equation

\[
dX = b(X, \mu) \, dt + \sigma(X) \circ dB,
\]

considered up to time \(T\). On the other hand, any optimal control for the deterministic control problem in (ii) above is of the form \(\mu^*_t = \mu^*_t(\eta) = \mu^*_t(B(\omega))\), depending on \(\sigma(B_t : t \leq T)\), and thus fails to satisfy the crucial adaptedness condition in stochastic control theory. Moreover, the \(\omega\)-wise optimization has (at first glance) little to do with the classical stochastic control problem in which one maximizes the expected value, i.e. an average over all \(\omega\)'s, of a payoff function.

Nonetheless, stochastic and pathwise control are intimately connected and we are able to prove the following duality result.

**Theorem 2.** (cf. Section 4)

(i) Write \(X^{\mu, \eta}\) for the solution to the controlled RDE (1.1). Let \(\nu\) be an adapted control. Then \(X^\nu = X^{\mu^*_t, \eta}|_{\mu^*_t = \nu(\omega)}\) solves the (classical, non-anticipating) Stratonovich equation

\[
dX^\nu = b(X^\nu, \nu) \, dt + \sigma(X^\nu) \circ dB.
\]

(ii) The stochastic optimal control problem

\[
V(t, x) = \sup_{\nu \text{ adapted}} \left\{ E \left[ \int_t^T f(s, X^\nu_s, \nu_s) \, ds + g(X^\nu_T) \right] \right\}
\]

admits a dual representation, given by

\[
V(t, x) = \inf_z E \left[ \sup_{\mu} \left\{ \int_t^T f(s, X^{\mu, \eta}_s, \nu_s) \, ds + g(X^{\mu, \eta}_T) + z(\mu, \eta) \right\} \right]_{\eta = B(\omega)}
\]

where \(z\) ranges over suitable classes of penalty functionals for non-adapted controls. Special choices of such classes lead to the Davis–Burstein duality [8] and to an extension of Rogers [30] to continuous time (as conjectured in that paper).

Readers familiar with [8] will recall a similar setup to ours, with control only in the drift term, \(b = b(X, \nu)\) but not in the volatility term, \(\sigma = \sigma(X)\). On the other hand, time discretization of general controlled diffusion, i.e. with control in both drift and volatility, leads to the setting of controlled Markov chains discussed in [30]. One may then wonder (question posed to us by M. Davis) why the continuous time formulation does not allow for controlled volatility. From a technical point of view, the problem is that there is no satisfactory extension of (i) to a setting of rough differential equations with controlled volatility coefficients. (In a sense, there is missing information between

\[2\]See e.g. [15, 14] for consistency of rough integration again \(B(\omega)\) with Stratonovich integration.
the control, itself a rough signal, and the actual driving signal). If one attempts to bypass this by considering piecewise constant controls, with vanishing mesh size, one is led to the observation that (in non-degenerate situations) one simply obtains trivial upper duality bounds. (See the Remarks 13 and 21).

Let us briefly review some past works in the area of pathwise versus stochastic control. Wets [33] first observed that stochastic optimization problems resemble deterministic optimization problems up to the nonanticipativity restriction on the choice of the control policy. Davis–Burstein, Davis–Karatzas, Rogers and then also Brown et al [8, 18, 31, 30, 3] all implement duality type results in various settings.

At last, we mention Mazliak–Nourdin [26] for a first investigation of controlled rough differential equations. While this obviously relates to this paper, they stay on “level 1” of rough path theory, i.e. the case handled by Young integration, and so do not cover any situations with Brownian or Brownian-like noise. In particular, our paper seems to be the first proper use of rough path analysis in the important field of (stochastic) optimal control.

2. Notation

For $p < 3$ denote by $C^{0,p\text{-var}} = C^{0,p\text{-var}}(E)$ the space of geometric $p$-variation rough paths in $E$, where $E$ is a Banach space chosen according to context. On this space, we denote by $\rho_{p\text{-var}}$ the corresponding inhomogenous distance. For $p < 2$ this is just the $p$-variation norm $\|\cdot\|_{p\text{-var}}$.

Let $U$ be some separable metric space (the control space). Denote by $\mathcal{M}$ the class of measurable controls $\mu : [0, T] \rightarrow U$.

When working on a filtered probability space $(\Omega, \mathcal{F}, \mathcal{F}_t, \mathbb{P})$, $\mathcal{A}$ will denote the class of progressively measurable controls $\nu : \Omega \times [0, T] \rightarrow U$.

$\text{BUC}(\mathbb{R}^r)$ denotes the space of bounded, uniformly continuous functions that is usually employed in viscosity theory for partial differential equations.

3. Deterministic control with rough paths

Let $\eta : [0, T] \rightarrow \mathbb{R}^d$ be a smooth path. Write $X^{t,x,\mu}$ for the solution to the controlled ordinary differential equation

$$dX^{t,x,\mu}_s = b(X^{t,x,\mu}_s, \mu_s) \, ds + \sigma(X^{t,x,\mu}_s) \, d\eta_s, \quad s \geq t, \quad X^{t,x,\mu}_t = x \in \mathbb{R}^e.$$

Classical control theory allows to maximize $\int_t^T f(s, X^{t,x,\mu}_s, \mu_s) \, ds + g(X^{t,x,\mu}_T)$ over a class of admissible controls $\mu$. As is well-known,

$$v(t, x) := \sup_{\mu} \left\{ \int_t^T f(s, X^{t,x,\mu}_s, \mu_s) \, ds + g(X^{t,x,\mu}_T) \right\}$$

is the (under some technical conditions: unique, bounded uniformly continuous) viscosity solution to the HJB equation

$$-\partial_t v - H(t, x, Dv) - \langle \sigma(x), Dv \rangle \eta = 0,$$

$v(T, x) = g(x)$.

---

3For $p < 2$ these are just continuous $E$-valued paths with finite $p$-variation. For $p \in [2, 3)$ additional “area” information is necessary. We refer to [25] and [15] for background on rough path theory.
where $H$ acting on $v$ is given by

$$
H(t,x,p) = \sup_u \{ \langle b(x,u),p \rangle + f(t,x,u) \}.
$$

Now, (3.1) also makes sense for a driving rough path (including a controlled drift terms to the standard setting of RDEs is fairly straight-forward; for the reader’s convenience proofs are given in the appendix). This allows to consider the optimization problem (3.2) for controlled RDEs.

### 3.1. HJB equation.

The main result here is that the corresponding value function satisfies a “rough PDE”. Such equations go back to Lions-Souganidis ([22] considers a pathwise stochastic HJB equation, see also [4]; these correspond to \( \eta = B(\omega) \) in the present section). However their (non-rough) pathwise setup is restricted to commuting diffusion vector fields \( \sigma_1, \ldots, \sigma_d \) (actually, [22] considers constant vector fields). Extensions to more general vector fields via a rough pathwise approach were then obtained in [6] (see also [10]).

**Definition 3.** Let \( \eta \in C^{0,p\text{-var}} \) be a geometric rough path, \( p\text{-var} \geq 1 \). Assume \( F, G, \phi \) to be such that for every smooth path there exists a unique BUC viscosity solution to

$$
-\partial_t v^n - F(t,x,v^n,Dv^n,D^2v^n) - G(t,x,v^n,Dv^n)v_t = 0,
$$

$$
v^n(T,x) = \phi(x).
$$

We say that \( v \in BUC(\mathbb{R}^c) \) solves the rough partial differential equation

$$
-dv - F(t,x,v,Dv,D^2v)dt - G(t,x,v,Dv)d\eta_t = 0,
$$

$$
v(T,x) = \phi(x),
$$

if for every sequence of smooth paths \( \eta^n \) such that \( \eta^n \to \eta \) in rough path metric we have locally uniformly

$$
v^{n} \to v.
$$

**Remark 4.**

1. We remark that uniqueness of a solution, if it exists, is built into the definition (by demanding uniqueness for the approximating problems).
2. In special cases (in particular the gradient noise case of the following theorem) it is possible to define the solution to a rough PDE through a coordinate transformation (if the vector fields in front of the rough path are smooth enough). This approach is followed in [21].

The two definitions are equivalent, if the coefficients admit enough regularity (see [6]). In the following theorem the coordinate transformation is not applicable, since \( \sigma \) is only assumed to be \( \text{Lip}^\gamma \) instead of \( \text{Lip}^{\gamma+2} \).

**Theorem 5.** Let \( \eta \in C^{0,p\text{-var}}(\mathbb{R}^d) \) be a rough path, \( p \in [2,3) \). Let \( \gamma > p \). Let \( b : \mathbb{R}^c \times U \to \mathbb{R}^c \) be continuous and let \( b(\cdot,u) \in \text{Lip}^1(\mathbb{R}^c) \) uniformly in \( u \in U \). Let \( \sigma_1, \ldots, \sigma_d \in \text{Lip}^\gamma(\mathbb{R}^c) \). Let \( g \in BUC(\mathbb{R}^c) \). Let \( f : [0,T] \times \mathbb{R}^c \times U \to \mathbb{R} \) be bounded, continuous and locally uniformly continuous in \( t, x, \) uniformly in \( u \).

