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Convergence of a Queueing System in Heavy Traffic with General Abandonment Distributions

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Abstract

We analyze a sequence of single-server queueing systems with impatient customers in heavy traffic. Our state process is the offered waiting time and the customer arrival process has a state dependent intensity. Service times and customer patience-times are independent, i.i.d. with general distributions subject to mild constraints. We establish the heavy traffic approximation for the scaled offered waiting time process and obtain a diffusion process as the heavy traffic limit. The drift coefficient of this limiting diffusion is influenced by the sequence of patience-time distribution in a non-linear fashion. We also establish an asymptotic relationship between the scaled version of offered waiting time and queue-length. As a consequence, we obtain the heavy traffic limit of the scaled queue-length. We introduce an infinite-horizon discounted cost functional whose running cost depends on the offered waiting time and server idle time processes. Under mild assumptions, we show that the expected value of this cost functional for the n -th system converges to that of the limiting diffusion process as n tends to infinity.

Keywords: Stochastic control, Controlled queueing systems, Heavy traffic theory, Diffusion approximations, Customer abandonment, Customer impatience, Reneging.

AMS Subject Classifications: primary 60K25, 68M20, 90B22; secondary 90B18.

1 Introduction

In this article, we study a heavy traffic approximation result for a sequence of single-server queueing systems with impatient customers. Customers are served under First-Come-First-Serve (FCFS) service discipline. This sequence of queueing systems with a similar dynamic structure is parameterized by $n = 1, 2, 3, \dots$ and is in heavy traffic in a sense that will be made precise in Section 3. The arrival process of the n -th system has a dynamic intensity which depends on the offered waiting time and this intensity is of order $\mathcal{O}(n)$ for large n . The service times are i.i.d. with general distributions and for the n -th system, mean service time is of order $\mathcal{O}(1/n)$, and thus creating heavy traffic. The customers abandon the system if the service is not initiated within their patience-time. They act independently and in the n -th system, their patience-times are i.i.d. distributed and this distribution may depend on n .

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In many real world examples, such as telephone call centers or internet traffic, customers may not observe the actual queue-length but often approximate waiting time is available to them. In our model, offered waiting time (or the workload process) is the basic state process and the arrival intensity of the customers is dependent on it. To motivate this work, consider a processing facility where each customer or job arrives with a deadline. Upon the arrival of each customer, a system manager learns about the customer deadline as well as the required service time. Hence, the information on offered waiting time is available to the manager and accordingly, the manager can influence the arrival intensity by means of admission control. In practice, customer abandonment is a well documented significant feature of the queueing systems. In the queueing models, Palm [23] initiated the importance of incorporating this feature. In the telephone call center setting with many-server systems, such models are considered in [14, 19, 11, 12, 36, 29, 22, 25]. For single server setting, Ward and co-authors addressed several performance evaluation issues of such systems in [30, 31, 26]. For general queueing systems in heavy traffic (with or without customer abandonment), there are numerous articles that address the issue of system optimization and [3, 5, 15, 16] is a partial list of such articles.

The results established in this article are closely related to the works of [26] and [30, 31], but they differ in three main aspects: First, in the n -th system, the intensity of our arrival process is non-constant and may depend on the current value of the offered waiting time. Loosely speaking, system manager may exercise adjustments of order $\mathcal{O}(\sqrt{n})$ to the admission rate of the n -th system without disturbing the delicate balance in heavy traffic conditions. But such adjustments have an influence on the drift coefficient of the limiting diffusion process as described in our Theorem 4.8. In controlled queueing systems, such adjustments are known as “thin control” and we refer to [1, 16] for such problems. Second, our assumptions on patience-time distribution are quite general. In Markovian abandonment regimes [30] and also in [31] (for many-server queues in Halfin-Whitt heavy traffic regime see [4, 12, 11, 21, 14, 22, 25]) where the same patience-time distribution is used in the modeling, only the behavior of patience-time distribution in a neighborhood of origin effects the dynamics of the limiting diffusion. But, in an interesting article [26], Reed and Ward consider the patient time distribution of the n -th system to have a hazard rate intensity dependent on n (see [25] for a many-server Halfin-Whitt heavy traffic case). They provide statistical data in support of their choice. The dynamics of their limiting diffusion process depends on the entire patience-time distribution function. Our results incorporates both of these scenarios in the same general framework as illustrated in the examples of Section 3. Our assumptions can be satisfied by many other classes of patience-time distribution functions, and Theorem 4.8 describes the effect of these distribution functions on the limiting diffusion. One key ingredient in our proof of Theorem 4.8 is the martingale functional central limit theorem, and this approach helps us to accommodate these general assumptions. This is in contrast with the proofs in [26]. Third, we employ Theorem 4.8 to establish the convergence of the expected value of an infinite horizon discounted cost functional of the n -th system to that of the limiting diffusion process as $n \rightarrow \infty$. Such convergence results for the expected value of the cost functionals are important in deriving asymptotically optimal strategies for the system optimization problems in heavy traffic regime. We refer to [32, 16] (and [5, 4, 22] in many-server Halfin-Whitt heavy traffic regime) for such results related to controlled queueing systems. We intend to use the results obtained here to address such a controlled system optimization problem in a future article.

This article is organized as follows. In Section 2 we introduce the basic model. We give details about the construction of the arrival process with an intensity dependent on offered waiting time, and introduce the key martingale relevant to the arrival process. Such a martingale formulation is used in [35] for the heavy traffic analysis of queue length processes, when the arrival and service

rates are dependent on queue length. In Section 3, we speed up the arrival rates to be of order $\mathcal{O}(n)$ and to balance this and to obtain heavy traffic conditions, we make the average service time in the n -th system to be $\frac{1}{n}$. We carefully lay out our assumptions on arrival intensities, service times and patience-time distributions. Section 4 addresses the weak convergence of scaled offered waiting time processes in heavy traffic. We establish the fluid limit first and then use it to obtain the diffusion limit for the scaled offered waiting time process. Main result in this section is Theorem 4.8, and we use martingale functional central limit theorem to obtain this weak convergence result. In Section 5, we establish the asymptotic relationship between the scaled queue length and scaled offered waiting time processes. Here we follow the proof of a similar result in [26], but supplement it with necessary additional estimates to accommodate our general assumptions. We address the issue of convergence of the expected value of infinite horizon discounted cost functional of the n -th system to that of the limiting diffusion under heavy traffic in Section 6. In this cost functional, the running cost function depends on offered waiting time and server idle time. Since the running cost function is unbounded and is of polynomial growth, we need a few additional assumptions there. To reach our conclusion, we establish necessary moment estimates and combine them with the weak convergence result in Theorem 4.8. For controlled queueing networks, such convergence results are obtained in [32, 16] and in the case of many-server systems, we refer to [5].

The following notation is used. The set of positive integers is denoted by \mathbb{N} , the set of real numbers by \mathbb{R} and nonnegative real numbers by \mathbb{R}_+ . Let \mathbb{R}^d be the d -dimensional Euclidean space and for $x \in \mathbb{R}^d$ the L_1 norm of x , i.e., $\sum_{i=1}^d |x_i|$, will be denoted by $|x|$. For $a, b \in \mathbb{R}$, let $a \wedge b \doteq \min\{a, b\}$ and $a^+ = \max\{a, 0\}$, $a^- = -\min\{a, 0\}$. We use $[a]$ to denote the integer part of $a \in \mathbb{R}$. The convergence in distribution of random variables (with values in some Polish space) Φ_n to Φ will be denoted as $\Phi_n \Rightarrow \Phi$. With an abuse of notation weak convergence of probability measures (on some Polish space) μ_n to μ will also be denoted as $\mu_n \Rightarrow \mu$. When $\sup_{0 \leq s \leq t} |f_n(s) - f(s)| \rightarrow 0$ as $n \rightarrow \infty$, for all $t \geq 0$, we say that $f_n \rightarrow f$ uniformly on compact sets. For a real valued function f defined on some metric space X and $T \in \mathbb{R}_+$, define $\|f\|_T = \sup_{x \in [0, T]} |f(x)|$. Finally, let $D[0, \infty)$ denote the class of right continuous functions with having left limit defined from $[0, \infty)$ to \mathbb{R} , equipped with the usual Skorokhod topology.

2 Basic Model

First we describe the queueing model with FCFS service discipline and customer abandonment on a probability space $(\Omega, \mathcal{F}, \mathbb{P})$. Let $A(t)$ be the number of customers arrived at the station by time t . The random variable t_j represents the arrival time of the j -th customer, and we assume $\mathbb{E}(t_j) < \infty$. Service time of the j -th customer is represented by the random variable v_j . We assume that the customers are impatient and the j -th customer may leave the system at a random time d_j if the service is not completed by then. The sequences (v_j) and (d_j) are assumed to be i.i.d. and independent of each other, $\mathbb{E}(v_1) = 1$ and $\text{var}(v_1) = \sigma_s^2 < \infty$. We let F be the cumulative distribution function of d_1 .

The amount of time an incoming customer at time t has to wait for service depends upon the service times of the non-abandoning customers, who are already waiting in the queue. Similar to [26], we define the offered waiting time process

$$V(t) \equiv \sum_{j=1}^{A(t)} v_j \mathbf{1}_{[V(t_j^-) < d_j]} - \int_0^t \mathbf{1}_{[V(s) > 0]}(s) ds. \quad (2.1)$$

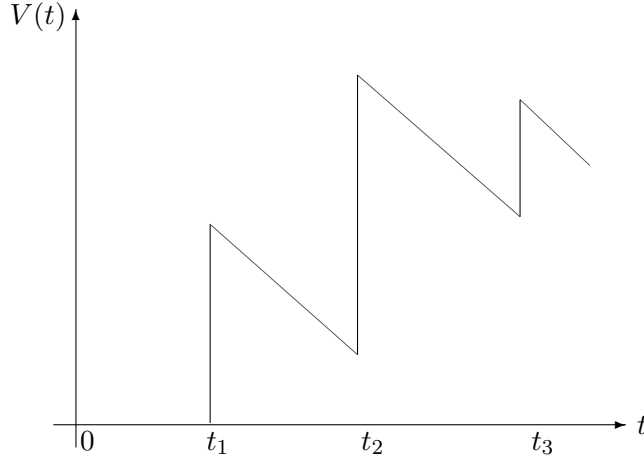


Figure 1: A typical sample path of $V(t)$.

The process $\{V(t) : t \geq 0\}$ is non-negative, has sample paths which are right continuous with left limits and also it has upward jumps at the arrival epochs (t_j). On the time interval $[t_j, t_{j+1})$, $V(t)$ is continuous, non-increasing and satisfies $V(t) = \max\{0, V(t_j) - (t - t_j)\}$. The picture depicted in Figure 1 shows a typical sample path of the process $\{V(t)\}_{t \geq 0}$. The quantity $V(t)$ can be interpreted as the time needed to empty the system from time t onwards if there are no arrivals after time t , and hence it is also known as the workload at time t . We note that once $V(t_n)$ is known then $V(t)$ is well defined on the next interval $[t_n, t_{n+1})$ (see below (2.9) for more details).

Next, we define the σ -fields $(\widehat{\mathcal{F}}_n)_{n \geq 1}$ where

$$\widehat{\mathcal{F}}_n \equiv \sigma((t_1, v_1, d_1), \dots, (t_n, v_n, d_n), t_{n+1}) \subseteq \mathcal{F}. \quad (2.2)$$

Notice that $V(t_n-)$ is $\widehat{\mathcal{F}}_{n-1}$ -measurable and the abandonment time d_n of the n -th customer is independent of $\widehat{\mathcal{F}}_{n-1}$. Hence,

$$\mathbb{P}[V(t_n-) \geq d_n | \widehat{\mathcal{F}}_{n-1}] = F(V(t_n-)) \quad (2.3)$$

holds, where F is the distribution function of d_n . We introduce two martingales $(M^v(n))$ and $(M^d(n))$ with respect to the filtration $(\widehat{\mathcal{F}}_n)_{n \geq 1}$ introduced in (2.2). We let

$$M^v(n) \equiv \sum_{j=1}^n (v_j - 1) \mathbf{1}_{[V(t_{j-}) < d_j]} \quad (2.4)$$

$$M^d(n) \equiv \sum_{j=1}^n \left(\mathbf{1}_{[V(t_{j-}) \geq d_j]} - \mathbb{E}[\mathbf{1}_{[V(t_{j-}) \geq d_j]} | \widehat{\mathcal{F}}_{j-1}] \right) \quad (2.5)$$

for all $n \in \mathbb{N}$. Clearly, $M^d(n)$ is an $\widehat{\mathcal{F}}_n$ -martingale (see also [26]). Here we show that $M^v(n)$ also is an $\widehat{\mathcal{F}}_n$ -martingale. Since $V(t_{n+1}-)$ and d_{n+1} are measurable with respect to $\sigma(\widehat{\mathcal{F}}_n, d_{n+1})$ and v_{n+1} is independent of $\sigma(\widehat{\mathcal{F}}_n, d_{n+1})$, it follows that

$$\mathbb{E} \left[(v_{n+1} - 1) \mathbf{1}_{[V(t_{n+1}-) < d_{n+1}]} | \sigma(\widehat{\mathcal{F}}_n, d_{n+1}) \right] = \mathbf{1}_{[V(t_{n+1}-) < d_{n+1}]} \mathbb{E}(v_{n+1} - 1) = 0.$$

Now conditioning both sides of (2.4) with respect to $\widehat{\mathcal{F}}_n$, we can see that $M^v(n)$ is an $\widehat{\mathcal{F}}_n$ -martingale as well. Using (2.3) in (2.5), we also see that for all $n \in \mathbb{N}$

$$M^d(n) = \sum_{j=1}^n \left[\mathbf{1}_{[V(t_{j-}) \geq d_j]} - F(V(t_{j-})) \right]. \quad (2.6)$$

Using (2.1), (2.3)–(2.6) and after simple algebraic manipulations, we obtain the following system equation: for all $t \geq 0$,

$$V(t) + \int_0^t F(V(s-))dA(s) = (A(t) - t) + M^v(A(t)) - M^d(A(t)) + I(t), \quad (2.7)$$

where

$$I(t) \equiv \int_0^t \mathbf{1}_{[V(s)=0]}(s)ds, \quad (2.8)$$

and $I(t)$ represents the idle time at the station during time interval $[0, t]$.

