Abstract

We investigate term structure models driven by Wiener processes and Poisson measures with forward curve dependent volatilities. This includes a full existence and uniqueness proof for the corresponding Heath-Jarrow-Morton type term structure equation. Furthermore, we characterize positivity preserving models by means of the characteristic coefficients, which was open for jump-diffusions. Additionally we treat existence, uniqueness and positivity of the Brody-Hughston equation of interest rate theory with jumps, an equation which we believe to be very useful for applications.