For \( \mu \in \mathcal{M} \) consider the RDE with controlled drift \(^4\) (Theorem 29),

$$
dX^t \cdot x, \mu, \eta = b(X^t \cdot x, \mu, \mu)dt + \sigma(X^t \cdot x, \mu, \eta)d\eta, \quad X^t_0 \cdot x, \mu, \eta = x.
$$

\(^4\)An extension to a time-dependent \( b \) is straightforward, as an inspection of the proof of Theorem 29 shows. A time-dependent \( \sigma \) can be treated immediately by adding a time-component to the rough path, although this leads to strong regularity assumption in \( t \). For a more nuanced approach one could adopt the ideas from [15, Chapter 12]. It is also possible to consider the controlled hybrid RDE/SDE \( dX = b(X, \mu)dt + \tilde{\sigma}(X, \mu)dW + \sigma(X)d\eta \), see [9].
Theorem 7. Let \( \eta \) be a smooth path. Assume \( b, f, g \) be \( C^1 \) in \( x \), such that the derivative is Lipschitz in \( x, u \) and bounded and let \( \sigma, g \) be \( C^1 \) with bounded, Lipschitz first derivative. Let \( \bar{X}, \mu \) be an optimal pair for problem (3.2) with \( t = 0 \). Let \( p \) be the unique solution to the backward ODE

\[
-\dot{p}(t) = Db(\bar{X}_t, \mu_t)p(t) + D\sigma(\bar{X}_t)\eta_t p(t) + Df(\bar{X}_t, \mu_t),
\]

\( p(T) = Dg(\bar{X}_T). \)
Theorem 8. Let $b, f, g, \sigma$ be controlled, backward RDE (Remark 31).

Let now $\eta$ be rough. We have the following equivalent statement.

**Theorem 8.** Let $\eta \in C^{0,p}\text{-var}$ be a geometric rough path, $p \in [2, 3]$. Assume the same regularity on $b, f, g, \sigma$ as in Theorem 7. Let $\bar{X}, \bar{\mu}$ be an optimal pair. Let $p$ be the unique solution to the controlled, backward RDE (Remark 31)

$$
-dp(t) = Db(\bar{X}_t, \bar{\mu}_t)p(t)dt + D\sigma(\bar{X}_t)p(t)d\eta_t + Df(\bar{X}_t, \bar{\mu}_t)dt,
$$

$$
p(T) = Dg(\bar{X}_T).
$$

Then

$$
b(\bar{X}_t, \bar{\mu}_t)p(t) + f(\bar{X}_t, \bar{\mu}_t) = \sup_{u \in U} \left[ b(\bar{X}_t, u)p(t) + f(\bar{X}_t, u) \right], \quad \text{a.e. } t \in [0, T].
$$

Let now $\eta$ be rough. We have the following equivalent statement.

**Theorem 8.** Let $\eta \in C^{0,p}\text{-var}$ be a geometric rough path, $p \in [2, 3]$. Assume the same regularity on $b, f, g, \sigma$ as in Theorem 7. Let $\bar{X}, \bar{\mu}$ be an optimal pair. Let $p$ be the unique solution to the controlled, backward RDE (Remark 31)

$$
-dp(t) = Db(\bar{X}_t, \bar{\mu}_t)p(t)dt + D\sigma(\bar{X}_t)p(t)d\eta_t + Df(\bar{X}_t, \bar{\mu}_t)dt,
$$

$$
p(T) = Dg(\bar{X}_T).
$$

Then

$$
b(\bar{X}_t, \bar{\mu}_t)p(t) + f(\bar{X}_t, \bar{\mu}_t) = \sup_{u \in U} \left[ b(\bar{X}_t, u)p(t) + f(\bar{X}_t, u) \right], \quad \text{a.e. } t.
$$

**Remark 9.** This is the necessary condition for an admissible pair to be optimal. In the classical setting there do also exist sufficient conditions (see for example Theorem 3.2.5 in [34]). They rely on convexity of the Hamiltonian and therefore will in general (unless $\sigma$ is affine in $x$) not work in our setting because, informally, the $d\eta$-term switches sign all the time.

Define for $\mu \in \mathcal{M}$

$$
J(\mu) := \int_0^T f(r, X^0_{r\cdot}, X_r, \mu_r, \eta_r)dr + g(X^0_{T\cdot}, X_T, \mu_T),
$$

so that $v(0, x_0) = \inf_{\mu \in \mathcal{M}} J(\mu)$. We prepare the proof with the following Lemma.

**Lemma 10.** Let $\bar{X}, \bar{\mu}$ be an optimal pair. Let $\mu$ be any other control. Let $I \subset [0, T]$ be an interval with $|I| = \varepsilon$. Define

$$
\mu^\varepsilon(t) := 1_{I(t)}(t)\mu(t) + 1_{[0, T]\setminus I(t)}(t)\bar{\mu}(t).
$$

Let $X^\varepsilon$ be the solution to the controlled RDE (3.4) corresponding to the control $\mu^\varepsilon$. Let $Y^\varepsilon$ be the solution to the RDE

$$
Y^\varepsilon_t = \int_0^t Db(X^\varepsilon_r, \mu^\varepsilon_r)Y^\varepsilon_r dr + \int_0^t D\sigma(X^\varepsilon_r)Y^\varepsilon_r d\eta_r + \int_0^t [b(X^\varepsilon_r, \mu^\varepsilon_r) - b(X^\varepsilon_r, \bar{\mu}_r)] 1_{I(r)}dr.
$$

Then

$$
\sup_t |X^\varepsilon_t - \bar{X}_t| = O(\varepsilon),
$$

$$
\sup_t |Y^\varepsilon_t| = O(\varepsilon),
$$

$$
\sup_t |X^\varepsilon_t - \bar{X}_t - Y^\varepsilon_t| = O(\varepsilon^2),
$$

$$
J(\mu^\varepsilon) - J(\bar{\mu}) = (Dg(X^\varepsilon_T), Y^\varepsilon_T)
$$

$$
+ \int_0^T \left[ (Db(X^\varepsilon_r, \mu^\varepsilon_r), Y^\varepsilon_r) + \left\{ f(X^\varepsilon_r, \mu^\varepsilon_r) - f(X^\varepsilon_r, \bar{\mu}_r) \right\} 1_{I(r)} \right] dr + O(\varepsilon^2).
$$
Proof. We have
\[ \int_0^T \|b(\cdot, \bar{\mu}_t) - b(\cdot, \mu_{t}^\varepsilon)\|_{\text{Lip}} \, dt \leq c\varepsilon. \]

Hence looking at the proof of Theorem 33 (note that \( X^\varepsilon \) and \( X \) have the same initial condition), we get
\[ \|X^\varepsilon - X\|_\infty \leq \|X^\varepsilon - X\|_{p\text{-var}} \leq c\varepsilon, \]
which proves the first equality in (3.6). The second one follows analogously.

Now \( D_t^\varepsilon := X_t^\varepsilon - \bar{X}_t - Y_t^\varepsilon \) satisfies
\[
dD_t^\varepsilon = \left[ b(X_t^\varepsilon, \mu_t^\varepsilon) - b(X_t, \bar{\mu}_t) - Db(X_t, \bar{\mu}_t) Y_t^\varepsilon - \left[ b(\bar{X}_t, \mu_t) - b(\bar{X}_t, \bar{\mu}_t) \right] 1_{I}(t) \right] dt \\
+ \left[ \sigma(X_t^\varepsilon) - \sigma(\bar{X}_t) - D\sigma(\bar{X}_t) Y_t^\varepsilon \right] d\eta_t \\
= \left\{ \int_0^t Db(\bar{X}_t + \theta(X_t^\varepsilon - \bar{X}_t), \mu_t^\varepsilon) - Db(\bar{X}_t, \bar{\mu}_t) \, d\theta(X_t^\varepsilon - \bar{X}_t) \\
+ \left[ Db(\bar{X}_t, \mu_t^\varepsilon) - Db(\bar{X}_t, \bar{\mu}_t) \right] (X_t^\varepsilon - \bar{X}_t) + \int_0^1 D\sigma(\bar{X}_t + \theta(X_t^\varepsilon - \bar{X}_t)) - D\sigma(\bar{X}_t) \, d\theta(X_t^\varepsilon - \bar{X}_t) d\eta_t + D\sigma(\bar{X}_t) D^\varepsilon_t d\eta_t \\
= dA_t^\varepsilon + Db(\bar{X}_t, \bar{\mu}_t) D_t^\varepsilon dt + dM_t D_t^\varepsilon \\
\right. \]
where
\[ dA_t^\varepsilon = \left\{ \int_0^t Db(\bar{X}_t + \theta(X_t^\varepsilon - \bar{X}_t), \mu_t^\varepsilon) - Db(\bar{X}_t, \bar{\mu}_t) \, d\theta(X_t^\varepsilon - \bar{X}_t) \\
+ \left[ Db(\bar{X}_t, \mu_t^\varepsilon) - Db(\bar{X}_t, \bar{\mu}_t) \right] (X_t^\varepsilon - \bar{X}_t) \right\} dt \\
+ \int_0^1 D\sigma(\bar{X}_t + \theta(X_t^\varepsilon - \bar{X}_t)) - D\sigma(\bar{X}_t) \, d\theta(X_t^\varepsilon - \bar{X}_t) d\eta_t \\
= dM_t = D\sigma(\bar{X}_t) d\eta_t. \]

It is straightforward to check that \( A^\varepsilon = O(\varepsilon^2) \) as a path controlled by \( \eta \) (see Remark 34). The result then follows from Lemma 35.