To describe the arrival process $A(\cdot)$ with arrival times (t_j) , let $\lambda(\cdot)$ be a given Borel measurable function defined on $[0, \infty)$ which satisfies the condition $0 < \epsilon < \lambda(x) < C$ for all $x \geq 0$. Here ϵ and C are positive constants. In our analysis, we assume that

$$\left\{ A(t) - \int_0^t \lambda(V(s))ds : t \geq 0 \right\} \quad (2.9)$$

is a martingale with respect to the filtration $(\mathcal{G}_t)_{t \geq 0}$, where $\mathcal{G}_t \equiv \sigma(A(s), V(s) : s \leq t)$. Notice that once the value of $V(t_n)$ is known, the process $V(t)$ can be obtained on $[t_n, t_{n+1})$ as explained earlier. Hence, the quantity $\int_0^t \lambda(V(s))ds$ is also known for all $t_n \leq t < t_{n+1}$.

Following several results in [8], here we indicate the construction of such a process $A(\cdot)$ and several of its properties. We begin with a probability space $(\Omega, \mathcal{F}, \mathbb{P}_0)$. Assume that (v_i) and (d_i) are independent sequences of positive i.i.d. random variables in this space. Recall that v_i has mean 1 and variance σ^2 while d_i has distribution function F . We introduce the σ -algebra $\tilde{\mathcal{G}}_0$ by $\tilde{\mathcal{G}}_0 \equiv \sigma((v_i, d_i) : i = 1, 2, \dots)$. Next, we let $A(\cdot)$ be a standard (unit intensity) Poisson process which is independent of $\tilde{\mathcal{G}}_0$, and (t_i) are the jump times of $A(\cdot)$. Using this Poisson process $A(\cdot)$, the sequences (v_i) and (d_i) , we can introduce the offered waiting time process $V(\cdot)$ as in (2.1). We introduce two filtrations (\mathcal{G}_t) and $(\tilde{\mathcal{G}}_t)$ by

$$\mathcal{G}_t \equiv \sigma(A(s), V(s) : 0 \leq s \leq t) \quad \text{and} \quad \tilde{\mathcal{G}}_t \equiv \mathcal{G}_t \vee \tilde{\mathcal{G}}_0, \quad (2.10)$$

that is, $\tilde{\mathcal{G}}_t$ is the σ -algebra generated by the sets in $\mathcal{G}_t \cup \tilde{\mathcal{G}}_0$. Next, we introduce the left-continuous version $\tilde{V}(\cdot)$ of the offered waiting time process by

$$\tilde{V}(t) = \begin{cases} V(t), & \text{if } t \neq t_i, \\ V(t_i-), & \text{if } t = t_i. \end{cases} \quad (2.11)$$

Thus $\tilde{V}(\cdot)$ is (\mathcal{G}_t) -adapted left-continuous process with left limits. Consequently, $\tilde{V}(\cdot)$ is a *predictable* process with respect to each of the filtrations (\mathcal{G}_t) and $(\tilde{\mathcal{G}}_t)$ (see Section 3 of Chapter 1 in [8]). Next, we intend to apply change of intensities for point processes (cf. Section 2 of Chapter 6, [8]). We introduce the process $L(\cdot)$ by

$$L(t) = \begin{cases} \exp\left(\int_0^t (1 - \lambda(\tilde{V}(s)))ds\right), & \text{if } t < t_1, \\ \exp\left(\int_0^t (1 - \lambda(\tilde{V}(s)))ds + \int_0^t \log(\lambda(\tilde{V}(s)))dA(s)\right), & \text{if } t \geq t_1. \end{cases}$$

Since $\lambda(\cdot)$ is Borel measurable and $0 < \epsilon < \lambda(x) < C$ for all $x \geq 0$, we can use theorems T2, T3 and T4 in pages 165–168 of [8] to verify that $L(\cdot)$ is a $(\tilde{\mathcal{G}}_t)$ -martingale and $\mathbb{E}[L(t)] = 1$ for each $t \geq 0$. Since $L(\cdot)$ is adapted to $(\mathcal{G}_t)_{t \geq 0}$, it is also a (\mathcal{G}_t) -martingale.

Let $T > 0$ be fixed and introduce the probability measure \mathbb{P}_T on $\tilde{\mathcal{G}}_T$ by

$$\frac{d\mathbb{P}_T}{d\mathbb{P}_0} = L(T). \quad (2.12)$$

Then by Theorem T3 in Chapter 6 of [8], the process $A(\cdot)$ has $(\mathbb{P}_T, \tilde{\mathcal{G}}_t)$ -intensity $\lambda(\tilde{V}(t))$ for $0 \leq t \leq T$. Using Theorem T9 in page 28 of [8] and by a straightforward computation, it follows that $\{A(t) - \int_0^t \lambda(\tilde{V}(s))ds : 0 \leq t \leq T\}$ is a $(\tilde{\mathcal{G}}_t)_{0 \leq t \leq T}$ -martingale with respect to \mathbb{P}_T . Since $\{A(t) - \int_0^t \lambda(\tilde{V}(s))ds : 0 \leq t \leq T\}$ is adapted to $(\mathcal{G}_t)_{0 \leq t \leq T}$, it is also a $(\mathcal{G}_t)_{0 \leq t \leq T}$ -martingale with respect to \mathbb{P}_T . It is evident that the probability measures $(\mathbb{P}_T)_{T>0}$ are consistent and thus there is a probability measure \mathbb{P} on $\tilde{\mathcal{G}}_\infty$ so that \mathbb{P}_T and \mathbb{P} agree on $\tilde{\mathcal{G}}_T$.

Since each \mathbb{P}_T and \mathbb{P}_0 agree on $\tilde{\mathcal{G}}_0$, it follows that (v_i) and (d_i) are independent sequences of i.i.d. random variables with desired distribution with respect to \mathbb{P} . Also since $\tilde{V}(t) = V(t)$ except on a set of Lebesgue measure zero, it follows that $\int_0^t \lambda(\tilde{V}(s))ds = \int_0^t \lambda(V(s))ds$ for all $t \geq 0$. Hence, we conclude that with respect to probability \mathbb{P} ,

$$\left\{ A(t) - \int_0^t \lambda(V(s))ds : t \geq 0 \right\} \text{ is a } (\tilde{\mathcal{G}}_t)\text{-martingale,} \quad (2.13)$$

and as a consequence,

$$\left\{ A(t) - \int_0^t \lambda(V(s))ds : t \geq 0 \right\} \text{ is also a } (\mathcal{G}_t)\text{-martingale.} \quad (2.14)$$

The martingale property of this process with respect to $(\tilde{\mathcal{G}}_t)$ filtration will be used only in the proof of Proposition 4.10. This completes the construction of the arrival process $A(\cdot)$.

We note that since $A(\cdot)$ is a point process with (\mathcal{G}_t) -intensity $\lambda(\tilde{V}(t))$, we can use the random change of time method (see Theorem T16 and Lemma L17 in Section 6 of Chapter 2, [8]) to obtain the convenient representation

$$A(t) = Y \left(\int_0^t \lambda(\tilde{V}(s))ds \right) = Y \left(\int_0^t \lambda(V(s))ds \right), \quad (2.15)$$

where $Y(\cdot)$ is a standard Poisson process. This representation helps us in several estimates.

3 Heavy Traffic Regime

We consider a sequence of queueing systems indexed by $n \in \mathbb{N}$. In our analysis, basic state process of the n -th system will be the offered waiting times process $V_n(\cdot)$. The arrival rate $n\lambda_n(V_n(\cdot))$ of the n -th system is state dependent and the j -th customer arrival occurs at time t_j^n . The cumulative number of customer arrivals in $[0, t]$ in the system is given by $A_n(t)$. When n becomes large, arrival rate of the n -th system becomes large and thus to obtain heavy traffic conditions, we need to make the service time of the n -th system small as described below.

For the j -th arrival in the n -th system, service time is $v_j^n \equiv v_j/n$, and the abandonment time is denoted by d_j^n . As described in [26], the basic equation of the offered waiting time process $\{V_n(t) : t \geq 0\}$ is given by

$$V_n(t) = \frac{1}{n} \sum_{j=1}^{A_n(t)} v_j \mathbf{1}_{[V_n(t_j^n -) < d_j^n]} - \int_0^t \mathbf{1}_{[V_n(s) > 0]}(s) ds, \quad (3.1)$$

where $A_n(\cdot)$ is the arrival process. We introduce the filtration $\{\mathcal{G}_t^n : t \geq 0\}$ of the n -th system by $\mathcal{G}_t^n \equiv \sigma(A_n(s), V_n(s) : s \leq t)$. We also introduce the filtration $(\tilde{\mathcal{G}}_t^n)$ as similar to (2.10). Next, we define the discrete time filtration $(\hat{\mathcal{F}}_i^n)_{i \geq 1}$ by

$$\hat{\mathcal{F}}_i^n \equiv \sigma((t_1^n, v_1^n, d_1^n), \dots, (t_i^n, v_i^n, d_i^n), t_{i+1}^n) \quad (3.2)$$

for $i \geq 1$ and let $\hat{\mathcal{F}}_0^n \equiv \sigma(t_1^n)$. Next, we define the associated continuous time filtration $(\mathcal{F}_t^n)_{t \geq 0}$ by

$$\mathcal{F}_t^n \equiv \hat{\mathcal{F}}_{[nt]}^n \equiv \sigma((t_1^n, v_1^n, d_1^n), \dots, (t_{[nt]}^n, v_{[nt]}^n, d_{[nt]}^n), t_{[nt]+1}^n). \quad (3.3)$$

Now we describe our basic assumptions:

Assumption 3.1.

- (i) The sequences $(v_j^n)_{j \geq 1}$ and $(d_j^n)_{j \geq 1}$ are non-negative valued, i.i.d. random variables with $v_j^n \equiv \frac{v_j}{n}$ for all $j \geq 1$, $\mathbb{E}(v_j) = 1$ and $\mathbb{E}(v_j - 1)^2 = \sigma_s^2 > 0$. Furthermore, v_{j+1}^n is independent of $\hat{\mathcal{F}}_j^n$ and the sequence $(d_j^n)_{j \geq 1}$ is independent of the sequence $(t_j^n, v_j^n)_{j \geq 1}$.
- (ii) The arrival process $A_n(\cdot)$ of the n -th system has an associated intensity process $n\lambda_n(V_n(\cdot))$; that is,

$$\left\{ A_n(t) - n \int_0^t \lambda_n(V_n(s)) ds : t \geq 0 \right\} \quad (3.4)$$

is a (\mathcal{G}_t^n) -martingale and $(\tilde{\mathcal{G}}_t^n)$ -martingale as well.

Assumption 3.2.

- (i) The function $\lambda_n(\cdot)$ is Borel measurable on $[0, \infty)$ and there exist two positive constants $\epsilon_0, C_0 > 0$ (independent of n and x) such that $0 < \epsilon_0 < \lambda_n(x) < C_0$ for all $x \geq 0$ and $n \geq 1$.
- (ii) For each $K > 0$, $\lim_{n \rightarrow \infty} \sup_{x \in [0, K]} |\lambda_n(x) - 1| = 0$.
- (iii) There exist small $\delta_0 > 0$ and $M > 0$ such that $\sup_{n \geq 1} \sup_{x \in [0, \delta_0]} \sqrt{n}(\lambda_n(x) - 1)^+ \leq M < \infty$.
- (iv) There exists a non-negative continuously differentiable function $u(\cdot)$ defined on $[0, \infty)$ such that for each $K > 0$,

$$\lim_{n \rightarrow \infty} \sup_{x \in [0, K]} \left| \sqrt{n} \left(1 - \lambda_n \left(\frac{x}{\sqrt{n}} \right) \right) - u(x) \right| = 0.$$

Assumption 3.3. Let $F_n(\cdot)$ be the right continuous abandonment distribution function of the i.i.d. sequence $(d_j^n)_{j \geq 1}$. Assume that $F_n(0) = 0$ and there is a non-negative continuously differentiable function $H(\cdot)$ such that for each $K > 0$,

$$\lim_{n \rightarrow \infty} \sup_{x \in [0, K]} \left| \sqrt{n} F_n \left(\frac{x}{\sqrt{n}} \right) - H(x) \right| = 0.$$

As a consequence, we have $H(0) = 0$ and $\lim_{n \rightarrow \infty} F_n(x/\sqrt{n}) = 0$ for each $x \geq 0$.

Remark 3.4. We provide concrete examples that satisfy the above set of assumptions.

1. An example of arrival rate function $\lambda_n(\cdot)$: Take

$$\lambda_n(x) = 1 - \frac{u(\sqrt{nx})}{\sqrt{n}} + \frac{\theta_n(x)}{\sqrt{n}},$$

where $\theta_n(\cdot)$ is a bounded function such that $\lim_{n \rightarrow \infty} \|\theta_n\|_K = 0$ for each $K > 0$.

2. Examples of abandonment distribution functions (F_n):

- (a) Let $F_n \equiv F$ for all n , and F be differentiable with a bounded derivative on $[0, \delta]$ for some $\delta > 0$. Hence, $H(x) = F'(0)x$ in Assumption 3.3.
- (b) We may take $F_n(x) = 1 - \exp(-\int_0^x h(\sqrt{nu})du)$ for $x \geq 0$, where h is a non-negative continuous function as in (14) of [26]. In this case, $H(x) = \int_0^x h(u)du$ and it satisfies Assumption 3.3 since h is continuous. Indeed, for any general sequence (F_n) , if $F'_n(\frac{x}{\sqrt{n}})$ converges to a non-negative function $h(x)$ uniformly on compact sets, then (F_n) satisfies Assumption 3.3 with the limiting function $H(x) = \int_0^x h(u)du$.
- (c) Here we provide a simple example to illustrate that there can be many limiting functions $H(\cdot)$ other than the ones described in (a) and (b) above. Let $H(\cdot)$ be any non-negative, non-decreasing, continuously differentiable function which satisfies $H(0) = 0$ and $H(+\infty) = +\infty$. We let $F_n(x) = \frac{1}{\sqrt{n}} \min\{H(\sqrt{nx}), \sqrt{n}\}$ for all $x \geq 0$. Then, for each $n \geq 1$, $F_n(0) = 0$, $F_n(+\infty) = 1$ and F_n is a continuous, non-decreasing probability distribution function. It is evident that the sequence of distribution functions F_n satisfies the Assumption 3.3 with limiting function $H(\cdot)$.

Remark 3.5. To describe a specific example of a heavy traffic regime using the same arrival process, we can consider the system $(A(\cdot), V(\cdot))$ satisfying (2.1), (2.7)–(2.9). Then we can scale these processes as described next. First, we introduce the filtration (\mathcal{G}_t^n) by $\mathcal{G}_t^n \equiv \mathcal{G}_{nt}$ for each $n \geq 1$, where $\mathcal{G}_t = \sigma(A(s), V(s) : 0 \leq s \leq t)$. Now let $A_n(t) \equiv A(nt)$ and $V_n(t) \equiv V(nt)$ for all $t \geq 0$. Then using (2.9) and by a change of variable in integration, it easily follows that $\{A_n(t) - n \int_0^t \lambda_n(V_n(s))ds : t \geq 0\}$ is a (\mathcal{G}_t^n) -martingale.

Throughout, one can consider the arrival intensity $\lambda_n(\cdot)$ as a “control process” related to the n -th system. In a future article, we intend to address an optimal control problem associated with this heavy traffic regime, which minimizes a prescribed cost functional. We refer to [2, 3, 16] for related “thin control” problems and also refer to Chapter VII of [8].

It will be helpful to define fluid-scaled and diffusion-scaled quantities to carry out our analysis. We let

$$\bar{A}_n(t) \equiv \frac{A_n(t)}{n} \quad \text{and} \quad \hat{A}_n(t) \equiv \frac{1}{\sqrt{n}} \left(A_n(t) - n \int_0^t \lambda_n(V_n(s))ds \right) \quad (3.5)$$

for all $t \geq 0$. We also introduce the diffusion-scaled offered waiting time process

$$\hat{V}_n(t) \equiv \sqrt{n}V_n(t) \quad \text{for all } t \geq 0. \quad (3.6)$$

We then have diffusion-scaled martingales with respect to the filtration (\mathcal{F}_t^n) (see (3.3)), given by

$$\widehat{M}_n^v(t) \equiv \frac{1}{\sqrt{n}} \sum_{j=1}^{[nt]} (v_j - 1) \mathbf{1}_{[V_n(t_j^-) < d_j^n]}, \quad \widehat{M}_n^d(t) \equiv \frac{1}{\sqrt{n}} \sum_{j=1}^{[nt]} \left(\mathbf{1}_{[V_n(t_j^-) \geq d_j^n]} - \mathbb{E}(\mathbf{1}_{[V_n(t_j^-) \geq d_j^n]} | \widehat{\mathcal{F}}_{j-1}^n) \right). \quad (3.7)$$

Using (3.1), (3.4) and the state equation described in (2.7), and after simple algebraic manipulations, we obtain

$$\begin{aligned} V_n(t) + \frac{1}{n} \int_0^t F_n(V_n(s-)) dA_n(s) &= \frac{1}{n} \left(A_n(t) - n \int_0^t \lambda_n(V_n(s)) ds \right) \\ &+ \frac{1}{\sqrt{n}} \left(\widehat{M}_n^v(\bar{A}_n(t)) - \widehat{M}_n^d(\bar{A}_n(t)) \right) \\ &+ \int_0^t [\lambda_n(V_n(s)) - 1] ds + I_n(t), \end{aligned} \quad (3.8)$$

where $I_n(t) = \int_0^t \mathbf{1}_{[V_n(s)=0]} ds$ for all $t \geq 0$.

4 Weak Convergence

4.1 Fluid limits

Throughout we use $\|\cdot\|_T$ defined by $\|f\|_T = \sup_{t \in [0, T]} |f(s)|$ for any f in $D[0, \infty)$. Our aim here is first to establish the fluid limit $\lim_{n \rightarrow \infty} \|V_n\|_T = 0$ in probability for each $T > 0$. We intend to employ several properties of the Skorokhod map Γ (see, for example, [20, 9, 33, 17]) in the discussion below. The Skorokhod map $\Gamma : D[0, \infty) \rightarrow D[0, \infty)$ is explicitly defined by

$$\Gamma(f)(t) = f(t) + \sup_{s \in [0, t]} (-f(s))^+ \quad \text{for all } t \geq 0. \quad (4.1)$$

Given a function f in $D[0, \infty)$, the pair $(\Gamma(f), \sup_{s \in [0, \cdot]} (-f(s))^+)$ is called the ‘‘Skorokhod decomposition’’ of f and this decomposition is unique. In (3.8), we let

$$X_n(t) \equiv \frac{1}{n} (A_n(t) - nt) + \frac{1}{\sqrt{n}} \left(\widehat{M}_n^v(\bar{A}_n(t)) - \widehat{M}_n^d(\bar{A}_n(t)) \right) - \frac{1}{n} \int_0^t F_n(V_n(s-)) dA_n(s). \quad (4.2)$$

Thus, by (3.8)–(4.2), we observe that (V_n, I_n) is the Skorokhod decomposition of the process X_n and thus

$$V_n(t) = \Gamma(X_n)(t), \quad \text{for all } t \geq 0. \quad (4.3)$$

Theorem 4.1. (*Fluid limit*) For each $T > 0$,

$$\|V_n\|_T \Rightarrow 0 \quad \text{as } n \rightarrow \infty. \quad (4.4)$$

Proof. First we show that

$$\lim_{n \rightarrow \infty} \frac{1}{\sqrt{n}} \|\widehat{A}_n\|_T = 0 \quad \text{a.s.}, \quad (4.5)$$

for each $T > 0$. For the n -th system, we consider the martingale $\widehat{A}_n(\cdot)$ described in (3.5). Using a random time change theorem for point processes (use Theorem T16 in page 41 of [8] with $\mathcal{F}_t \equiv \sigma(A_n(s), V_n(s) : 0 \leq s \leq t)$ and Lemma L17 therein and the fact that $\lambda_n(x) > \epsilon_0 > 0$ to guarantee $\int_0^\infty n \lambda_n(V_n(s)) ds = +\infty$ a.s.), there is a unit intensity Poisson process $Y_n(\cdot)$ such that $\widehat{A}_n(t) = \widehat{Y}_n(\int_0^t \lambda_n(V_n(s)) ds)$ for all $t \geq 0$. Here $\widehat{Y}_n(t) \equiv (Y_n(nt) - nt)/\sqrt{n}$ for all $n \geq 1$. Thus, using part

(i) of Assumption 3.2, we have $\|\widehat{A}_n\|_T \leq \|\widehat{Y}_n\|_{C_0T}$ and we can estimate $\mathbb{P}[\frac{1}{\sqrt{n}}\|\widehat{A}_n\|_T > \epsilon]$ for $\epsilon > 0$ arbitrary. Since \widehat{Y}_n also is a martingale, using Doob's inequality we have

$$\mathbb{P}\left[\frac{1}{\sqrt{n}}\|\widehat{A}_n\|_T > \epsilon\right] \leq \mathbb{P}\left[\|\widehat{Y}_n\|_{C_0T} > \epsilon\sqrt{n}\right] \leq \frac{\mathbb{E}[\phi(|\widehat{Y}_n(C_0T)|)]}{\phi(\epsilon\sqrt{n})},$$

where $\phi(\cdot)$ is a non-negative, convex, strictly increasing function on \mathbb{R}_+ . Let $\theta > 1/2$ be fixed. Then there is a real number $x_\theta > 0$ so that $e^x < (1+x) + \theta x^2$ for $0 < x < x_\theta$. We pick any $\alpha > 0$ so that $0 < \alpha < x_\theta$ and let $\phi(x) \equiv e^{\alpha x}$ for all $x > 0$. Then by an elementary computation, we obtain

$$\frac{\mathbb{E}[\phi(|\widehat{Y}_n(C_0T)|)]}{\phi(\epsilon\sqrt{n})} \leq e^{\theta\alpha^2 C_0T} e^{-\epsilon\sqrt{n}}.$$

(See also Theorem 5.18, page 114 of Chen and Yao [10].) Consequently, $\mathbb{P}[\frac{1}{\sqrt{n}}\|\widehat{A}_n\|_T > \epsilon] \leq e^{\theta\alpha^2 C_0T} e^{-\epsilon\sqrt{n}}$, where $\theta > 1/2$, $\alpha > 0$ and $C_0 > 0$ are constants independent of n . Now we can apply Borel-Cantelli lemma to conclude the a.s. limit in (4.5). Hence, there is $n_0(\omega) \in \mathbb{N}$ such that $\widehat{A}_n(T) \leq \sqrt{n}$ for all $n \geq n_0(\omega)$. This together with Assumption 3.2(i) implies that

$$A_n(T) \leq \sqrt{n}\widehat{A}_n(T) + C_0nT \leq n + C_0nT \leq K_1n \quad \text{for all } n \geq n_0(\omega),$$

for some constant $K_1 > 0$. Next, using (3.1)

$$\|V_n\|_T \leq \frac{1}{n} \sum_{j=1}^{A_n(T)} v_j \leq \frac{1}{n} \sum_{j=1}^{K_1n} v_j \quad \text{for all } n \geq n_0(\omega).$$

But $\lim_{n \rightarrow \infty} \frac{1}{n} \sum_{j=1}^{K_1n} v_j$ exists a.s. by SLLN and hence $\|V_n\|_T \leq K_2T$ for all $n \geq n_1(\omega)$ and for some constant $K_2 > 0$. This, together with Assumption 3.2(ii), implies that

$$\int_0^T |\lambda_n(V_n(s)) - 1| ds \leq \sup_{x \in [0, K_2T]} |\lambda_n(x) - 1| T \rightarrow 0 \quad \text{as } n \rightarrow \infty.$$

Hence $\lim_{n \rightarrow \infty} \int_0^T |\lambda_n(V_n(s)) - 1| ds = 0$ a.s. Since

$$\sup_{t \in [0, T]} |\bar{A}_n(t) - t| \leq \frac{1}{\sqrt{n}} \sup_{t \in [0, T]} |\widehat{A}_n(t)| + \int_0^T |\lambda_n(V_n(s)) - 1| ds,$$

using the above fact with (4.5), we obtain

$$\lim_{n \rightarrow \infty} \sup_{t \in [0, T]} |\bar{A}_n(t) - t| = 0 \quad \text{a.s.} \tag{4.6}$$

Next, we consider the martingale term $\frac{1}{\sqrt{n}}(\widehat{M}_n^v(t) - \widehat{M}_n^d(t))$. Notice that

$$\mathbb{E}\left([\widehat{M}_n^v](T)\right) \leq \frac{1}{n^2} \sum_{j=1}^{[nT]} \mathbb{E}(v_j - 1)^2 \leq \frac{\sigma_s^2 T}{n} \rightarrow 0 \quad \text{as } n \rightarrow \infty$$

and similarly $\mathbb{E}\left([\widehat{M}_n^d](T)\right) \leq \frac{4T}{n} \rightarrow 0$ as $n \rightarrow \infty$. We consider the vector valued martingale $\mathbb{M}_n(t) = (\widehat{M}_n^v(t)/\sqrt{n}, \widehat{M}_n^d(t)/\sqrt{n})$ and define $\mathbb{M}_n^*(t) \equiv \sup_{s \in [0, t]} |\mathbb{M}_n(s)|$ for all $t \geq 0$. Using Doob's

inequality once more, we obtain $\mathbb{E}[\sup_{t \in [0, T]} |\mathbb{M}_n(t)|^2] \leq CT/n$ where $C > 0$ is a generic constant independent of n . We conclude that

$$\lim_{n \rightarrow \infty} \mathbb{E} \left[\sup_{t \in [0, T]} |\mathbb{M}_n(t)|^2 \right] = 0. \quad (4.7)$$

Consequently, $(\mathbb{M}_n^*(T))^2 \Rightarrow 0$ as $n \rightarrow \infty$. This, together with (4.6) and the random change of time theorem (cf. Section 14, [7]), implies that

$$\mathbb{M}_n^*(\bar{A}_n(T)) \Rightarrow 0 \quad (4.8)$$

as $n \rightarrow \infty$. Hence, using (4.6) and (4.8), we have

$$\sup_{t \in [0, T]} |\bar{A}_n(t) - t| + \mathbb{M}_n^*(\bar{A}_n(T)) \rightarrow 0 \text{ in probability,} \quad (4.9)$$

as $n \rightarrow \infty$. Let

$$Y_n(t) \equiv X_n(t) + \frac{1}{n} \int_0^t F_n(V_n(s-)) dA_n(s) = \frac{1}{n}(A_n(t) - nt) + \frac{1}{\sqrt{n}} \left(\widehat{M}_n^v(\bar{A}_n(t)) - \widehat{M}_n^d(\bar{A}_n(t)) \right), \quad (4.10)$$

where X_n is described in (4.2). With (4.9) in hand and using (4.2), we observe that

$$\lim_{n \rightarrow \infty} \|Y_n\|_T = 0 \quad \text{in probability,} \quad (4.11)$$

for each $T > 0$. By (4.2), we have $Y_n(t) \geq X_n(t)$ for all $t \geq 0$ and $Y_n(t) - X_n(t)$ is a non-negative, non-decreasing process in $D[0, \infty)$. Therefore, we can use the comparison theorem for the Skorokhod map (Propositions 3.4 and 3.5 of [9]) to conclude that

$$0 \leq V_n(t) = \Gamma(X_n)(t) \leq \Gamma(Y_n)(t) \quad \text{for all } t \geq 0. \quad (4.12)$$

Since $\|\Gamma(Y_n)\|_T \leq 2\|Y_n\|_T$ by the Lipschitz continuity of Γ , using (4.11)–(4.12) we can conclude

$$\lim_{n \rightarrow \infty} \|V_n\|_T = 0 \quad \text{in probability.} \quad (4.13)$$

This completes the proof. ■

Remark 4.2. *In Theorem 6.4 of Section 6, we are able to show that $\lim_{n \rightarrow \infty} \mathbb{E}[\|V_n\|_T^m] = 0$ for some $m > 2$, under an additional hypothesis given in (6.6).*

4.2 Diffusion limits

Here we intend to establish the weak convergence of the process $\widehat{V}_n(\cdot)$ defined in (3.6) to a (reflected) diffusion process. We need to establish several technical results to achieve this objective. Our first proposition is an improvement of (4.4). Using (3.5)–(3.8), we can describe the state equation for $\widehat{V}_n(\cdot)$ by

$$\begin{aligned} & \widehat{V}_n(t) + \frac{1}{\sqrt{n}} \int_0^t F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) dA_n(s) \\ &= \widehat{A}_n(t) + \widehat{M}_n^v(\bar{A}_n(t)) - \widehat{M}_n^d(\bar{A}_n(t)) + \sqrt{n} \int_0^t \left(\lambda_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) - 1 \right) ds + \sqrt{n} I_n(t), \end{aligned} \quad (4.14)$$

where $I_n(t) = \int_0^t \mathbf{1}_{[\widehat{V}_n(s)=0]}(s)ds$. Notice that $(\widehat{V}_n, \sqrt{n}I_n)$ is indeed the Skorokhod decomposition of the process $\sqrt{n}X_n(\cdot)$ where X_n is described in (4.2). Then, $\Gamma(\sqrt{n}X_n)(t) = \widehat{V}_n(t)$ for all $t \geq 0$ where Γ is given in (4.1). We use this fact in the following proposition.