Proof of Theorem 8. We follow the idea of the proof of Theorem 3.2.1 in [34]. Fix \( x_0 \in \mathbb{R}^n \).

Since \( \eta \) is geometric, we have
\[
\langle Dg(\bar{X}_T), Y_T^\varepsilon \rangle = \langle p_T, Y_T^\varepsilon \rangle - \langle p_0, Y_0^\varepsilon \rangle \\
= -\int_0^T \langle Df(\bar{X}_r, \bar{\mu}_r), Y_r^\varepsilon \rangle \, dr + \int_0^T \langle p(r), [b(\bar{X}_r, \mu_r) - b(\bar{X}_r, \bar{\mu}_r)] 1_{I}(r) \rangle \, dr.
\]
Here, \( Y^\varepsilon \) and \( I \) are given as in Lemma 10.
Let any \( u \in U \) be given. Let \( \mu(t) \equiv u \). Let \( t \in [0,T] \) and let \( \varepsilon > 0 \) be small enough such that \( I_\varepsilon := [t, t + \varepsilon] \subset [0,T] \). Then, combined with Lemma 10 we get

\[
0 \geq J(\mu^\varepsilon) - J(\bar{\mu})
\]

\[
= \langle Dg(\bar{X}_T), Y_T^\varepsilon \rangle + \int_0^T \left[ (Df(\bar{x}_r, \bar{\mu}_r), Y_r^\varepsilon) + \{ f(\bar{X}_r, \bar{\mu}_r) - f(\bar{X}_r, \bar{\mu}_r) \} \mathbb{1}_I(r) \right] dr + o(\varepsilon)
\]

\[
= -\int_0^T \langle Df(\bar{X}_r, \bar{\mu}_r), Y_r^\varepsilon \rangle dr + \int_0^T \langle p(r), \left[ b(\bar{X}_r, \bar{\mu}_r) - b(\bar{X}_r, \bar{\mu}_r) \right] \mathbb{1}_I(r) \rangle dr
+ \int_0^T \left[ (Df(\bar{x}_r, \bar{\mu}_r), Y_r^\varepsilon) + \{ f(\bar{X}_r, \bar{\mu}_r) - f(\bar{X}_r, \bar{\mu}_r) \} \mathbb{1}_I(r) \right] dr + o(\varepsilon)
\]

\[
= \int_t^{t+\varepsilon} \langle p(r), \left[ b(\bar{X}_r, u) - b(\bar{X}_r, \bar{\mu}_r) \right] \rangle + f(\bar{X}_r, u) - f(\bar{X}_r, \bar{\mu}_r) dr + o(\varepsilon).
\]

Dividing by \( \varepsilon \) and sending \( \varepsilon \to 0 \) yields, together with the separability of the metric space, the desired result. \( \square \)

### 3.3. Pathwise stochastic control

We can apply Theorem 5 to enhanced Brownian motion, i.e. take \( \eta = B (\omega) \). Brownian motion enhanced with Lévy’s stochastic area which constitutes for a.e. \( \omega \) a geometric rough path. The (rough)pathwise unique solution to the RDE with controlled drift, \( X^{\mu,\eta}|_{\eta=B(\omega)} \) then becomes a solution to the classical stochastic differential equation (in Stratonovich sense) (Theorem 29).

**Proposition 11.** Under the assumptions of Theorem 5, the map

\[
\omega \mapsto \sup_{\mu \in \mathcal{M}} \left\{ \int_0^T f(s, X_{s-}^{\mu,\eta}, \mu_s) ds + g(X_T^{\mu,\eta}) \right\}_{\eta=B(\omega)}
\]

is measurable. In particular, the expected value of the pathwise optimization problem,

\[
\bar{v}(t, x) = \mathbb{E} \left[ \sup_{\mu \in \mathcal{M}} \left\{ \int_t^T f(s, X_{s-}^{\mu,\eta}, \mu_s) ds + g(X_T^{\mu,\eta}) \right\}_{\eta=B(\omega)} \right]
\]

is well-defined.

**Proof.** The lift into rough pathspace, \( \omega \mapsto B (\omega) \), is measurable. \( v^{\eta} \) as element in BUC space depends continuously (and hence: measurably) on the rough path \( \eta \). Conclude by composition. \( \square \)

**Remark 12.** Well-definedness of such expressions was a non-trivial technical obstacle in previous works on pathwise stochastic control; e.g. [8, 4]. The use of rough path theory allows to bypass this difficulty entirely.

**Remark 13.** Let us explain why we only consider the case where the coefficient \( \sigma(x) \) in front of the rough path is not controlled. It would not be too difficult to make sense of RDEs

\[
dX = b(t, X, u) dt + \sigma(X, u) d\eta_t,
\]

assuming good regularity for \( \sigma \) and \( (u_s)_{s \geq 0} \) chosen in a suitable class (for instance : \( u \) piecewise constant, \( u \) controlled by \( \eta \) in the Gubinelli sense,...). However, in most cases of interest the control
problem would degenerate, in the sense that we would have
\[ v^n (t, x) = \sup_{\mu \in \mathcal{M}} \left\{ \int_t^T f \left( s, X^{s,x,\mu,\eta}_s, \mu_s \right) ds + g \left( X^{s,x,\mu,\eta}_T \right) \right\} \]
\[ = \int_t^T (\sup_{\mu,x} f(s,x,\mu))ds + \sup_x g(x). \]

The reason is that if \( \sigma \) has enough \( u \)-dependence (for instance if \( d = 1 \), \( U \) is the unit ball in \( \mathbb{R}^e \) and \( \sigma(x,u) = u \)) and \( \eta \) has unbounded variation on any interval (as is the case for typical Brownian paths), the system can essentially be driven to reach any point instantly.

In order to obtain nontrivial values for the problem, one would need the admissible control processes to be uniformly bounded in some particular sense (see e.g. [26] in the Young case, where the \( (\mu_s) \) need to be bounded in some Hölder space), which is not very natural (for instance, Dynamic Programming and HJB-type pointwise optimizations are then no longer valid).

4. Duality results for classical stochastic control

We now link the expected value of the pathwise optimization problem, as given in (3.9), to the value function of the (classical) stochastic control problem as exposed in [19, 13],

\[ V(t, x) := \sup_{\nu \in \mathcal{A}} \mathbb{E} \left[ \int_t^T f \left( s, X^{s,x,\nu}_s, \nu_s \right) ds + g \left( X^{s,x,\nu}_T \right) \right]. \]

Here \( \mathcal{A} \) denotes the class of progressively measurable controls \( \nu : \Omega \times [t,T] \to U \), where we use notation in not specifying \( t \). There are well-known assumptions under which \( V \) is a classical (see [19]) resp. viscosity (see [13]) solution to the HJB equation, i.e. the non-linear terminal value problem

\[ -\partial_t V - F \left( t, x, DV, D^2V \right) = 0 \]
\[ V(T, \cdot) = g; \]

uniqueness holds in suitable classes. In fact, assume the dynamics

\[ dX^{s,x,\nu}_t = b \left( X^{s,x,\nu}_t, \nu_t \right) dt + \sum_{i=1}^d \sigma^i \left( X^{s,x,\nu}_t \right) dB^i_t, \]
\[ = \tilde{b} \left( X^{s,x,\nu}_t, \nu_t \right) dt + \sum_{i=1}^d \sigma^i \left( X^{s,x,\nu}_t \right) dB^i_t, \]
\[ X^{s,x,\nu}_s = x, \]

where \( \tilde{b}(x,u) = b(x,u) + \frac{1}{2} \sum_{i=1}^d (\sigma_i \cdot D\sigma_i)(x) \) is the corrected drift. Then the equation is semilinear of the form

\[ -\partial_t V - \tilde{H} \left( t, x, DV \right) - LV = 0, \]
\[ V(T, \cdot) = g. \]

where

\[ LV = \frac{1}{2} \text{Tr}[(\sigma \sigma^T)D^2V] \]

and \( \tilde{H} \) is given by \( \tilde{H}(t,x,p) = \sup_u \left\{ \left\langle \tilde{b}(x,u), p \right\rangle + f(t,x,u) \right\}. \)
Let us also write

\[ L^n V = \hat{b}(\cdot, u) DV + LV, \quad u \in U. \]

As before \( \mathcal{M} \) is the class of measurable functions \( \mu : [t, T] \to U \), with the topology of convergence in measure (with respect to \( dt \)), where we abuse notation by not specifying \( t \).

Inspired by results in discrete time [3], we have the following duality result.