Proposition 4.3. *We have for each $T > 0$,*

$$\lim_{K \rightarrow \infty} \limsup_{n \rightarrow \infty} \mathbb{P} \left[\|\widehat{V}_n\|_T > K \right] = 0. \quad (4.15)$$

Proof. We introduce $\widehat{X}_n(t) \equiv \sqrt{n}X_n(t)$ and

$$\widehat{Z}_n(t) \equiv \widehat{X}_n(t) + \frac{1}{\sqrt{n}} \int_0^t F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) dA_n(s) + \sqrt{n} \int_0^t \left(\lambda \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) - 1 \right)^- ds$$

for all $t \geq 0$, where X_n is defined in (4.2) and $x^- = -\min\{x, 0\}$. Notice that $\{\widehat{Z}_n(t) - \widehat{X}_n(t) : t \geq 0\}$ is a non-negative, non-decreasing process and thus by a comparison argument as in (4.12), we obtain $0 \leq \widehat{V}_n(t) \leq \Gamma(\widehat{Z}_n)(t)$ for all $t \geq 0$. Consequently, using the Lipschitz continuity of Γ , we get

$$\|\widehat{V}_n\|_T \leq 2\|\widehat{Z}_n\|_T \quad \text{for all } T \geq 0.$$

But $\widehat{Z}_n(t) = \widehat{A}_n(t) + \widehat{M}_n^v(\bar{A}_n(t)) - \widehat{M}_n^d(\bar{A}_n(t)) + \sqrt{n} \int_0^t (\lambda_n(V_n(s)) - 1)^+ ds$ for all $t \geq 0$, and hence we have

$$\|\widehat{V}_n\|_T \leq C_1 \left[\|\widehat{A}_n\|_T + \sup_{t \in [0, T]} |\widehat{M}_n^v(\bar{A}_n(t))| + \sup_{t \in [0, T]} |\widehat{M}_n^d(\bar{A}_n(t))| + \sqrt{n} \int_0^T (\lambda_n(V_n(s)) - 1)^+ ds \right], \quad (4.16)$$

where $C_1 > 0$ is a generic constant independent of T . To estimate $\mathbb{P}[\|\widehat{V}_n\|_T > K]$ for $K > 0$, we estimate the probability corresponding to each term in the right hand side of (4.16). Throughout, we consider $K > 0$ to be a generic constant. First, we estimate $\mathbb{P}[\|\widehat{A}_n\|_T > K]$. Using the same technique used in the proof of (4.5), we obtain

$$\mathbb{P} \left[\|\widehat{A}_n\|_T > K \right] \leq \frac{\mathbb{E}|\widehat{Y}_n(C_0T)|^2}{K^2} \leq \frac{CT}{K^2},$$

where $C_0 > 0$ is the constant as in Assumption 3.2 (i) and $C > 0$ is a generic constant independent of K . Here $\widehat{Y}_n(t) \equiv (Y_n(nt) - nt)/\sqrt{n}$ for all $t \geq 0$ and $Y_n(\cdot)$ is a unit intensity Poisson process. Hence

$$\lim_{K \rightarrow \infty} \limsup_{n \rightarrow \infty} \mathbb{P} \left[\|\widehat{A}_n\|_T > K \right] = 0. \quad (4.17)$$

Next we consider $\mathbb{P}[\sup_{t \in [0, T]} |\widehat{M}_n^v(\bar{A}_n(t))| > K]$, and here we intend to use (4.6). We have

$$\begin{aligned} \mathbb{P} \left[\sup_{t \in [0, T]} |\widehat{M}_n^v(\bar{A}_n(t))| > K \right] &\leq \mathbb{P} \left[\sup_{t \in [0, T]} |\widehat{M}_n^v(\bar{A}_n(t))| > K, \bar{A}_n(T) \leq 2T \right] + \mathbb{P}[\bar{A}_n(T) > 2T] \\ &\leq \mathbb{P} \left[\sup_{t \in [0, 2T]} |\widehat{M}_n^v(t)| > K \right] + \mathbb{P}[\bar{A}_n(T) > 2T]. \end{aligned}$$

Notice that $[\widehat{M}_n^v](t) \leq \sum_{j=1}^{[nt]} (v_j - 1)^2/n$ and hence $\mathbb{E}([\widehat{M}_n^v](2T)) \leq 2T\sigma_s^2$, where $\sigma_s^2 \equiv \mathbb{E}(v_j - 1)^2 > 0$ is a finite constant. Thus, $\mathbb{P} \left[\sup_{t \in [0, 2T]} |\widehat{M}_n^v(t)| > K \right] \leq CT/K^2$ where $C > 0$ is a constant independent of T and n . Hence $\lim_{K \rightarrow \infty} \limsup_{n \rightarrow \infty} \mathbb{P} \left[\sup_{t \in [0, 2T]} |\widehat{M}_n^v(t)| > K \right] = 0$ and by (4.6), $\lim_{n \rightarrow \infty} \mathbb{P}[\bar{A}_n(T) > 2T] = 0$. Thus we have

$$\lim_{K \rightarrow \infty} \limsup_{n \rightarrow \infty} \mathbb{P} \left[\sup_{t \in [0, T]} |\widehat{M}_n^v(\bar{A}_n(t))| > K \right] = 0. \quad (4.18)$$

The proof of $\lim_{K \rightarrow \infty} \limsup_{n \rightarrow \infty} \mathbb{P} \left[\sup_{t \in [0, T]} |\widehat{M}_n^d(\bar{A}_n(t))| > K \right] = 0$ is very similar to that of (4.18). For the last term in the right hand side of (4.16), we intend to use (4.4). Recall $\delta_0 > 0$ and $M > 0$ are as in Assumption 3.2(iii). Then we have

$$\begin{aligned} \mathbb{P} \left[\sqrt{n} \int_0^T (\lambda_n(V_n(s)) - 1)^+ ds > K \right] &\leq \mathbb{P} \left[\sqrt{n} \int_0^T (\lambda_n(V_n(s)) - 1)^+ ds > K, \|V_n\|_T < \delta_0 \right] \\ &\quad + \mathbb{P} [\|V_n\|_T \geq \delta_0] \\ &\leq \mathbb{P} [MT > K, \|V_n\|_T \leq \delta_0] + \mathbb{P} [\|V_n\|_T \geq \delta_0]. \end{aligned}$$

Notice that $\lim_{K \rightarrow \infty} \mathbb{P} [MT > K, \|V_n\|_T \leq \delta_0] = 0$ and by (4.13) we obtain

$$\lim_{n \rightarrow \infty} \mathbb{P} [\|V_n\|_T \geq \delta_0] = 0.$$

Consequently,

$$\lim_{K \rightarrow \infty} \limsup_{n \rightarrow \infty} \mathbb{P} \left[\sqrt{n} \int_0^T (\lambda_n(V_n(s)) - 1)^+ ds > K \right] = 0 \quad (4.19)$$

Now, (4.16)–(4.19) imply (4.15) and this completes the proof. \blacksquare

Next, we introduce

$$R_n(i) \equiv \sum_{j=1}^i \mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]}, \quad (4.20)$$

which represents the number of customers who abandoned the system among the first i customers. We also define its fluid-scaled term

$$\bar{R}_n(t) \equiv \frac{1}{n} R_n([nt]) = \frac{1}{n} \sum_{j=1}^{[nt]} \mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} \quad (4.21)$$

for all $t \geq 0$. We intend to show $\bar{R}_n(\cdot) \Rightarrow 0$. In the case of constant intensity, this is indeed proved in the Lemma 5.5 of [26]. But, our proof mainly uses the previous proposition and martingale property of \widehat{A}_n .

Lemma 4.4. *For each $T > 0$,*

$$\lim_{n \rightarrow \infty} \mathbb{E}[\bar{R}_n(T)] = 0. \quad (4.22)$$

Proof. Consider the martingale $\{\widehat{A}_n(t) : t \geq 0\}$ and the stopping times $\{t_{[nT]}^n : n \geq 1\}$. Let $\bar{M} > 0$ and $\tau_n \equiv t_{[nT]}^n \wedge \bar{M}$. Then $A_n(\tau_n) \leq A_n(t_{[nT]}^n) = [nT]$. Since τ_n is a bounded stopping time, $\mathbb{E}[\widehat{A}_n(\tau_n)] = 0$. Thus $0 \leq \mathbb{E}[A_n(\tau_n) - n \int_0^{\tau_n} \lambda_n(V_n(s-)) ds]$ and using Assumption 3.2, we have $n\epsilon_0 \mathbb{E}[\tau_n] \leq \mathbb{E}[A_n(\tau_n)] \leq [nT]$, which implies $\mathbb{E}[\tau_n] \leq T/\epsilon_0$. By letting $\bar{M} \uparrow +\infty$, we have

$$\mathbb{E}[t_{[nT]}^n] \leq C_1 T, \quad (4.23)$$

where $C_1 > 0$ is a generic constant. Next, we estimate $\mathbb{P}[\max_{1 \leq j \leq [nT]} \widehat{V}_n(t_j^n-) \geq K]$. Let $\epsilon > 0$ be arbitrary. We pick a large constant C_2 such that $0 < \frac{C_1 T}{C_2} < \frac{\epsilon}{4}$. Then we have

$$\begin{aligned} \mathbb{P}\left[\max_{1 \leq j \leq [nT]} \widehat{V}_n(t_j^n-) \geq K\right] &\leq \mathbb{P}\left[\max_{1 \leq j \leq [nT]} \widehat{V}_n(t_j^n-) \geq K, t_{[nT]}^n < C_2 T\right] + \mathbb{P}[t_{[nT]}^n \geq C_2 T] \\ &\leq \mathbb{P}\left[\|\widehat{V}_n\|_{C_2 T} > K\right] + \frac{\epsilon}{4}, \end{aligned}$$

where the second inequality follows from Chebyshev's inequality and (4.23). Also,

$$\lim_{K \rightarrow \infty} \limsup_{n \rightarrow \infty} \mathbb{P}\left[\|\widehat{V}_n\|_{C_2 T} \geq K\right] = 0$$

by (4.15). Hence, there exists a $K_0 > 0$ such that for all $K > K_0$, $\limsup_{n \rightarrow \infty} \mathbb{P}[\|\widehat{V}_n\|_{C_2 T} \geq K] < \epsilon/4$ and as a consequence we have

$$\limsup_{n \rightarrow \infty} \mathbb{P}\left[\max_{1 \leq j \leq [nT]} \widehat{V}_n(t_j^n-) \geq K\right] < \frac{\epsilon}{2} \quad \text{for all } K > K_0. \quad (4.24)$$

To estimate $\mathbb{E}[\bar{R}_n(T)]$, we pick $K > K_0$ and consider $\mathbb{P}[V_n(t_j^n-) > d_j^n]$, where $j = 1, 2, \dots, [nT]$. Then it follows that

$$\begin{aligned} \mathbb{P}[V_n(t_j^n-) > d_j^n] &\leq \mathbb{P}\left[V_n(t_j^n-) > d_j^n > \frac{K}{\sqrt{n}}\right] + \mathbb{P}\left[d_j^n \leq \frac{K}{\sqrt{n}}\right] \\ &\leq \mathbb{P}\left[\max_{1 \leq j \leq [nT]} \widehat{V}_n(t_j^n-) > K\right] + F_n\left(\frac{K}{\sqrt{n}}\right). \end{aligned}$$

By Assumption 3.3, $\lim_{n \rightarrow \infty} F_n(\frac{K}{\sqrt{n}}) = 0$ and consequently, there is a $n_0 \geq 1$ such that

$$\sup_{1 \leq j \leq [nT]} \mathbb{P}[V_n(t_j^n-) > d_j^n] < \epsilon \quad (4.25)$$

for all $n \geq n_0$. Hence by (4.21), $\mathbb{E}[\bar{R}_n(T)] \leq \frac{1}{n}[nT]\epsilon \leq T\epsilon$ and we conclude that $\lim_{n \rightarrow \infty} \mathbb{E}[\bar{R}_n(T)] = 0$. This completes the proof. \blacksquare

Our next step is to show that the term $\frac{1}{\sqrt{n}} \int_0^t F_n\left(\frac{\widehat{V}_n(s-)}{\sqrt{n}}\right) dA_n(s)$ in the state equation (4.14) can be well approximated by $\int_0^t H(\widehat{V}_n(s)) ds$, where $H(\cdot)$ is given in Assumption 3.3.

Lemma 4.5. *We have for each $T > 0$,*

$$\sup_{t \in [0, T]} \left| \frac{1}{\sqrt{n}} \int_0^t F_n\left(\frac{\widehat{V}_n(s-)}{\sqrt{n}}\right) dA_n(s) - \int_0^t H(\widehat{V}_n(s)) ds \right| \rightarrow 0 \text{ in probability as } n \rightarrow \infty. \quad (4.26)$$

Proof. We recall $\bar{A}_n(t) = \frac{1}{n}A_n(t)$ and it satisfies (4.6). Hence we can write

$$\begin{aligned} & \frac{1}{\sqrt{n}} \int_0^t F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) dA_n(s) - \int_0^t H(\widehat{V}_n(s)) ds \\ &= \int_0^t \sqrt{n} F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) (d\bar{A}_n(s) - ds) + \int_0^t \left(\sqrt{n} F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) - H(\widehat{V}_n(s)) \right) ds. \end{aligned} \quad (4.27)$$

To obtain (4.26), we estimate the right hand side of (4.27) using (4.6) and Assumption 3.3. First we note that $\{\bar{M}_n^A(t) \equiv \bar{A}_n(t) - \int_0^t \lambda_n(V_n(s)) ds : t \geq 0\}$ is a martingale and $[\bar{M}_n^A](T) = \frac{1}{n}\bar{A}_n(T)$. By random time change theorem of point processes (see (2.15) and the proof of (4.5)),

$$\bar{A}_n(T) = \frac{1}{n} Y_n \left(n \int_0^T \lambda_n(V_n(s)) ds \right) \leq \frac{1}{n} Y_n(nC_0T),$$

where Y_n is a standard Poisson process and $C_0 > 0$ is as in Assumption 3.2(i). Thus, $[\bar{M}_n^A](T) \leq \frac{1}{n^2} Y_n(nC_0T)$ and consequently

$$d\bar{A}_n(t) - dt = d\bar{M}_n^A(t) + (\lambda_n(V_n(t)) - 1)dt$$

and the first term on the right side of (4.27) is equal to

$$\sqrt{n} \int_0^t F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) d\bar{M}_n^A(s) + \sqrt{n} \int_0^t F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) (\lambda_n(V_n(s)) - 1) ds. \quad (4.28)$$

We consider an arbitrary $\delta > 0$ and have

$$\begin{aligned} & \mathbb{P} \left[\sup_{t \in [0, T]} \sqrt{n} \left| \int_0^t F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) d\bar{M}_n^A(t) \right| > \delta \right] \leq \frac{n}{\delta^2} \mathbb{E} \left[\int_0^T F_n^2 \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) d[\bar{M}_n^A](s) \right] \\ & \leq \frac{n}{\delta^2} \mathbb{E} [F_n^2(\|V_n\|_T) [\bar{M}_n^A](T)] \leq \frac{n}{\delta^2} \mathbb{E} [F_n(\|V_n\|_T) [\bar{M}_n^A](T)] \leq \frac{1}{n\delta^2} \mathbb{E} [F_n(\|V_n\|_T) Y_n(nC_0T)] \\ & \leq \frac{1}{n\delta^2} (\mathbb{E}[F_n^2(\|V_n\|_T)] \mathbb{E}[Y_n^2(nC_0T)])^{1/2} \leq \frac{C_1 T}{\delta^2} (\mathbb{E}[F_n^2(\|V_n\|_T)])^{1/2}. \end{aligned} \quad (4.29)$$

In the above estimation, we have used $0 \leq F_n(x) \leq 1$ for all x , Cauchy-Schwarz inequality and the fact that $\mathbb{E}[Y_n^2(nC_0T)] \leq C_1^2 n^2 T^2$ for some generic constant $C_1 > 0$ independent of n and T . Next, we will show $\mathbb{E}[F_n^2(\|V_n\|_T)]$ approaches 0 as $n \rightarrow \infty$. By Assumption 3.3, there exist n_0 and $M_1 > 0$ such that $\sup_{x \in [0, K]} F_n(\frac{x}{\sqrt{n}}) < \frac{M_1}{\sqrt{n}}$ for all $n \geq n_0$. We consider $n > n_0$ and then

$$\begin{aligned} \mathbb{E} [F_n^2(\|V_n\|_T)] &= \mathbb{E} \left[F_n^2(\|V_n\|_T) \mathbf{1}_{\|\|V_n\|_T \leq \frac{K}{\sqrt{n}}} \right] + \mathbb{E} \left[F_n^2(\|V_n\|_T) \mathbf{1}_{\|\|V_n\|_T > \frac{K}{\sqrt{n}}} \right] \\ &\leq \frac{M_1^2}{n} + \mathbb{P}[\sqrt{n}\|V_n\|_T > K]. \end{aligned}$$

Now, letting $n \rightarrow \infty$ and then $K \rightarrow \infty$ and using (4.15), we obtain $\lim_{n \rightarrow \infty} \mathbb{E}[F_n^2(\|V_n\|_T)] = 0$. Consequently, by (4.29), we conclude that

$$\lim_{n \rightarrow \infty} \mathbb{P} \left[\sup_{t \in [0, T]} \sqrt{n} \left| \int_0^t F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) d\bar{M}_n^A(t) \right| > \delta \right] = 0. \quad (4.30)$$

Similar to the previous estimation, we obtain

$$\begin{aligned}
& \mathbb{P} \left[\sqrt{n} \int_0^T F_n(V_n(s-)) |\lambda_n(V_n(s)) - 1| ds > \delta \right] \\
& \leq \mathbb{P} \left[\sqrt{n} \int_0^T F_n(V_n(s-)) |\lambda_n(V_n(s)) - 1| ds > \delta, \sqrt{n} \|V_n\|_T \leq K \right] + \mathbb{P}[\sqrt{n} \|V_n\|_T > K] \\
& \leq \mathbb{P} \left[M_1 \int_0^T |\lambda_n(V_n(s)) - 1| ds > \delta \right] + \mathbb{P}[\sqrt{n} \|V_n\|_T > K]. \tag{4.31}
\end{aligned}$$

In the derivation of (4.6), we have obtained $\lim_{n \rightarrow \infty} \int_0^T |\lambda_n(V_n(s)) - 1| ds = 0$ a.s. This together with (4.15) implies that the right hand side of (4.31) tends to zero as $n \rightarrow \infty$. This yields

$$\lim_{n \rightarrow \infty} \mathbb{P} \left[\sqrt{n} \int_0^T F_n(V_n(s-)) |\lambda_n(V_n(s)) - 1| ds > \delta \right] = 0. \tag{4.32}$$

Consequently, using (4.28), (4.30) and (4.32), we obtain for each $T > 0$

$$\lim_{n \rightarrow \infty} \mathbb{P} \left[\sup_{t \in [0, T]} \left| \int_0^t \sqrt{n} F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) (d\bar{A}_n(s) - ds) \right| > \delta \right] = 0. \tag{4.33}$$

Finally, we intend to establish

$$\lim_{n \rightarrow \infty} \mathbb{P} \left[\sup_{t \in [0, T]} \left| \int_0^t \left(\sqrt{n} F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) - H(\widehat{V}_n(s)) \right) ds \right| > \delta \right] = 0. \tag{4.34}$$

Pick $\epsilon > 0$ so that $0 < \epsilon < \frac{\delta}{T}$. By Assumption 3.3, we take any $K > 0$ and then there is a $n_1 \in \mathbb{N}$ such that $\sup_{x \in [0, K]} |\sqrt{n} F_n(\frac{x}{\sqrt{n}}) - H(x)| < \epsilon$ for all $n \geq n_1$. We consider $n > n_1$ and estimate

$$\begin{aligned}
& \mathbb{P} \left[\int_0^T \left| \left(\sqrt{n} F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) - H(\widehat{V}_n(s)) \right) \right| ds > \delta \right] \\
& \leq \mathbb{P} \left[\int_0^T \left| \left(\sqrt{n} F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) - H(\widehat{V}_n(s)) \right) \right| ds > \delta, \sqrt{n} \|V_n\|_T \leq K \right] + \mathbb{P}[\sqrt{n} \|V_n\|_T > K] \\
& \leq \mathbb{P}[\epsilon T > \delta, \sqrt{n} \|V_n\|_T \leq K] + \mathbb{P}[\sqrt{n} \|V_n\|_T > K].
\end{aligned}$$

Since $\epsilon T < \delta$, the first term of the above is 0 for all $n > n_1$. Also, $\lim_{K \rightarrow \infty} \lim_{n \rightarrow \infty} \mathbb{P}[\sqrt{n} \|V_n\|_T > K] = 0$. Hence (4.34) follows. Therefore, (4.33) and (4.34) yield (4.26). This completes the proof. \blacksquare

Our next lemma shows that the term $\sqrt{n} \int_0^t (1 - \lambda_n(\widehat{V}_n(s)/\sqrt{n})) ds$ can be well approximated by $\int_0^t u(\widehat{V}_n(s)) ds$, where the function $u(\cdot)$ is as given in Assumption 3.2.

Lemma 4.6. *We have for each $T > 0$,*

$$\int_0^T \left| \sqrt{n} \left(1 - \lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) \right) - u(\widehat{V}_n(s)) \right| ds \rightarrow 0 \quad \text{in probability as } n \rightarrow \infty, \tag{4.35}$$

and consequently,

$$\sup_{t \in [0, T]} \left| \int_0^t \left[\sqrt{n} \left(1 - \lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) \right) - u(\widehat{V}_n(s)) \right] ds \right| \rightarrow 0 \quad \text{in probability as } n \rightarrow \infty. \tag{4.36}$$

Proof. Fix $T > 0$. Let $\delta > 0$ and pick $\epsilon > 0$ small so that $\epsilon T < \delta$. Let $K > 0$ be arbitrary. By Assumption 3.2(iv), there is $n_0 \equiv n_0(K)$ so that $\sup_{x \in [0, K]} |\sqrt{n}(1 - \lambda_n(x/\sqrt{n})) - u(x)| < \epsilon$ whenever $n \geq n_0$. Thus, when $n \geq n_0$,

$$\int_0^T \left| \sqrt{n} \left(1 - \lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) \right) - u(\widehat{V}_n(s)) \right| ds < \epsilon T < \delta$$

on the set $[\|\widehat{V}_n\|_T < K]$. Following an estimation similar to that of Lemma 4.5, we can have

$$\limsup_{n \rightarrow \infty} \mathbb{P} \left[\int_0^T \left| \sqrt{n} \left(1 - \lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) \right) - u(\widehat{V}_n(s)) \right| ds > \delta \right] \leq \limsup_{n \rightarrow \infty} \mathbb{P}[\|\widehat{V}_n\|_T > K].$$

Hence, using (4.15), desired conclusion (4.35) follows. \blacksquare

The following result is an immediate consequence of Lemmas 4.5 and 4.6. Therefore, we omit the proof.

Lemma 4.7. *For all $t \geq 0$, let*

$$\epsilon_n(t) \equiv \int_0^t \frac{1}{\sqrt{n}} F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) dA_n(s) - \int_0^t H(\widehat{V}_n(s)) ds + \int_0^t \left[\sqrt{n} \left(1 - \lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) \right) - u(\widehat{V}_n(s)) \right] ds. \quad (4.37)$$

Then for each $T > 0$, $\|\epsilon_n\|_T \rightarrow 0$ in probability as $n \rightarrow \infty$.

To discuss the weak convergence of the process $\{\widehat{V}_n(t) : t \geq 0\}$, we intend to rewrite the state equation (4.14) in the following form:

$$\widehat{V}_n(t) = \xi_n(t) - \epsilon_n(t) - \int_0^t u(\widehat{V}_n(s)) ds - \int_0^t H(\widehat{V}_n(s)) ds + \sqrt{n} I_n(t), \quad (4.38)$$

where

$$\xi_n(t) \equiv \widehat{A}_n(t) + \widehat{M}_n^v(\bar{A}_n(t)) - \widehat{M}_n^d(\bar{A}_n(t)), \quad (4.39)$$

and $I_n(t)$, $\epsilon_n(t)$ are given in (3.8), (4.37), respectively.

4.3 Generalized Skorokhod map and weak convergence

Following Section 4 of [26], we introduce the generalized Skorokhod map. Its properties are discussed in [26] and we refer to them as necessary. Let $p : [0, \infty) \rightarrow \mathbb{R}$ be a continuously differentiable function with $p(0) = 0$. Then for a given x in $D[0, \infty)$, with $x(0) \geq 0$, there exists a pair of functions (z, ℓ) such that z, ℓ are also in $D[0, \infty)$ and

- (i) $z(t) = x(t) - \int_0^t p(z(u)) du + \ell(t)$, $z(t) \geq 0$ for all t ,
- (ii) $\ell(\cdot)$ is non-decreasing, $\ell(0) = 0$, and $\int_0^\infty z(t) d\ell(t) = 0$.

The condition $p(0) = 0$ in [26] can be easily removed by considering $p(t) - p(0)$ instead of $p(\cdot)$ and then appropriately changing the input $x(t)$ to $x(t) + p(0)t$, whenever $p(0) \geq 0$. We use the notation in [26] and write

$$(\phi^p, \psi^p)(x) = (z, \ell). \quad (4.40)$$

Since (4.38) describes a Skorokhod decomposition, it is easy to observe that

$$(\phi^p, \psi^p)(\xi_n - \epsilon_n) = (\widehat{V}_n, \sqrt{n}I_n), \quad (4.41)$$

where $p(x) = u(x) + H(x)$ in this case. Since both functions ϕ^p and ψ^p are continuous on $D[0, \infty)$, when the space $D[0, \infty)$ is endowed with Skorokhod J_1 -topology as in Proposition 4.1 of [26], we can establish the following theorem for weak convergence of the process $(\widehat{V}_n(t))_{t \geq 0}$.

Theorem 4.8. (*Diffusion limit*) *The process $(\widehat{V}_n, \sqrt{n}I_n)$ converges weakly to (Z, L) as $n \rightarrow \infty$ in $D^{\otimes 2}[0, \infty)$, where (Z, L) is the unique solution to the reflected stochastic differential equation*

$$Z(t) = \sigma W(t) - \int_0^t u(Z(s))ds - \int_0^t H(Z(s))ds + L(t), \quad (4.42)$$

for all $t \geq 0$. Here, $W(\cdot)$ is a standard Brownian motion and $\sigma > 0$ is a constant which satisfies $\sigma^2 = 1 + \sigma_s^2$. The functions $u(\cdot)$ and $H(\cdot)$ are described in the Assumptions 3.2 and 3.3. The process $Z(\cdot)$ is non-negative and has continuous sample paths. Here, $L(\cdot)$ is the local-time process of Z at the origin. The process $L(\cdot)$ is continuous, non-decreasing, $L(0) = 0$ and satisfies

$$\int_0^t Z(s)dL(s) = 0. \quad (4.43)$$

Proof. Recall that the process $\epsilon_n(\cdot)$ in (4.41) converges to 0 uniformly on compact sets in probability as shown in Lemma 4.7. We intend to show $\xi_n(\cdot) \Rightarrow \sigma W(\cdot)$ in $D[0, \infty)$ in the next proposition and we assume this fact here. Here W is a standard one-dimensional Brownian motion. Our proof of the next proposition is based on the martingale functional central limit theorem. Hence, by the continuous mapping theorem, we can conclude $\xi_n - \epsilon_n$ weakly converges to σW . Therefore, by the continuity properties of the mapping (ϕ^p, ψ^p) in (4.41) (see Proposition 4.1 in [26]), we have

$$(\phi^p, \psi^p)(\xi_n - \epsilon_n) \Rightarrow (\phi^p, \psi^p)(\sigma W) \text{ as } n \rightarrow \infty.$$

Since the reflected SDE in (4.42)–(4.43) has a unique pathwise solution, $(\phi^p, \psi^p)(\sigma W) \equiv (Z, L)$ and the proof of the Theorem 4.8 is complete. \blacksquare

It remains to establish the weak convergence of the process $(\xi_n(\cdot))_{n \geq 1}$ to $\sigma W(\cdot)$ in $D[0, \infty)$. We will prove this in Proposition 4.10. We begin with a technical lemma that will be used in the proof.