**Theorem 14.** Let \( \mathcal{Z}_F \) be the class of all mappings \( z : C^{0,p}\text{-var} \times \mathcal{M} \to \mathbb{R} \) such that

- \( z \) is bounded, measurable and continuous in \( \eta \in C^{0,p}\text{-var} \) uniformly over \( \mu \in \mathcal{M} \)
- \( \mathbb{E}[z(B, \nu)] \geq 0 \), if \( \nu \) is adapted

Let \( b : \mathbb{R}^c \times U \to \mathbb{R}^c \) be continuous and let \( b(\cdot, u) \in \text{Lip}^1(\mathbb{R}^c) \) uniformly in \( u \in U \) and such that \( u \mapsto b(\cdot, u) \) is Lipschitz. Let \( \sigma_1, \ldots, \sigma_d \in \text{Lip}^\gamma(\mathbb{R}^c) \), for some \( \gamma > 2 \), \( g \in \text{BUC}(\mathbb{R}^c) \) and \( f : [0, T] \times \mathbb{R}^c \times U \to \mathbb{R} \) bounded, continuous and locally uniformly continuous in \( t, x \), uniformly in \( u \). Then we have

\[
V(t, x) = \inf_{z \in \mathcal{Z}_F} \mathbb{E} \left[ \sup_{\mu \in \mathcal{M}} \left\{ \int_t^T f(r, X^{t,x,\mu,\eta}_r, \mu_r) dr + g(X^{t,x,\mu,\eta}_T) + z(\eta, \mu) \right\}_{\eta = B(\omega)} \right].
\]

Where \( B \) denotes the Stratonovich lift of the Brownian motion to a geometric rough path and \( X^{t,x,\mu,\eta} \) is the solution to the RDE with controlled drift (Theorem 29)

\[
dX^{t,x,\mu,\eta} = b(X^{t,x,\mu,\eta}, \mu) dt + \sigma(X^{t,x,\mu,\eta}) \, d\eta, \quad X^{t,x,\mu,\eta}_t = x.
\]

**Remark 15.** Every choice of admissible control \( \nu \in \mathcal{A} \) in (4.1) leads to a lower bound on the value function (with equality for \( \nu = \nu^* \), the optimal control). In the same spirit, every choice \( z \) leads to an upper bound. There is great interest in such duality results, as they help to judge how much room is left for policy improvement. The result is still too general for this purpose and therefore it is an important question, discussed below, to understand whether duality still holds when restricting to some concrete (parametrized) subsets of \( \mathcal{Z}_F \).

**Proof.** We first note that the supremum inside the expectation is continuous (and hence measurable) in \( \eta \), which follows by the same argument as in the proof of Theorem 5. Since it is also bounded, the expectation is well-defined.

Recall that \( X^{t,x,\nu} \) is the solution to the (classical) controlled SDE and that \( X^{t,x,\mu,\eta} \) is the solution to the controlled RDE. Let \( z \in \mathcal{Z}_F \). Then, using Theorem 29 to justify the step from second to third line,

\[
V(t, x) = \sup_{\nu \in \mathcal{A}} \mathbb{E} \left[ \int_t^T f(s, X^{t,x,\nu}_s, \nu_s) ds + g(X^{t,x,\nu}_T) \right] \\
\leq \sup_{\nu \in \mathcal{A}} \mathbb{E} \left[ \int_t^T f(s, X^{t,x,\nu}_s, \nu_s) ds + g(X^{t,x,\nu}_T) + z(B, \nu) \right] \\
= \sup_{\nu \in \mathcal{A}} \mathbb{E} \left\{ \int_t^T f(s, X^{t,x,\mu,\eta}_s, \mu_s) ds + g(X^{t,x,\mu,\eta}_T) + z(\eta, \mu) \right\}_{\mu=\nu, \eta=B} \\
\leq \mathbb{E} \left[ \sup_{\mu \in \mathcal{M}} \left\{ \int_t^T f(s, X^{t,x,\mu,\eta}_s, \mu_s) ds + g(X^{t,x,\mu,\eta}_T) + z(\eta, \mu) \right\}_{\eta=B} \right],
\]
and to show equality, let

\[ z^*(\eta, \mu) := V(t, x) - \int_t^T f(s, X_s^{t,x,\mu,\eta}, \mu_s)ds + g(X_T^{t,x,\mu,\eta}). \]

Then \( z^* \in \mathcal{Z}_F \) and equality is attained.

\[ \square \]

4.1. Example I, inspired by the discrete-time results of Rogers [30]. We now show that Theorem 14 still holds with penalty terms based on martingale increments.

**Theorem 16.** Under the (regularity) assumptions of Theorem 14 we have

\[
V(t, x) = \inf_{h \in C_b^{1,2}} E \left[ \sup_{\mu \in \mathcal{M}} \left\{ \int_t^T f(s, X_s^{t,x,\mu,\eta}, \mu_s)ds + g(X_T^{t,x,\mu,\eta}) - M_{t,T}^{t,x,\mu,\eta,h} \right\}_{\eta = \mathcal{B}(\omega)} \right],
\]

where

\[
M_{t,T}^{t,x,\mu,\eta,h} := h(T, X_T^{t,x,\mu,\eta}) - h(t, X_t^{t,x,\mu,\eta}) - \int_t^T (\partial_s + L^\mu) h(s, X_s^{t,x,\mu,\eta})ds.
\]

That is, Theorem 14 still holds with \( \mathcal{Z}_F \) replaced by the set \( \{ z : z(\eta, \mu) = M_{t,T}^{t,x,\mu,\eta,h}, h \in C_b^{1,2} \} \).

Moreover, if \( V \in C_b^{1,2} \) the infimum is achieved at \( h^* = V \).

**Proof.** We have

\[
V(t, x) \leq \inf_{h \in C_b^{1,2}} E \left[ \sup_{\mu \in \mathcal{M}} \left\{ \int_t^T f(s, X_s^{t,x,\mu,\eta}, \mu_s)ds + g(X_T^{t,x,\mu,\eta}) - M_{t,T}^{t,x,\mu,\eta,h} \right\}_{\eta = \mathcal{B}} \right] = \inf_{h \in C_b^{1,2}} \left( h(t, x) + E \left[ \sup_{\mu \in \mathcal{M}} \left\{ \int_t^T f(s, X_s^{t,x,\mu,\eta}, \mu_s) + (\partial_s + L^\mu) h(s, X_s^{t,x,\mu,\eta})ds + g(X_T^{t,x,\mu,\eta}) - h(T, X_T^{t,x,\mu,\eta}) \right\}_{\eta = \mathcal{B}} \right) \right]
\]

\[
\leq \inf_{h \in C_b^{1,2}} \left( h(t, x) + \int_t^T \sup_{x \in \mathbb{R}^n, u \in U} [f(s, x, u) + (\partial_s + L^u) h(s, x)] ds + \sup_{x \in \mathbb{R}^n} g(x) - h(T, x) \right)
\]

\[
\leq \inf_{h \in S_t^+} h(t, x). \]

where the first inequality follows from (the proof of) Theorem 14 and \( S_t^+ \) denotes the class of smooth bounded super solutions of the HJB equation. Note that \( S_t^+ \subset C_b^{1,2} \), which yields the third to last inequality.

But in fact the infimum of smooth supersolutions is equal to the viscosity solution \( V \), all inequalities are actually equalities and the result follows. This can be proved via a technique due to Krylov [20] which he called "shaking the coefficients". For the reader’s convenience let us recall the argument.
Recall that \( \hat{b} \) is the corrected drift, see (4.2). Extending by continuity \( \hat{b}, \sigma \) and \( f \) to \( t \in (-\infty, \infty) \), define for \( \varepsilon > 0 \),

\[
F^\varepsilon(t, x, p, X) := \sup_{u \in U, |s|, |e| \leq \varepsilon} \left[ \langle \hat{b}(x + e, u), p \rangle + \frac{1}{2} \text{Tr}(\sigma \sigma^T(x + e)X) + f(t + s, x + e, u) \right],
\]

and consider \( V^\varepsilon \) the unique viscosity solution to

\[
\begin{align*}
-\frac{\partial V^\varepsilon}{\partial t} - F^\varepsilon(t, x, DX^\varepsilon, D^2V^\varepsilon) &= 0, \\
V^\varepsilon(T, \cdot) &= g.
\end{align*}
\]

By (local) uniform continuity of \( b, \sigma, f \) one can actually show that \( V \to V^\varepsilon \) as \( \varepsilon \to 0 \), locally uniformly. This can be done for instance by interpreting \( V^\varepsilon \) as the value function of a stochastic control problem.

Now take some smoothing kernel \( \rho_\varepsilon \) with \( \int_{\mathbb{R}^d} \rho_\varepsilon = 1 \) and \( \text{supp}(\rho_\varepsilon) \subseteq [-\varepsilon, \varepsilon]^{d+1} \), and define \( V_\varepsilon := V^\varepsilon * \rho_\varepsilon \). Clearly by definition of \( F^\varepsilon \), for each \( |s|, |e| \leq \varepsilon, V^\varepsilon(-s, \cdot - e) \) is a supersolution to the HJB equation \(-\partial_t V^\varepsilon(t, x, DX^\varepsilon, D^2V^\varepsilon) = 0 \). Since \( F \) is convex in \( \langle DX^\varepsilon, D^2V^\varepsilon \rangle \) it follows that

\[
V_\varepsilon = \int_{[-\varepsilon, \varepsilon]^{d+1}} V^\varepsilon(-s, \cdot - e) \rho_\varepsilon(s, e) \, ds \, de
\]

is again a (smooth) supersolution (for the details see the appendix in [2]). Finally it only remains to notice that \( |V - V_\varepsilon| \leq |V - V^\varepsilon * \rho_\varepsilon| + |(V - V^\varepsilon) * \rho_\varepsilon| \to 0 \) (locally uniformly).

\[ \square \]

**Remark 17.** Note that

\[
V^h(t, x) := \mathbb{E} \left[ \sup_{\mu \in \mathcal{M}} \left\{ \int_t^T f(s, X^{t,x,\eta, \mu}_s, \mu_s) \, ds + g(X^{t,x,\eta, \mu}_T) - M^{t,x,\eta, \mu, h}_t \right\}_{\eta = B(\omega)} \right],
\]

for fixed \( x, t \), is precisely of the form (3.9) with \( f \) resp. \( g \) replaced by \( \hat{f} \) resp. \( \hat{g} \), given by

\[
\begin{align*}
\hat{f}(s, \cdot, \mu) &= f(s, \cdot, \mu) + (\partial_s + L^\mu) h(s, \cdot), \\
\hat{g}(\cdot) &= g(\cdot) + h(T, \cdot) - h(t, x) .
\end{align*}
\]

The point is that the inner pathwise optimization falls directly into the framework of Section 3.

**Remark 18.** For \( \eta \) a geometric rough path, we may apply the chain rule to \( h(s, X_s) \) and obtain

\[
h(T, X_T) - h(t, x) = \int_t^T \langle Dh(s, X_s), b(s, X_s, \mu_s) \rangle \, ds + \sigma(X_s) \, d\eta_s.
\]

It follows that the penalization may also be rewritten in a (rough) integral form

\[
M^{t,x,\eta, h}_{t,T} = \int_t^T \langle Dh(s, X_s), \sigma(X_s) \, d\eta_s \rangle + \int_t^T \left\{ \langle (b - \hat{b})(s, X_s, \mu_s), Dh(s, X_s) \rangle - \frac{1}{2} \text{Tr}(\sigma \sigma^T D^2h)(s, X_s) \right\} \, ds.
\]

Note that for \( \eta = B \) and adapted \( \nu \), this is just the Itô integral \( \int_t^T \langle Dh(s, X_s), \sigma(X_s) \, dB_s \rangle \).

**Remark 19.** If one were to try anticipating stochastic calculus, in the spirit of [8], to implement Roger’s duality in continuous time, then - leaving aside all other technical (measurability) issues that have to be dealt with - more regularity on the coefficient will be required. This is in stark contrast to the usual understanding in SDE theory that rough paths require more regularity than Itô theory.
Example 20. From Example 6 we can see that in some special cases this method gives explicit upper bounds. Assume:

- additive noise ($\sigma \equiv I_d$),
- state-independent drift $b \equiv b(u)$,
- running gain $f(s, x, u) = f^0(u) - \nabla h(x) \cdot b(u)$, with $h$ superharmonic ($\Delta h \leq 0$).

Then for the penalty corresponding to $h(t, x) = h(x)$, the inner optimization problem is given by

$$
\sup_{\mu \in \mathcal{M}} \left\{ \int_t^T \left( f^0(\mu_s) - \langle \nabla h(X^{t,x,\mu,\eta}_s), b(\mu_s) \rangle \right) ds + (g - h)(X^{t,x,\mu,\eta}_T) + h(x) \right\}
$$

$$
+ \int_t^T \left( \langle \nabla h(X^{t,x,\mu,\eta}_s), b(\mu_s) \rangle + \frac{1}{2} \Delta h(X^{t,x,\mu,\eta}_s) \right) ds
$$

$$
\leq \sup_{\mu \in \mathcal{M}} \left\{ \int_t^T f^0(\mu_s) ds + (g - h)(X^{t,x,\mu,\eta}_T + h(x)) \right\} = h(x) + V^{0,h}(t, x + \eta_T - \eta_t),
$$

where $V^{0,h}$ is the value function to the standard control problem

$$
V^0(t, x) = \sup_{\mu \in \mathcal{M}} \left\{ \int_t^T f^0(\mu_s) ds + (g - h)(x + \int_t^T \mu_s ds) \right\}.
$$

From Theorem 16, we then have the upper bound

$$
V(t, x) \leq h(x) + E \left[ V^{0,h}(t, x + B_T - B_t) \right].
$$

Remark 21. As in Remark 13, one can wonder how Theorem 16 could translate in the case where $\sigma$ depends on $u$. As mentioned in that remark, under reasonable conditions on $\sigma$ the control problem degenerates so that for any choice of $h$, say for piecewise-constant controls $\mu$, we can expect that

$$
E \left[ \sup_{\mu \in \mathcal{M}} \left\{ \int_t^T f(s, X^{t,x,\mu,\eta}_s, \mu_s) + (\partial_t + L^\mu_s) h(s, X^{t,x,\mu,\eta}_s) ds + g(X^{t,x,\mu,\eta}_T) - h(T, X^{t,x,\mu,\eta}_T) \right\} \bigg| \eta = B \right] = \int_t^T \sup_{x \in \mathbb{R}^n, u \in U} [f(s, x, u) + (\partial_t + L^u) h(s, x)] ds + \sup_{x \in \mathbb{R}^n} [g(x) - h(T, x)].
$$

In other words there is nothing to be gained from considering the (penalized) pathwise optimization problem, as we always get

$$
V(t, x) \leq h(t, x) + \int_t^T \sup_{x \in \mathbb{R}^n, u \in U} [f(s, x, u) + (\partial_t + L^u) h(s, x)] ds + \sup_{x \in \mathbb{R}^n} [g(x) - h(T, x)]
$$

which is in fact clear from a direct application of Itô’s formula (or viscosity comparison).

4.2. Example II, inspired by Davis–Burstein [8]. We now explore a different penalization, possible under concavity assumptions.

Theorem 22. Let $g$ be as in Theorem 14 and assume $f = 0$; furthermore make the (stronger) assumption that $b \in C^5_0$, $\sigma \in C^5_0$, $\sigma^T > 0$, and that (4.1) has a feedback solution $u^*$ which is continuous, $C^2$ in $t$ and $C^1_0$ in $x$, taking values in the interior of $U$. Assume that $U$ is a compact convex subset of $\mathbb{R}^n$.

\[^5\] That is, the optimal control is given as a deterministic function $u^*$ of time and the current state of the system. This is also called a Markovian control.
Let \( Z^{t,x,\eta} \) be the solution starting from \( x \) at time \( t \) to (denote \( b_u := \partial_u b \))
\begin{align}
\text{d}Z &= b(Z, u^*(t, Z)) \text{d}t + \sigma(Z) \text{d}\eta - b_u(Z, u^*(t, Z))u^*(t, Z) \text{d}t, \\
\end{align}

let \( W(t, x) := W(t, x; \eta) := g(Z^{t,x,\eta}_T) \) and assume that
\begin{align}
\forall (t, x), \quad u \mapsto \langle b(x, u), DW(t, x; B) \rangle \quad \text{is strictly concave, a.s.}
\end{align}
Then
\[ V(t, x) = \inf_{\lambda \in A} \mathbb{E} \left[ \sup_{\mu \in \mathcal{M}} \left\{ g(X^{t,x,\mu,\eta}_T) + \int_t^T \langle \lambda(r, X^{t,x,\mu,\eta}_r, \eta), \mu_r \rangle \text{d}r \right\} \right] \]
Where \( A \) is the class of all \( \lambda : [0, T] \times \mathbb{R}^c \times \mathcal{C}^{0,p\text{-var}} \rightarrow \mathbb{R}^d \) such that
- \( \lambda \) is bounded and uniformly continuous on bounded sets
- \( \lambda \) is future adapted, i.e. for any fixed \( t, x, \lambda(t, x, B) \in \sigma(B_s : s \in [t, T]) \)
- \( \mathbb{E}[\lambda(t, x, B)] = 0 \) for all \( t, x \).
That is, Theorem 14 still holds with \( Z_T \) replaced by the set
\[ \{ z : z(\eta, \mu) = \int_t^T \langle \lambda(s, X^{s,x,\mu,\eta}_s, \eta), \mu_s \rangle \text{d}s, \lambda \in A \}. \]
Moreover the infimum is achieved with \( \lambda^*(t, x, \eta) := \langle b_u(t, u^*(t, x)) \rangle DW(t, x; \eta) \).

**Remark 23.** The concavity assumption is difficult to verify for concrete examples. It holds for the linear quadratic case, which we treat in Section 4.3.