Lemma 4.9. *Let $H_n(\cdot)$ be the process defined by*

$$\widehat{H}_n(t) = \frac{1}{\sqrt{n}} \left[([nt] + 1) - n \int_0^{t_{[nt]+1}^n} \lambda_n(V_n(s))ds \right] \quad (4.44)$$

for all $t \geq 0$. Introduce the vector-valued process $\{\widehat{\mathbf{M}}_n(t) = (\widehat{H}_n(t), \widehat{M}_n^v(t), \widehat{M}_n^d(t)) : t \geq 0\}$, where the processes M_n^v and M_n^d are defined in (3.7). Then the following results hold:

- (i) $(\widehat{\mathbf{M}}_n(t), \mathcal{F}_t^n)$ is a mean zero martingale, where the filtration (\mathcal{F}_t^n) is defined in (3.3).
- (ii) For each $t \geq 0$, the quadratic variation processes have the following limits in probability:
 - (a) $\lim_{n \rightarrow \infty} [\widehat{H}_n, \widehat{H}_n](t) = t$,
 - (b) $\lim_{n \rightarrow \infty} [\widehat{M}_n^v, \widehat{M}_n^v](t) = \sigma_s^2 t$,

$$(c) \lim_{n \rightarrow \infty} [\widehat{M}_n^d, \widehat{M}_n^d](t) = 0,$$

$$(d) \lim_{n \rightarrow \infty} [\widehat{H}_n, \widehat{M}_n^v](t) = \lim_{n \rightarrow \infty} [\widehat{H}_n, \widehat{M}_n^d](t) = \lim_{n \rightarrow \infty} [\widehat{M}_n^v, \widehat{M}_n^d](t) = 0.$$

In part (b), σ_s^2 is given by $\sigma_s^2 = \mathbb{E}(v_1 - 1)^2$.

Proof. We already know \widehat{M}_n^v and \widehat{M}_n^d are (\mathcal{F}_t^n) -martingales from the discussion after (2.4) and (2.5). To prove part (i), it remains to show that \widehat{H}_n is also an (\mathcal{F}_t^n) -martingale. Since $\widehat{H}_n(\cdot)$ has piecewise constant paths with possible jumps at the times $\frac{k}{n}$, we consider

$$H_n(i) = \frac{1}{\sqrt{n}} \left[(i+1) - n \int_0^{t_{i+1}^n} \lambda_n(V_n(s)) ds \right] \quad (4.45)$$

for $i = 0, 1, 2, \dots$. Notice that $\widehat{H}_n(t) = H_n([nt])$ for all $t \geq 0$ and H_n is adapted to the filtration $(\widehat{\mathcal{F}}_i^n)_{i \geq 0}$ defined in (3.2). We show that $(H_n(i), \widehat{\mathcal{F}}_i^n)$ is a martingale and from this, it follows that $(\widehat{H}_n(t), \mathcal{F}_t^n)$ also is a martingale. Following (2.10), we introduce two filtrations $(\mathcal{G}_t^n)_{t \geq 0}$ and $(\widetilde{\mathcal{G}}_t^n)_{t \geq 0}$ by

$$\mathcal{G}_t^n \equiv \sigma(A_n(s), V_n(s) : 0 \leq s \leq t), \quad \widetilde{\mathcal{G}}_t^n \equiv \mathcal{G}_t^n \vee \widetilde{\mathcal{G}}_0^n, \quad \text{for all } t \geq 0, \quad (4.46)$$

where $\widetilde{\mathcal{G}}_0^n \equiv \sigma((v_i^n, d_i^n) : i = 1, 2, \dots)$. Here, $\widetilde{\mathcal{G}}_t^n$ is the σ -algebra generated by the sets in $\mathcal{G}_t^n \cup \widetilde{\mathcal{G}}_0^n$. For each i , the jump time t_i^n of the process $A_n(\cdot)$ is clearly a $(\widetilde{\mathcal{G}}_t^n)$ -stopping time and $\mathbb{E}[t_i^n]$ is also finite as in (4.23). Thus the filtration $(\widetilde{\mathcal{G}}_{t_i^n}^n)_{i \geq 1}$ is well defined. Since $\widehat{A}_n(t)$ is a $(\widetilde{\mathcal{G}}_t^n)$ -martingale as observed in (2.13), we have

$$\mathbb{E}[\widehat{A}_n(t_{i+2}^n) | \widetilde{\mathcal{G}}_{t_{i+1}^n}^n] = \widehat{A}_n(t_{i+1}^n) \quad \text{for each } i = 0, 1, 2, \dots \quad (4.47)$$

Next, we observe that $\widehat{A}_n(t_{i+1}^n) = H_n(i)$ and $\widehat{\mathcal{F}}_i^n \subseteq \widetilde{\mathcal{G}}_{t_{i+1}^n}^n$ for each $i = 0, 1, 2, \dots$. By conditioning both sides of (4.47) with respect to $\widehat{\mathcal{F}}_i^n$, we obtain that $(H_n(i), \widehat{\mathcal{F}}_i^n)$ is a martingale. This completes the proof of part (i).

For part (ii), first notice that \widehat{H}_n can be written as

$$\widehat{H}_n(t) = \frac{1}{\sqrt{n}} \sum_{j=0}^{[nt]} \left(1 - \int_{t_j^n}^{t_{j+1}^n} n \lambda_n(V_n(s)) ds \right) \quad (4.48)$$

for all $t \geq 0$, where $t_0^n \equiv 0$. Recall that using (2.15), we can write $A_n(t) = Y_n(\int_0^t n \lambda_n(V_n(s)) ds)$ for all $t \geq 0$, where Y_n is a standard Poisson process. Let $(e_j^n)_{j \geq 1}$ be the sequence of jump times of Y_n and define the sequence $(\eta_j^n)_{j \geq 1}$ by $\eta_1^n \equiv e_1^n$ and $\eta_j^n \equiv e_j^n - e_{j-1}^n$ for all $j \geq 2$. Then (η_j^n) is an i.i.d. sequence of exponential random variables with parameter 1. With the above representation, $\int_0^{t_j^n} n \lambda_n(V_n(s)) ds = e_j^n$ and hence \widehat{H}_n can be written as

$$\widehat{H}_n(t) = \frac{1}{\sqrt{n}} \sum_{j=0}^{[nt]} (1 - \eta_j^n). \quad (4.49)$$

Therefore,

$$[\widehat{H}_n, \widehat{H}_n](t) = \frac{1}{n} \sum_{j=0}^{[nt]} (1 - \eta_j^n)^2. \quad (4.50)$$

Let $(\tilde{\eta}_j)$ be a generic i.i.d. sequence of exponential random variables with parameter 1. Then for each $\epsilon > 0$, $\mathbb{P}[|\widehat{H}_n, \widehat{H}_n(t) - t| < \epsilon] = \mathbb{P}[\frac{1}{n} \sum_{j=0}^{[nt]} (1 - \tilde{\eta}_j)^2 - t| < \epsilon]$ and by strong law of large numbers, $\lim_{n \rightarrow \infty} \frac{1}{n} \sum_{j=0}^{[nt]} (1 - \tilde{\eta}_j)^2 = t$ a.s. Consequently, for each $t \geq 0$, $\lim_{n \rightarrow \infty} [\widehat{H}_n, \widehat{H}_n(t)] = t$ in probability.

Next, we consider $[\widehat{M}_n^v, \widehat{M}_n^v](t)$. Using (3.7), we obtain

$$[\widehat{M}_n^v, \widehat{M}_n^v](t) = \frac{1}{n} \sum_{j=1}^{[nt]} (v_j - 1)^2 \mathbf{1}_{[V_n(t_j^n -) < d_j^n]}.$$

Let $S_n(t) = \frac{1}{n} \sum_{j=1}^{[nt]} (v_j - 1)^2$. Then $|S_n(t) - [\widehat{M}_n^v, \widehat{M}_n^v](t)| = \frac{1}{n} \sum_{j=1}^{[nt]} (v_j - 1)^2 \mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]}$. Since v_j is independent of $\sigma(\widehat{\mathcal{F}}_{j-1}^n \cup \{d_j^n\})$ and $\mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]}$ is measurable with respect to this σ -algebra, we have $\mathbb{E}[(v_j - 1)^2 \mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} | \sigma(\widehat{\mathcal{F}}_{j-1}^n \cup \{d_j^n\})] = \sigma_s^2 \mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]}$. Taking the expected value in both sides, we have $\mathbb{E}[(v_j - 1)^2 \mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]}] = \sigma_s^2 \mathbb{E}[\mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]}]$. Consequently,

$$\mathbb{E}|S_n(t) - [\widehat{M}_n^v, \widehat{M}_n^v](t)| = \frac{\sigma_s^2}{n} \mathbb{E} \left[\sum_{j=1}^{[nt]} \mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} \right] = \sigma_s^2 \mathbb{E}[\bar{R}_n(t)],$$

where $\bar{R}_n(t)$ is given in (4.21). By Lemma 4.4, we have $\lim_{n \rightarrow \infty} \mathbb{E}[\bar{R}_n(t)] = 0$ and thus

$\lim_{n \rightarrow \infty} \mathbb{E}|S_n(t) - [\widehat{M}_n^v, \widehat{M}_n^v](t)| = 0$. On the other hand, (v_j) is an i.i.d. sequence with $\mathbb{E}(v_j - 1)^2 = \sigma_s^2$. Therefore, by strong law of large numbers, $\lim_{n \rightarrow \infty} S_n(t) = \sigma_s^2 t$ a.s. Using these two facts, we can conclude $\lim_{n \rightarrow \infty} [\widehat{M}_n^v, \widehat{M}_n^v](t) = \sigma_s^2 t$ in probability for each $t > 0$.

Using (3.7), we have

$$\mathbb{E}([\widehat{M}_n^d, \widehat{M}_n^d](t)) = \frac{1}{n} \mathbb{E} \sum_{j=1}^{[nt]} \left(\mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} - \mathbb{E}(\mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} | \widehat{\mathcal{F}}_{j-1}^n) \right)^2.$$

Since $\mathbb{E}(\mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} | \widehat{\mathcal{F}}_{j-1}^n) \leq 1$, we obtain

$$\mathbb{E} \left(\mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} - \mathbb{E}(\mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} | \widehat{\mathcal{F}}_{j-1}^n) \right)^2 \leq 2\mathbb{E}[\mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]}].$$

Therefore, $\mathbb{E}([\widehat{M}_n^d, \widehat{M}_n^d](t)) \leq 2\mathbb{E}[\bar{R}_n(t)]$, where $\bar{R}_n(t)$ is given in (4.21). Using (4.22), we have $\lim_{n \rightarrow \infty} \mathbb{E}([\widehat{M}_n^d, \widehat{M}_n^d](t)) = 0$ and thus $\lim_{n \rightarrow \infty} [\widehat{M}_n^d, \widehat{M}_n^d](t) = 0$ in probability for each $t > 0$.

Similar to the above computations, we have

$$[\widehat{M}_n^v, \widehat{M}_n^d](t) = -\frac{1}{n} \sum_{j=1}^{[nt]} (v_j - 1) \mathbf{1}_{[V_n(t_j^n -) < d_j^n]} \mathbb{E}(\mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} | \widehat{\mathcal{F}}_{j-1}^n).$$

But $V_n(t_j^n -)$ and d_j^n are measurable in $\sigma(\widehat{\mathcal{F}}_{j-1}^n \cup \{d_j^n\})$ and $v_j - 1$ is independent of $\sigma(\widehat{\mathcal{F}}_{j-1}^n \cup \{d_j^n\})$. Also, $\mathbb{E}|v_j - 1| \leq \sqrt{\mathbb{E}(v_j - 1)^2} = \sigma_s$. Hence we can easily obtain

$$\mathbb{E}|[\widehat{M}_n^v, \widehat{M}_n^d](t)| \leq \sigma_s \mathbb{E}[\bar{R}_n(t)] \rightarrow 0 \quad \text{as } n \rightarrow \infty$$

by (4.22). Thus, $\lim_{n \rightarrow \infty} [\widehat{M}_n^v, \widehat{M}_n^d](t) = 0$ in probability for each $t > 0$.