**Remark 24.** The case of running cost \( f \) is, as usual, easily covered with this formulation. Indeed, let the optimal control problem be given as
\begin{align}
\text{d}X &= b(X, \nu) \text{d}t + \sigma(X) \circ \text{d}W, \\
V(t, x) &= \sup_{\nu} \mathbb{E} \left[ \int_t^T f(X, \nu) \text{d}r + g(X_T) \right].
\end{align}
Define the new component
\[ \text{d}X^{d+1}_t = f(X, u) \text{d}t, \quad X^{d+1}_t = x. \]
Then the theorem yields that the penalty
\[ \lambda^*(t, x) := (b_u, f_u) \cdot (D_{x_1 \ldots d} g(Z_T) + D_{x_1 \ldots d} Z^{d+1}_T, D_{x_{d+1}} Z^{d+1}_T) \]
\[ = (b_u, f_u) \cdot (D_{x_1 \ldots d} g(Z_T) + D_{x_1 \ldots d} Z^{d+1}_T, 1). \]
is optimal, where
\begin{align}
\text{d}Z &= b(Z, u^*) \text{d}t + \sigma(Z) \text{d}\eta - b_u(Z, u^*) u^* \text{d}t, \\
\text{d}Z^{d+1} &= f(Z, u^*) \text{d}t - f_u(Z, u^*) u^* \text{d}t.
\end{align}

**Proof.** From (the proof of) Theorem 14 we know \( V(t, x) \leq \inf_{\lambda \in A} \mathbb{E}[\ldots] \). The converse direction is proven in [8] by using \(^6\)
\[ \lambda^*(t, x, \eta) = \langle b_u(t, u^*(t, x)) \rangle DW(t, x). \]
For the reader’s convenience we provide a sketch of the argument below. \( \square \)

---

\(^6\)The paper of Davis–Burstein predates rough path theory relies heavily on anticipating stochastic calculus.
Sketch of the Davis-Burstein argument. We have assumed that the optimal control for the stochastic problem (4.1) is given in feedback form by $u^*(t,x)$. Write $X^{t,x,*} := X^{t,x,u^*}$.

Assume that 

\begin{equation}
\tag{4.6}
\end{equation}

and assume that 

\begin{equation}
\tag{4.7}
\end{equation}

By verification it follows that actually 

\begin{equation}
\tag{4.8}
\end{equation}

Because of (4.7) the PDE (4.6) may be rewritten as 

\begin{align*}
\partial_t W - \langle b(x, u^*(t,x)), DW \rangle - \langle u^*(t,x), \lambda^*(t,x;\eta) \rangle - \langle \sigma(x), DW \rangle \dot{\eta} &= 0, \\
\end{align*}

and assume that $W$ is differentiable in $x$.

We assumed that 

\begin{equation}
\forall (t,x), \quad u \mapsto \langle b(x,u), DW(t,x) \rangle \quad 	ext{is strictly concave.}
\end{equation}

It then follows that 

\begin{equation}
\tag{4.7'}
\langle b(x, u^*(t,x)) - b_u(x,u^*(t,x)) u^*(t,x), DW \rangle = \sup_{u \in U} \langle b(x,u) - b_u(x,u^*(t,x)) u, DW \rangle.
\end{equation}

By verification it follows that actually $W$ is also the value function of the problem with penalty $\lambda^*$, and the optimal control is given by $u^*$, i.e.

\begin{align*}
W(t,x) &= W(t,x;\eta) = \sup_{\mu \in \mathcal{M}} \left\{ g(X^{t,x,*};\eta) - \int_t^T \langle \lambda^*(s,X^{t,x,*};\eta), \mu_s \rangle \, ds \right\} \\
&= g(X^{t,x,*};\eta) - \int_t^T \langle \lambda^*(s,X^{t,x,*};\eta), u^*(s,X^{t,x,*};\eta) \rangle \, ds.
\end{align*}

Then, by Theorem 29 we have (if the convexity assumption (4.5) is satisfied a.s. by $\eta = B(\omega)$)

\begin{equation}
W(t,x;B) = g(X^{t,x,*};B) - \int_t^T \langle \lambda^*(s,X^{t,x,*};B), u^*(s,X^{t,x,*};B) \rangle \, ds.
\end{equation}

It follows in particular that for the original stochastic control problem

\begin{equation}
V(t,x) = \sup_{\nu \in \mathcal{A}} \mathbb{E} \left[ g(X^{t,x,\nu}) \right] = \mathbb{E} \left[ g(X^{t,x,*}) \right]
\end{equation}

\begin{equation}
= \mathbb{E} \left[ g(X^{t,x,*};B) - \int_t^T \langle \lambda^*(s,X^{t,x,*};B), u^*(s,X^{t,x,*};B) \rangle \, ds \right]
\end{equation}

Here we have used that $\lambda^*(t,x,B)$ is future adapted and $\mathbb{E}[\lambda^*(t,x,B)] = 0 \forall t,x$, which is shown on p. 227 in [8].
Remark 25. The two different penalizations presented above are based on verification arguments for respectively the stochastic HJB equation and the (rough) deterministic HJB equation. One can then also try to devise an approach based on Pontryagin's maximum principles (both stochastic and deterministic). While this is technically possible, the need to use sufficient conditions in the rough Pontryagin maximum principle means that it can only apply to the very specific case where $\sigma$ is affine in $x$, and in consequence we have chosen not to pursue this here.

4.3. Explicit computations in LQC problems. We will compare the two optimal penalizations in the case of a linear quadratic control problem (both for additive and multiplicative noise).

4.3.1. LQC with additive noise. The dynamics are given by
\begin{equation}
\frac{dX}{dt} = (MX + N\nu)dt + dB_t,
\end{equation}
and the optimization problem is given by
\begin{equation}
V(t, x) = \sup_{\nu \in \mathcal{A}} \mathbb{E} \left[ \frac{1}{2} \int_t^T \left( \langle QX_s, X_s \rangle + \langle R\nu_s, \nu_s \rangle \right) ds + \frac{1}{2} \langle GX_T, X_T \rangle \right].
\end{equation}
This problem admits the explicit solution (see e.g. Section 6.3 in [34])
\begin{equation}
V(t, x) = \frac{1}{2} \langle P(t)x, x \rangle + \frac{1}{2} \int_t^T \text{Tr}(P(s))ds,
\end{equation}
where $P$ is the solution to the matrix Riccati equation
\begin{align*}
\dot{P} &= -P(t)M - tMP(t) + PNR^{-1}NP(t) - Q \\
P(T) &= G,
\end{align*}
and the optimal control is then given in feedback form by
\begin{equation}
\nu^*(t, x) = -R^{-1}NP(t)x.
\end{equation}

Proposition 26. For this LQ control problem the optimal penalty corresponding to Theorem 22 is given by
\begin{equation}
z^1(\eta, \mu) = -\int_t^T \langle \lambda^1(s; \eta), \mu_s \rangle ds,
\end{equation}
where
\begin{equation}
\lambda^1(t; \eta) = -tN \int_t^T e^{t'M(s-t)}P(s)d\eta_s.
\end{equation}
The optimal penalty corresponding to Theorem 16 is given by
\begin{equation}
z^2(\eta, \mu) = z^1(\eta, \mu) + \gamma^R(\eta),
\end{equation}
where
\begin{equation}
\gamma^R(\eta) = \int_t^T \langle P(s)X^0_s, d\eta_s \rangle - \frac{1}{2} \int_t^T \text{Tr}(P(s))ds,
\end{equation}
$X^0$ denoting the solution to the RDE $dX = MXdt + d\eta$ starting at $(t, x)$. In particular, these two penalizations are equal modulo a random constant (not depending on the control) with zero expectation.

\footnote{This equation admits an obvious pathwise SDE solution (via the ODE satisfied by $X - B$) so that, strictly speaking, there is no need for rough paths here.}
Proof. The formula for \( z^1 \) is in fact already computed in [8, sec. 2.4], so that it only remains to do the computation for the Rogers penalization.

It follows from Remark 18 that

\[
M_{t,T}^{x,\mu,\eta, V} = \int_t^T \langle DV(s,X_s), d\eta_s \rangle - \frac{1}{2} \int_t^T \text{Tr}(D^2V(s,X_s))ds
\]

It follows from Remark 18 that

\[
M_{t,T}^{x,\mu,\eta, V} = \int_t^T \langle P(s)X_s^\mu, d\eta_s \rangle - \frac{1}{2} \int_t^T \text{Tr}(P(s))ds
\]

Hence we see that this penalization can be written as \( z^2 = z^1 + \gamma R(\eta) \), where \( \gamma R(\eta) \) does not depend on the chosen control. One can check immediately that \( \mathbb{E}[\gamma R(\eta) \vert \eta = \mathbb{B}(\omega)] = 0 \).

\[\square\]

4.3.2. LQC with multiplicative noise. Let the dynamics be given by

\[
\begin{align*}
\text{(4.11) } & \quad dX = (MX + N\nu)dt + \sum_{i=1}^n C_iX dB_i \\
\text{(4.12) } & \quad = (\tilde{M}X + N\nu)dt + \sum_{i=1}^n C_iX dB_i.
\end{align*}
\]

Denote by \( X^{t,x,\mu,\eta} \) the solution starting from \( x \) at time \( t \) to

\[
dX_s^{t,x,\mu,\eta} = (MX_s^{t,x,\mu,\eta} + N\mu)dt + \sum_{i=1}^n C_iX_s^{t,x,\mu,\eta}d\eta_s^i
\]

and by \( \Gamma_{t,s} \) the (matrix) solution to the RDE

\[
d_s \Gamma_{t,s} = M\Gamma_{t,s}ds + \sum_{i=1}^n C_i\Gamma_{t,s}d\eta_s, \quad \Gamma_{t,t} = I
\]

Then

\[
X_s^{t,x,\mu,\eta} = \Gamma_{t,s}x + \int_t^s \Gamma_{r,s}N\mu,dr.
\]

For simplicity we now take \( d = n = 1 \): the general case is only notationally more involved.

The optimization problem is given by

\[
\text{(4.14) } \quad V(t,x) = \sup_{\nu \in \mathcal{A}} \mathbb{E} \left[ \frac{1}{2} \int_t^T (QX_s^2 + R\nu_s^2)ds + \frac{1}{2} GX_T^2 \right].
\]

By Section 6.6 in [34] the value function is again given as

\[
V(t,x) = \frac{1}{2} Pt x^2
\]

and the optimal control as

\[
u^*(t,x) = -R^{-1}NP_t x,
\]
\[
\dot{P}_t + 2P_tM + 2P_tC^2 + Q - N^2R^{-1}P_t^2 = 0, \quad P_T = G.
\]

We can then compute explicitly the Davis–Burstein and Rogers penalties:

**Proposition 27.** For \( t \leq r \leq T \), define

\[
\Theta_r = \int_r^T P_s \Gamma^2_{t,s} (d\eta_s - C ds).
\]

Then the optimal penalty corresponding to Theorem 22 is given by

\[
z^1(\eta, \mu) = 2CNx \int_t^T \Gamma_{t,s} \Theta_s \mu_s ds + CN^2 \int_t^T \int_t^T \Gamma_{r\wedge s, r\vee s} \Theta_{r\wedge s} \mu_r \mu_s dr ds,
\]

while the optimal penalty corresponding to Theorem 16 is given by

\[
z^2(\eta, \mu) = C\Theta_s x^2 + z^1(\eta, \mu).
\]

**Proof.** The optimal penalty stemming from Theorem 22 (see also Remark 24) is given by \( \int_t^T \lambda^*(r, x) \mu_r dr \), where

\[
\lambda^*(r, x) = N \left( (GZ^1_T \partial_x Z^1_T + \partial_x Z^2_T) - NP(r)x, \right)
\]

where

\[
dZ^1 = MZ^1 ds + CZ^1 d\eta, \quad Z^1_r = x;
\]

\[
dZ^2 = \frac{1}{2} \left( Q - N^2 R^{-1} P(s)^2 \right) (Z^1_s)^2 ds, \quad Z^2_r = 0.
\]

Since \( Z^1 = \Gamma_{r,s} x \), this is computed to

\[
\lambda^*(r, x) = Nx \left( G\Gamma^2_{r,T} + \int_r^T (Q - N^2 R^{-1} P(s)^2) \Gamma^2_{r,s} ds - P(r) \right).
\]

\[
= Nx \left( [P(s)\Gamma^2_{r,s}]_{s=r}^T + \int_r^T (-\dot{P}(s) - 2MP(s) - 2C^2 P(s) \Gamma^2_{r,s} ds \right)
\]

\[
= 2Nx \left( \int_r^T P(s)\Gamma^2_{r,s} (Cd\eta_s - C^2 ds) \right)
\]

\[
= 2NCx \Theta_r.
\]

Using the formula (4.13), we immediately obtain

\[
z^1(\eta, \mu) = \int_t^T \lambda^*(s, X^1_{s,t}; \mu, \eta) \mu_s ds
\]

\[
= 2CNx \int_t^T \Gamma_{t,s} \Theta_s \mu_s ds + CN^2 \int_t^T \int_t^T \Gamma_{r\wedge s, r\vee s} \Theta_{r\wedge s} \mu_r \mu_s dr ds.
\]
For the optimal penalty corresponding to Theorem 16, we apply again Remark 18 to see that the optimal penalty is given by
\[
M_{t,T}^{x,\mu,\eta,V} = \int_t^T (DV(s,X_s), CX d\eta_s) - \int_t^T \text{Tr}[C^2 X^2 D^2 V(s,X_s)] ds
\]
\[
= \int_t^T P_r C|X^t,x,\mu,\eta|^2 d\eta_r - \int_t^T C^2 |X^t,x,\mu,\eta|^2 P_r dr.
\]
It only remains to perform straightforward computations expanding the quadratic terms and applying Fubini's theorem. □

Remark 28. Let us also draw attention to the linear-quadratic Gaussian stochastic control studied in [12], noting however that the type of penalization proposed in Theorem 16 and Theorem 22 will not work for this, since they rely on a Markovian setting.

5. Appendix: RDEs with controlled drift

Theorem 29 (RDE with controlled drift). Let \( p \in [2,3) \). Let \( \eta \in C^{0,p\text{-var}} \) a geometric \( p \)variation rough path. Let \( \gamma > p \). Let \( U \) be the subset of a separable Banach space. Let \( b : \mathbb{R}^e \times U \rightarrow \mathbb{R}^e \) such that \( b(\cdot,u) \in \text{Lip}^1(\mathbb{R}^e) \) uniformly in \( u \in U \) (i.e. sup_{u \in U} ||b(\cdot,u)||_{\text{Lip}^1(\mathbb{R}^e)} < \infty \) and such that \( u \mapsto b(\cdot,u) \) is measurable. Let \( \sigma_1,\ldots,\sigma_d \in \text{Lip}^\gamma(\mathbb{R}^e) \). Let \( \mu : [0,T] \rightarrow U \) be measurable, i.e. \( \mu \in M \).

(i) There exists a unique \( Y \in C^{0,p\text{-var}} \) that solves
\[
Y_t = y_0 + \int_0^t b(Y_r,\mu_r)dr + \int_0^t \sigma(Y_r)d\eta_r.
\]
Moreover the mapping
\[
(x_0,\eta) \mapsto Y \in C^{0,p\text{-var}}
\]
is locally Lipschitz continuous, uniformly in \( \mu \in M \).

(ii) Assume that \( u \mapsto b(\cdot,u) \) is Lipschitz. If we use the topology of convergence in measure on \( M \), then
\[
(5.1) \quad M \times \mathbb{R}^e \times C^{0,p\text{-var}} \rightarrow C^{0,p\text{-var}}
\]
\[
(\mu,x_0,\eta) \mapsto Y,
\]
is continuous.

(iii) Assume that \( u \mapsto b(\cdot,u) \) is Lipschitz. If \( \nu : \Omega \times [0,T] \rightarrow U \) is progressively measurable and \( B \) is the Stratonovich rough path lift of a Brownian motion \( B \), then
\[
(5.2) \quad Y|_{\mu=\nu,\eta=B} = \tilde{Y}, \quad \mathbb{P} - a.s.,
\]
where \( \tilde{Y} \) is the (classical) solution to the controlled SDE
\[
\tilde{Y}_t = y_0 + \int_0^t b(\tilde{Y}_r,\nu_r)dr + \int_0^t \sigma(\tilde{Y}_r) \circ dB_r.
\]

(iv) If \( \sigma_1,\ldots,\sigma_d \in \text{Lip}^{\gamma+2}(\mathbb{R}^e) \), we can write \( Y = \phi(t,\tilde{Y}_t) \) where \( \phi \) is the solution flow to the RDE
\[
\phi(t,x) = x + \int_0^t \sigma(\phi(r,x))d\eta_r,
\]
and $\hat{Y}$ solves the classical ODE
\[ \hat{Y}_t = x_0 + \int_0^t \hat{b}(r, \hat{Y}_r, \mu_r)dr, \]
where we define componentwise
\[ \hat{b}(t, x, u)_i = \sum_k \partial_{x_k} (\phi^{-1})_i(t, \phi(t, x)) b_k(\phi(t, x), u). \]

**Remark 30.** In the last case, i.e. point (iv), we can immediately use results in [15] (Theorem 10.53) to also handle linear vector fields.

**Remark 31.** Given a rough path $\eta$ on $[0, T]$, the time-inverted object $\eta_\perp := \eta_{T-\cdot}$ is again a rough path. We can hence solve controlled, backward RDEs using the previous Theorem by inverting time.

**Proof.** Denote for $\mu \in \mathcal{M}$
\[ Z^n_\perp(\cdot) := \int_0^t b(\cdot, \mu_r)dr, \]
which is a well defined Bochner integral in the space $\text{Lip}^1(\mathbb{R}^c)$ (indeed, by assumption on $b$, \[ \int_0^t \|b(\cdot, \mu_r)\|_{\text{Lip}^1(\mathbb{R}^c)} dr < \infty. \]) Then $Z^n_\perp \in C^{1,\text{var}}([0, T], \text{Lip}^1(\mathbb{R}^c))$. Indeed
\begin{align*}
\|Z^n_\perp\|_{1,\text{var}} & \leq \int_0^T \|b(\cdot, \mu_r)\|_{\text{Lip}^1(\mathbb{R}^c)} dr \\
& \leq \int_0^T \sup_{u \in U} \|b(\cdot, u)\|_{\text{Lip}^1(\mathbb{R}^c)} dr,
\end{align*}
(5.3)
independent of $\mu \in \mathcal{M}$.