From (4.48) and (3.7), we obtain

$$[\widehat{H}_n, \widehat{M}_n^v](t) = \frac{1}{n} \sum_{j=1}^{[nt]} (v_j - 1) \mathbf{1}_{[V_n(t_j^n-) < d_j^n]} \left(1 - \int_{t_j^n}^{t_{j+1}^n} n \lambda_n(V_n(s)) ds \right). \quad (4.51)$$

Let $\mathbb{Y}_n(t) = [\widehat{H}_n, \widehat{M}_n^v](t)$. We claim that $(\mathbb{Y}_n(t), \mathcal{F}_t^n)$ is a martingale. Clearly, $\{\mathbb{Y}_n(t)\}$ is adapted to (\mathcal{F}_t^n) . Using the notation in (4.49), we can write

$$(v_j - 1) \mathbf{1}_{[V_n(t_j^n-) < d_j^n]} \left(1 - \int_{t_j^n}^{t_{j+1}^n} n \lambda_n(V_n(s)) ds \right) = (v_j - 1)(1 - \eta_j^n) \mathbf{1}_{[V_n(t_j^n-) < d_j^n]}.$$

This term is integrable since $\mathbb{E}(v_j - 1)^2 = \sigma_s^2 < \infty$ and $\mathbb{E}(1 - \eta_j^n)^2 = 1$. This term is also equal to $\sqrt{n}(v_j - 1) \mathbf{1}_{[V_n(t_j^n-) < d_j^n]} (\widehat{A}_n(t_{j+1}^n) - \widehat{A}_n(t_j^n))$. Using the fact that $v_j, V_n(t_j^n-)$ and d_j^n are $\widetilde{\mathcal{G}}_{t_j^n}^n$ -measurable and by (4.47), we see that

$$\mathbb{E} \left[(v_j - 1) \mathbf{1}_{[V_n(t_j^n-) < d_j^n]} \left(1 - \int_{t_j^n}^{t_{j+1}^n} n \lambda_n(V_n(s)) ds \right) \middle| \widetilde{\mathcal{G}}_{t_j^n}^n \right] = 0.$$

But $\widehat{\mathcal{F}}_{j-1}^n \subseteq \widetilde{\mathcal{G}}_{t_j^n}^n$ and therefore by conditioning on $\widehat{\mathcal{F}}_{j-1}^n$, we have $\{\mathbb{Y}_n(t)\}$ is an (\mathcal{F}_t^n) -martingale. Consequently,

$$\mathbb{E}([\mathbb{Y}_n, \mathbb{Y}_n](t)) \leq \frac{1}{n} \sum_{j=1}^{[nt]} \mathbb{E} \left[(v_j - 1)^2 (\widehat{A}_n(t_{j+1}^n) - \widehat{A}_n(t_j^n))^2 \right].$$

Since $(\widehat{A}_n(t), \widetilde{\mathcal{G}}_t^n)$ is a martingale (recall (2.13)) and $[\widehat{A}_n, \widehat{A}_n](t) = \frac{1}{n} A_n(t)$, we have $\mathbb{E}[(\widehat{A}_n(t_{j+1}^n) - \widehat{A}_n(t_j^n))^2 | \widetilde{\mathcal{G}}_{t_j^n}^n] = \frac{1}{n}$. Also, $(v_j - 1)$ is $\widetilde{\mathcal{G}}_{t_j^n}^n$ -measurable, and hence

$$\mathbb{E} \left[(v_j - 1)^2 (\widehat{A}_n(t_{j+1}^n) - \widehat{A}_n(t_j^n))^2 \middle| \widetilde{\mathcal{G}}_{t_j^n}^n \right] = \frac{1}{n} (v_j - 1)^2.$$

Consequently, $\mathbb{E}[(v_j - 1)^2 (\widehat{A}_n(t_{j+1}^n) - \widehat{A}_n(t_j^n))^2] = \sigma_s^2/n$ and we deduce that

$$\mathbb{E}([\mathbb{Y}_n, \mathbb{Y}_n](t)) \leq \frac{\sigma_s^2 [nt]}{n^2} \rightarrow 0 \quad \text{as } n \rightarrow \infty.$$

Therefore, $\mathbb{Y}_n(t) = [\widehat{H}_n, \widehat{M}_n^v](t) \rightarrow 0$ in probability. The proof of $\lim_{n \rightarrow \infty} [\widehat{H}_n, \widehat{M}_n^d](t) \rightarrow 0$ in probability is similar to that of the previous result and therefore we omit it. This completes the proof of part (ii) of lemma. \blacksquare

Proposition 4.10. *Let ξ_n be defined by (4.39). Then the process $\xi_n(\cdot)$ converges weakly to $\sigma W(\cdot)$ in $D[0, \infty)$ as $n \rightarrow \infty$, where $W(\cdot)$ is a standard Brownian motion and $\sigma > 0$ is a constant given by $\sigma^2 = 1 + \sigma_s^2$. Here, $\sigma_s^2 = \mathbb{E}(v_1 - 1)^2$ is a constant as in Assumption 3.1.*

Proof. We consider the vector-valued process $\{(\widehat{A}_n(t), \widehat{M}_n^v(\bar{A}_n(t)), \widehat{M}_n^d(\bar{A}_n(t))) : t \geq 0\}$, where $\bar{A}_n(t) = \frac{1}{n} A_n(t)$ for all $t \geq 0$. We intend to show that this process converges weakly to $(W_1, \sigma_s W_2, 0)$ in $D^{\otimes 3}[0, \infty)$, where W_1 and W_2 are independent standard Brownian motions. If we can write

$\widehat{A}_n(t) = \widetilde{H}_n(\bar{A}_n(t))$ for some process \widetilde{H}_n and if we can establish the weak convergence of $(\widetilde{H}_n, \widehat{M}_n^v, \widehat{M}_n^d)$ to $(W_1, \sigma_s W_2, 0)$, then we can use the almost sure limit of $\bar{A}_n(t)$ in (4.6) together with the random time change theorem (cf. Section 14 of [7]) to obtain the desired conclusion. Unfortunately, the representation $\widehat{A}_n(t) = \widetilde{H}_n(\bar{A}_n(t))$ for all $t \geq 0$ is not possible, and we need some adjustments to this idea in our proof. Another point is that \widehat{A}_n is a martingale with respect to (\mathcal{G}_t^n) as well as $(\widetilde{\mathcal{G}}_t^n)$ filtrations defined in (4.46), while \widehat{M}_n^v and \widehat{M}_n^d are martingales with respect to (\mathcal{F}_t^n) filtration in (3.3).

To overcome those difficulties, we observe two facts. First, consider process \widehat{H}_n defined in (4.44). Then

$$\widehat{H}_n(\bar{A}_n(t)) = \widehat{A}_n(t_{k+1}^n) \quad \text{if } t_k^n \leq t < t_{k+1}^n. \quad (4.52)$$

Second, the vector-valued process $\widehat{\mathbf{M}}_n(t) = (\widehat{H}_n(t), \widehat{M}_n^v(t), \widehat{M}_n^d(t))$ for $t \geq 0$ is an (\mathcal{F}_t^n) -martingale by part (i) of Lemma 4.9. Our approach here is to use the martingale functional central limit theorem (cf. Theorem 1.4, Chapter 7 in [13] or Theorem 2.1 in [34]) to establish the weak convergence of $\widehat{\mathbf{M}}_n$ to $(W_1, \sigma_s W_2, 0)$ and then to apply random time change theorem (cf. Section 14 of [7]) to conclude $\widehat{\mathbf{M}}_n(\bar{A}_n(t))$ also converges to $(W_1, \sigma_s W_2, 0)$. Finally, we establish that for each $T > 0$, $\sup_{t \in [0, T]} |\widehat{A}_n(t) - \widehat{H}(\bar{A}_n(t))|$ converges to zero in probability. Then as a consequence of this, $(\widehat{A}_n(\cdot), \widehat{M}_n^v(\bar{A}_n(\cdot)), \widehat{M}_n^d(\bar{A}_n(\cdot)))$ converges weakly to $(W_1, \sigma_s W_2, 0)$ in $D^{\otimes 3}[0, \infty)$.

To implement the sketch of the proof given above, we consider the vector-valued martingale $(\widehat{\mathbf{M}}_n(t), \mathcal{F}_t^n)$ and apply the martingale FCLT, Theorem 1.4 of Chapter 7 in [13]. We intend to verify the assumption in the quoted Theorem 1.4, part a). First, we show that for each $T > 0$,

$$\lim_{n \rightarrow \infty} \mathbb{E} \left(\sup_{t \in [0, T]} |\widehat{\mathbf{M}}_n(t) - \widehat{\mathbf{M}}_n(t-)| \right) = 0.$$

Using the representation (4.49) for \widehat{H}_n , we can write

$$\mathbb{E} \left[\sup_{t \in [0, T]} |\widehat{H}_n(t) - \widehat{H}_n(t-)| \right] = \mathbb{E} \left(\frac{1}{\sqrt{n}} \max_{1 \leq j \leq nT} |1 - \eta_j^n| \right) \leq \left[\frac{1}{n} \mathbb{E} \left(\max_{1 \leq j \leq nT} |1 - \eta_j^n|^2 \right) \right]^{1/2},$$

where (η_j^n) is an i.i.d. sequence of random variables with $\exp(1)$ distribution. If $(\widetilde{\eta}_j)$ is a generic i.i.d. sequence of $\exp(1)$ random variables, then $\frac{1}{n} \mathbb{E} \left(\max_{1 \leq j \leq nT} |1 - \eta_j^n|^2 \right) = \frac{1}{n} \mathbb{E} \left(\max_{1 \leq j \leq nT} |1 - \widetilde{\eta}_j|^2 \right)$ and since $\mathbb{E}(1 - \widetilde{\eta}_j)^2 = 1$, by (A1) (see the Appendix), we have

$$\lim_{n \rightarrow \infty} \frac{1}{n} \mathbb{E} \left(\max_{1 \leq j \leq nT} |1 - \widetilde{\eta}_j|^2 \right) = 0.$$

Hence $\lim_{n \rightarrow \infty} \mathbb{E} \left[\sup_{t \in [0, T]} |\widehat{H}_n(t) - \widehat{H}_n(t-)| \right] = 0$. Similarly,

$$\mathbb{E} \left[\sup_{t \in [0, T]} |\widehat{M}_n^v(t) - \widehat{M}_n^v(t-)| \right] \leq \mathbb{E} \left(\frac{1}{\sqrt{n}} \max_{1 \leq j \leq nT} |v_j - 1| \right) \leq \left[\frac{1}{n} \mathbb{E} \left(\max_{1 \leq j \leq nT} |v_j - 1|^2 \right) \right]^{1/2}.$$

Since (v_j) is i.i.d. and $\mathbb{E}(v_j - 1)^2 = \sigma_s^2 < \infty$, again by (A1), $\lim_{n \rightarrow \infty} \frac{1}{n} \mathbb{E} \left(\max_{1 \leq j \leq nT} |v_j - 1|^2 \right) = 0$.

In part (ii) of Lemma 4.9, we have established $\lim_{n \rightarrow \infty} [\widehat{M}_n^i, \widehat{M}_n^j](t) = c_{ijt}$ in probability for $1 \leq i, j \leq 3$ where $[\widehat{M}_n^i, \widehat{M}_n^j]$ represents the (i, j) -th quadratic-covariation process of the martingale $\widehat{\mathbf{M}}_n$

(see Remark 1.5 in page 340 of [13]) and the constant matrix $C = (c_{ij})_{3 \times 3}$ is described by the diagonal matrix $C = \text{diag}(1, \sigma_s^2, 0)$. Hence, the assumptions of the martingale FCLT, Theorem 1.4, part a) in pages 339–340 of [13] are satisfied. Thus, we can conclude that $\widehat{\mathbf{M}}_n$ converges weakly to $(W_1, \sigma_s W_2, 0)$ as $n \rightarrow \infty$, where W_1 and W_2 are independent standard Brownian motions. By (4.6), $\sup_{t \in [0, T]} |\bar{A}_n(t) - t| \rightarrow 0$ as $n \rightarrow \infty$ for each $T > 0$, and hence by the random time change theorem

(Section 14, [7]), $\widehat{\mathbf{M}}_n \circ \bar{A}_n$ also converges weakly to $(W_1, \sigma_s W_2, 0)$ in $D^{\otimes 3}[0, \infty)$ as $n \rightarrow \infty$.

Now, to establish the weak convergence of the process $(\widehat{A}_n(t), \widehat{M}_n^v(\bar{A}_n(t)), \widehat{M}_n^d(\bar{A}_n(t)))$ it remains to estimate $\sup_{t \in [0, T]} |\widehat{H}_n(\bar{A}_n(t)) - \widehat{A}_n(t)|$ for each $T > 0$. Let $\epsilon > 0$. Notice that

$$\mathbb{P} \left[\sup_{t \in [0, T]} \left| \widehat{H}_n(\bar{A}_n(t)) - \widehat{A}_n(t) \right| > \epsilon \right] \leq \mathbb{P} \left[\sup_{t \in [0, T]} \left| \widehat{H}_n(\bar{A}_n(t)) - \widehat{A}_n(t) \right| > \epsilon, \bar{A}_n(T) \leq 2T \right] + \mathbb{P} [\bar{A}_n(T) > 2T]. \quad (4.53)$$

On the set $[\bar{A}_n(T) \leq 2T]$, using (4.52), we have

$$\sup_{t \in [0, T]} \left| \widehat{H}_n(\bar{A}_n(t)) - \widehat{A}_n(t) \right| = \sup_{0 \leq j \leq [2nT]} \sup_{t_j^n \leq t < t_{j+1}^n} \left| \widehat{A}_n(t_{j+1}^n) - \widehat{A}_n(t) \right|.$$

But using the i.i.d. sequence of $\exp(1)$ random variables (η_j^n) introduced in the discussion above (4.49), we have

$$\sup_{t_j^n \leq t < t_{j+1}^n} \left| \widehat{A}_n(t_{j+1}^n) - \widehat{A}_n(t) \right| \leq \frac{1}{\sqrt{n}} \left(1 + \int_{t_j^n}^{t_{j+1}^n} n \lambda_n(V_n(s)) ds \right) = \frac{1}{\sqrt{n}} (1 + \eta_{j+1}^n).$$

Therefore,

$$\begin{aligned} \mathbb{P} \left[\sup_{t \in [0, T]} \left| \widehat{H}_n(\bar{A}_n(t)) - \widehat{A}_n(t) \right| > \epsilon, \bar{A}_n(T) \leq 2T \right] &\leq \mathbb{P} \left[\sup_{0 \leq j \leq [2nT]} \frac{1}{\sqrt{n}} (1 + \eta_{j+1}^n) > \epsilon \right] \\ &= \mathbb{P} \left[\sup_{0 \leq j \leq [2nT]} \frac{1}{\sqrt{n}} (1 + \tilde{\eta}_{j+1}) > \epsilon \right] \end{aligned} \quad (4.54)$$

where $(\tilde{\eta}_j)$ is a generic sequence of i.i.d. $\exp(1)$ random variables. Since $\mathbb{E}(1 + \tilde{\eta}_{j+1})^2 < \infty$, by (A1) (see the Appendix),

$$\lim_{n \rightarrow \infty} \frac{1}{n} \mathbb{E} \left[\sup_{0 \leq j \leq [2nT]} (1 + \tilde{\eta}_{j+1})^2 \right] = 0.$$

Hence, the right hand side of (4.54) tends to zero and consequently, the first term on the right side of (4.53) converges to zero as n tends to infinity. On the other hand, $\bar{A}_n(T)$ converges to T almost surely, and hence the second term on the right side of (4.53) also converges to zero as $n \rightarrow \infty$. Using these two limits in (4.53), we obtain

$$\lim_{n \rightarrow \infty} \mathbb{P} \left[\sup_{t \in [0, T]} \left| \widehat{H}_n(\bar{A}_n(t)) - \widehat{A}_n(t) \right| > \epsilon \right] = 0 \quad \text{for each } T > 0.$$

We can combine this result with the already established weak convergence of $(\widehat{H}_n(\bar{A}_n(t)), \widehat{M}_n^v(\bar{A}_n(t)), \widehat{M}_n^d(\bar{A}_n(t)))$ to $(W_1, \sigma_s W_2, 0)$ as $n \rightarrow \infty$ to obtain that the process $(\widehat{A}_n(t), \widehat{M}_n^v(\bar{A}_n(t)), \widehat{M}_n^d(\bar{A}_n(t)))$ converges weakly to $(W_1, \sigma_s W_2, 0)$ in $D^{\otimes 3}[0, \infty)$ as $n \rightarrow \infty$. Therefore, the process $\xi_n(\cdot)$ defined in (4.39) converges weakly to $\sigma W(\cdot)$ in $D[0, \infty)$ as $n \rightarrow \infty$, where $W(\cdot)$ is a standard one-dimensional Brownian motion and $\sigma^2 = 1 + \sigma_s^2$. This completes the proof. ■

5 Scaled Queue Length

Here we establish an asymptotic relationship between the queue-length and offered waiting time processes under heavy traffic conditions. We essentially follow the proof of this fact in Reed and Ward [26] (Theorem 6.1) and supplement it with necessary estimates to accommodate our general assumptions. For a conventional $GI/GI/1$ queue, this fact was established in Theorem 4 of Section 3 in Reiman [27]. We circumvent the use of Reiman's "Snap-shot Principle" and a comparison result with a non-abandoning queue used in Reed and Ward [26] by obtaining different estimates.