By Theorem 33 we get a unique solution to the RDE
\[ dY = f(Y)dZ^n + \sigma(Y)d\eta, \]
where $f : \mathbb{R}^c \to L(\text{Lip}^1(\mathbb{R}^c), \mathbb{R}^c)$ is the evaluation operator, i.e. $f(y)V := V(y)$. This gives existence of the controlled RDE as well as continuity in the starting point and in $\eta$. By (5.3), this is independent of $\mu \in \mathcal{M}$ and we hence have shown (i).

Concerning (ii), assume now that $U \ni u \mapsto b(\cdot, u) \in \text{Lip}^1$ is Lipschitz. Using the representation given in the proof of (i) it is sufficient to realize that if $\mu^n \to \mu \in \mathcal{M}$ in measure, then $Z^{\mu^n} \to Z^\mu$ in $C^{1,\text{var}}([0, T], \text{Lip}^1(\mathbb{R}^c))$.

Concerning (iii): First of all, we can regard $\nu$ as a measurable mapping from $(\Omega, \mathcal{F})$ into the space of all measurable mappings from $[0, T] \to U$ with the topology of convergence in measure. Indeed, if $U$ is a compact subset of a separable Banach space, then this follows from the equivalence of weak and strong measurability for Banach space valued mappings (Pettis Theorem, see Section V.4 in [35]). If $U$ is a general subset of a separable Banach space, then define $\nu^n : \Omega \to \mathcal{M}$ with $\nu^n(\omega)_t := \Phi^n(\nu(\omega)_t)$. Here $\Phi^n$ is a (measurable) nearest-neighbor projection on $\{x_1, \ldots, x_n\}$, the sequence $(x_k)_{k \geq 0}$ being dense in the Banach space. Then $\nu^n$ is taking values in a compact set and hence by the previous case, is measurable as a mapping to $\mathcal{M}$. Finally $\nu$ is the pointwise limit of the $\nu^n$ and hence also measurable.

Hence $Y|_{\mu=\nu, \eta=B}$ is measurable, as the concatenation of measurable maps (here we use the joint continuity of RDE solutions in the control and the rough path, i.e. continuity of the mapping (5.1)).

Now, to get the equality (5.2): we can argue as in [14] using the Riemann sum representation of stochastic integral.
(iv) This follows from Theorem 1 in [9] or Theorem 2 in [5]. □

**Remark 32.** One can also prove “by hand” existence of a solution, using a fixpoint argument, like the one used in [16]. This way one arrives at the same regularity demands on the coefficients. Using the infinite dimensional setting makes it possible to immediately quote existing results on existence, which shortens the proof immensely. We thank Terry Lyons for drawing our attention to this fact.

In the proof of the previous theorem we needed the following version of Theorem 6.2.1 in [25].

**Theorem 33.** Let $V, W, Z$ be some Banach spaces. Let tensor products be endowed with the projective tensor norm. ⁸ Let $p \in [2, 3]$ $\eta \in C^{0,p\text{-var}}(W)$ and $Z \in C^{q\text{-var}}([0,T], V)$ for some $1/q > 1 - 1/p$. Let $f : Z \to L(V, Z)$ be $\text{Lip}^1$, let $g : Z \to L(W, Z)$ be $\text{Lip}^\gamma$, $\gamma > p$. Then there exists a unique solution $Y \in C^{0,p\text{-var}}(Z)$ to the RDE

$$dY = f(Y) dZ + g(Y) d\eta,$$

in the sense of Lyons. ⁹

Moreover for every $R > 0$ there exists $C = C(R)$ such that

$$\rho_{p\text{-var}}(Y, \tilde{Y}) \leq C||Z - \tilde{Z}||_{q\text{-var}},$$

whenever $(Z, X)$ and $(\tilde{Z}, X)$ are two driving paths with $||Z||_{q\text{-var}}, ||\tilde{Z}||_{q\text{-var}}, ||X||_{p\text{-var}} \leq R$.

**Proof.** Since $Z$ and $X$ have complementary Young regularity (i.e. $1/p + 1/q > 1$) there is a canonical joint rough path $\lambda$ over $(Z, X)$, where the missing integrals of $Z$ and the cross-integrals of $Z$ and $X$ are defined via Young integration. So we have

$$\lambda_{s,t} = 1 + \left( \frac{Z_s}{X_s} \right) + \left( \int_s^t Z_{s,r} \otimes dZ_r + \int_s^t \eta_{s,r} \otimes d\eta_r \right) \int_s^t Z_{s,r} \otimes d\eta_r$$

Then, by Theorem 6.2.1 in [25], there exists a unique solution to the RDE

$$dY = h(Y) d\lambda,$$

where $h = (f, g)$.

We calculate how $\lambda$ depends on $Z$. For the first level we have of course $||\lambda^{(1)} - \bar{\lambda}^{(1)}||_{p\text{-var}} \leq ||Z - \bar{Z}||_{q\text{-var}}$. For the second level we have, by Young’s inequality,

$$|\int_s^t Z_{s,r} dZ_r - \int_s^t \bar{Z}_{s,r} d\bar{Z}_r| \leq |\int_s^t Z_{s,r} d [Z_r - \bar{Z}_r]| + |\int_s^t Z_{s,r} - \bar{Z}_{s,r} d\bar{Z}_r|$$

$$\leq c ||Z||_{q\text{-var};[s,t]} ||Z - \bar{Z}||_{q\text{-var};[s,t]} + c ||Z - \bar{Z}||_{q\text{-var};[s,t]} ||Z||_{q\text{-var};[s,t]}.$$

and similarly

$$|\int_s^t X_{s,r} dZ_r - \int_s^t \bar{X}_{s,r} d\bar{Z}_r| \leq c ||X||_{p\text{-var};[s,t]} ||Z||_{q\text{-var};[s,t]}.$$

Together this gives

$$\rho_{p\text{-var}}(\lambda, \bar{\lambda}) \leq c ||Z - \bar{Z}||_{q\text{-var}}.$$

---

⁸ See [23] p. 18 for more on the choice of tensor norms which, of course, only matter in an infinite dimensional setting.

⁹ See e.g. Definition 5.1 in [23].
Plugging this into the continuity estimate of Theorem 6.2.1 in [25] we get
\[ \rho_{p\text{-var}}(Y, \bar{Y}) \leq C ||Z - \bar{Z}||_{q\text{-var}} \]
as desired. \(\square\)

**Remark 34.** The following Lemma as well as the proof the Pontryagin principle use the concept of controlled rough paths in the sense of Gubinelli [16]. Even though it is usually set up in Hölder spaces, the modification to variation spaces poses no problem (see [29, Section 4.1]). In particular we define for a path \(Y\) controlled by \(\eta\) with derivative \(Y'\)
\[ ||Y, Y'||_{\eta,p\text{-var}} := ||Y'||_{p\text{-var}} + ||R||_{p/2\text{-var}}, \]
where \(R_{s,t} := Y_{s,t} - Y'_s \eta_{s,t}. \)

**Lemma 35.** Let \(\eta\) be a geometric \(p\)-variation rough path, \(p \in (2, 3)\). Let \(M\) be controlled by \(\eta\) and for \(\varepsilon \in (0, 1]\) let \((A^\varepsilon, (A')^\varepsilon)\) be controlled by \(\eta\) with
\[ ||A^\varepsilon, (A')^\varepsilon||_{\eta,p\text{-var}} = O(\varepsilon). \]

Let \(X^\varepsilon\) solve
\[ \begin{align*}
    dX^\varepsilon_t &= dA^\varepsilon_t + A_t d\eta_t \\
    X^\varepsilon_0 &= 0.
\end{align*} \]

Then
\[ \rho_{p\text{-var}}(X^\varepsilon, 0) = O(\varepsilon). \]

**Proof.** For every \(\varepsilon\) there exists a unique solution solution to (5.4), and it is uniformly bounded in \(\varepsilon \in (0, 1]\). This follows from [15, Theorem 10.53], by considering \((A^\varepsilon, \eta)\) as a joint rough path.

We can hence, uniformly in \(\varepsilon\), replace the linear vector field by a bounded one. We then get from [14, Theorem 8.5]
\[ \rho_{p\text{-var}}(X^\varepsilon, X^0) \leq c \rho_{p\text{-var}}((A^\varepsilon, \eta), (0, \eta)). \]
where \(X^0\) denotes the unique solution to (5.4) with \(A^\varepsilon\) replaced by the constant 0-path. Obviously \(X^0 \equiv 0\) and it easy to see that
\[ \rho_{p\text{-var}}((A^\varepsilon, \eta), (0, \eta))) = O(\varepsilon), \]
which yields the desired result. \(\square\)

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