For $t \geq 0$, let $Q_n(t)$ be the queue length of the n -th system at time t and $\widehat{Q}_n(t) = \frac{Q_n(t)}{\sqrt{n}}$ be the diffusion-scaled queue length. Following the notation in [26], we also introduce the random variable

$$a_n(t) \equiv \text{the arrival time of the customer in service at time } t \text{ in the } n\text{-th system.}$$

If the server is idle at time t , we let $a_n(t) = t$.

Theorem 5.1. *Let \widehat{Q}_n and \widehat{V}_n be scaled queue-length and scaled offered waiting time processes, respectively. Then as $n \rightarrow \infty$,*

$$\widehat{Q}_n - \widehat{V}_n \Rightarrow 0$$

in $D[0, \infty)$.

To prove this theorem, we follow the discussion in page 21 of [26] with appropriate changes and then establish two lemmas. Recall that for the j -th arrival in the n -th system, service time is v_j/n . First, notice that $V_n(a_n(t)-) \leq t - a_n(t) \leq V_n(a_n(t)-) + \frac{1}{n}v_{A_n(a_n(t))}$ and hence

$$\widehat{V}_n(a_n(t)-) \leq \sqrt{n}(t - a_n(t)) \leq \widehat{V}_n(a_n(t)-) + \frac{1}{\sqrt{n}}v_{A_n(a_n(t))} \quad (5.1)$$

for all $t \geq 0$. For $T \geq 0$, let $u_n(T) = \max\{v_j : 1 \leq j \leq A_n(T)\}$. Then we observe that for each $T \geq 0$, $u_n(T)/\sqrt{n} \Rightarrow 0$ as $n \rightarrow \infty$. Indeed, for an arbitrary $\epsilon > 0$,

$$\mathbb{P} \left[\frac{1}{\sqrt{n}}u_n(T) > \epsilon \right] \leq \mathbb{P} \left[\frac{1}{\sqrt{n}}u_n(T) > \epsilon, \bar{A}_n(T) < 2T \right] + \mathbb{P}[\bar{A}_n(T) \geq 2T].$$

We know from (4.6) that $\lim_{n \rightarrow \infty} \mathbb{P}[\bar{A}_n(T) \geq 2T] = 0$. Also, note that

$$\mathbb{P} \left[\frac{1}{\sqrt{n}}u_n(T) > \epsilon, \bar{A}_n(T) < 2T \right] \leq \mathbb{P} \left[\frac{1}{\sqrt{n}} \max_{1 \leq j \leq 2nT} v_j > \epsilon \right]$$

and $\lim_{n \rightarrow \infty} \mathbb{P} \left[\frac{1}{\sqrt{n}} \max_{1 \leq j \leq 2nT} v_j > \epsilon \right] = 0$ follows from (A1) in the Appendix or Lemma 3.3 of [18].

Thus, we have

$$\lim_{n \rightarrow \infty} \mathbb{P} \left[\frac{1}{\sqrt{n}}u_n(T) > \epsilon \right] = 0. \quad (5.2)$$

Notice that for $n \geq 1$ and $0 \leq t \leq T$, we have $0 \leq v_{A_n(a_n(t))} \leq u_n(T)$ and this together with (5.2) implies that

$$\sup_{t \in [0, T]} |\sqrt{n}(t - a_n(t)) - \widehat{V}_n(a_n(t)-)| \Rightarrow 0$$

as $n \rightarrow \infty$. Dividing by \sqrt{n} , and using Theorem 4.1, we deduce that

$$\sup_{t \in [0, T]} (t - a_n(t)) \Rightarrow 0 \quad (5.3)$$

as $n \rightarrow \infty$.

The next two technical lemmas enable us to prove Theorem 5.1 and we use the above facts in their proofs. Our Lemma 5.2 corresponds to Lemma 6.1 of [26] but the proof requires a different estimate to accommodate our general assumptions.

Lemma 5.2. *For each $T > 0$,*

$$\sup_{t \in [0, T]} \frac{1}{\sqrt{n}} \sum_{j=A_n(a_n(t))}^{A_n(t)} \mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} \Rightarrow 0 \quad \text{as } n \rightarrow \infty.$$

Proof. We begin with the following identity: for $t \geq 0$

$$\frac{1}{\sqrt{n}} \sum_{j=A_n(a_n(t))}^{A_n(t)} \mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} = \widehat{M}_n^d(\bar{A}_n(t)) - \widehat{M}_n^d(\bar{A}_n(a_n(t))) + \frac{1}{\sqrt{n}} \sum_{j=A_n(a_n(t))}^{A_n(t)} F_n(V_n(t_j^n -)), \quad (5.4)$$

where $\widehat{M}_n^d(t)$ is described in (3.7) (see also (2.6)). By Proposition 4.10, $\widehat{M}_n^d \Rightarrow 0$ as $n \rightarrow \infty$ and by (4.6), $\sup_{t \in [0, T]} |\bar{A}_n(t) - t| \rightarrow 0$ as $n \rightarrow \infty$. Using these facts together with (5.3) and then applying random-time change theorem in [7], we can conclude

$$\widehat{M}_n^d(\bar{A}_n(\cdot)) - \widehat{M}_n^d \circ \bar{A}_n \circ a_n(\cdot) \Rightarrow 0 \quad (5.5)$$

in $D[0, \infty)$ as $n \rightarrow \infty$. Next, we show

$$\frac{1}{\sqrt{n}} \sum_{j=A_n(a_n(\cdot))}^{A_n(\cdot)} F_n(V_n(t_j^n -)) \Rightarrow 0$$

as $n \rightarrow \infty$ and hence by (5.4) this will imply the stated result. For $t \geq 0$, let

$$W_n(t) = \frac{1}{\sqrt{n}} \sup_{t \in [0, T]} \sum_{j=A_n(a_n(t))}^{A_n(t)} F_n(V_n(t_j^n -))$$

and $\epsilon, \tilde{\epsilon} > 0$ be arbitrary. Choose $K > 0$ large enough then, by (4.24), there is $n_0 \in \mathcal{N}$ so that

$$\mathbb{P} \left[\max_{1 \leq j \leq [nT]} \widehat{V}_n(t_j^n -) \geq K \right] < \tilde{\epsilon}$$

for all $n \geq n_0$. Using the fact that $F_n(\cdot)$ is non-decreasing, we obtain

$$\begin{aligned} \mathbb{P}[W_n(T) > \epsilon] &\leq \mathbb{P} \left[W_n(T) > \epsilon, \max_{1 \leq j \leq [nT]} \widehat{V}_n(t_j^n -) \leq K \right] + \tilde{\epsilon} \\ &\leq \mathbb{P} \left[\frac{1}{\sqrt{n}} F_n \left(\frac{K}{\sqrt{n}} \right) \sup_{t \in [0, T]} (A_n(t) - A_n(a_n(t))) > \epsilon \right] + \tilde{\epsilon}, \end{aligned} \quad (5.6)$$

for all $n \geq n_0$. We take $\delta_1 > 0$. Then by the Assumption 3.3, there is $n_1 \in \mathcal{N}$ such that $\sqrt{n} F_n(\frac{K}{\sqrt{n}}) \leq H(K) + \delta_1$ for all $n \geq n_1$. We let the constant $C_1 \equiv H(K) + \delta_1 > 0$. Then for all $n \geq \max\{n_0, n_1\}$, $\frac{1}{\sqrt{n}} F_n(K/\sqrt{n}) \leq C_1/n$ and thus

$$\mathbb{P} \left[\frac{1}{\sqrt{n}} F_n \left(\frac{K}{\sqrt{n}} \right) \sup_{t \in [0, T]} (A_n(t) - A_n(a_n(t))) > \epsilon \right] \leq \mathbb{P} \left[\sup_{t \in [0, T]} (\bar{A}_n(t) - \bar{A}_n(a_n(t))) > \frac{\epsilon}{C_1} \right]. \quad (5.7)$$

But since $a_n(t) \leq t$, we have

$$2 \sup_{t \in [0, T]} |\bar{A}_n(t) - t| + \sup_{t \in [0, T]} |t - a_n(t)| \geq \sup_{t \in [0, T]} [\bar{A}_n(t) - \bar{A}_n(a_n(t))].$$

Hence by (4.6) and (5.3), it follows that

$$\lim_{n \rightarrow \infty} \mathbb{P} \left[\frac{1}{\sqrt{n}} F_n \left(\frac{K}{\sqrt{n}} \right) \sup_{t \in [0, T]} (A_n(t) - A_n(a_n(t))) > \epsilon \right] = 0$$

and using this in (5.6), we have $\lim_{n \rightarrow \infty} \mathbb{P}[W_n(T) > \epsilon] = 0$. Using this together with (5.5) in the identity (5.4), we obtain the desired conclusion. \blacksquare

Lemma 5.3. *Let $T \geq 0$. As $n \rightarrow \infty$,*

$$\sqrt{n} \sup_{t \in [0, T]} \int_{a_n(t)}^t \left| \lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) - 1 \right| ds \Rightarrow 0. \quad (5.8)$$

Proof. Let $\epsilon > 0$ be arbitrary. We pick $K > 0$ large enough then, by (4.15), there is $n_0 \in \mathbb{N}$ so that

$$\mathbb{P}[\|\widehat{V}_n\|_T > K] < \epsilon/2$$

for all $n \geq n_0$. Let $\delta > 0$. Using part (iv) of Assumption 3.2, there is $n_1 \in \mathbb{N}$ so that $\sqrt{n} \sup_{x \in [0, K]} |\lambda(x/\sqrt{n}) - 1| \leq \max_{x \in [0, K]} u(x) + \delta$ for all $n \geq n_1$. We let $C = \max_{x \in [0, K]} u(x) + \delta > 0$

and for $n \geq 1$, introduce $\mathcal{W}_n(T) = \sqrt{n} \sup_{t \in [0, T]} \int_{a_n(t)}^t \left| \lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) - 1 \right| ds$. Then, we have

$$\begin{aligned} \mathbb{P}[\mathcal{W}_n(T) > \epsilon] &\leq \mathbb{P} \left[\mathcal{W}_n(T) > \epsilon, \|\widehat{V}_n\|_T \leq K \right] + \frac{\epsilon}{2} \\ &\leq \mathbb{P} \left[C \sup_{t \in [0, T]} (t - a_n(t)) > \epsilon \right] + \frac{\epsilon}{2}, \end{aligned}$$

for all $n \geq \max\{n_0, n_1\}$. Using this together with (5.3), we obtain $\lim_{n \rightarrow \infty} \mathbb{P}[\mathcal{W}_n(T) > \epsilon] = 0$ and this yields (5.8). \blacksquare

Next, we use Lemmas 5.2 and 5.3 to prove Theorem 5.1.

Proof of Theorem 5.1. We begin with the estimate

$$A_n(t) - A_n(a_n(t)) - \sum_{j=A_n(a_n(t))}^{A_n(t)} \mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} \leq Q_n(t) \leq A_n(t) - A_n(a_n(t)) + 1$$

as explained in the proof of Theorem 6.1 in [26]. For $n \geq 1$ and $t \geq 0$, let

$$\mathcal{Y}_n(t) = \widehat{A}_n(t) - \widehat{A}_n(a_n(t)) + \sqrt{n} \int_{a_n(t)}^t \lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) ds,$$

where $\widehat{A}_n(\cdot)$ is described in (3.5). Then,

$$\mathcal{Y}_n(t) - \frac{1}{\sqrt{n}} \sum_{j=A_n(a_n(t))}^{A_n(t)} \mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} \leq \widehat{Q}_n(t) \leq \mathcal{Y}_n(t) + \frac{1}{\sqrt{n}}$$

for all $t \geq 0$. Hence we can write

$$\begin{aligned} \mathcal{Y}_n(t) - \frac{1}{\sqrt{n}} \sum_{j=A_n(a_n(t))}^{A_n(t)} \mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} - \widehat{V}_n(a_n(t)) + [\widehat{V}_n(a_n(t)) - \widehat{V}_n(t)] \\ \leq \widehat{Q}_n(t) - \widehat{V}_n(t) \leq \mathcal{Y}_n(t) + \frac{1}{\sqrt{n}} - \widehat{V}_n(a_n(t)) + [\widehat{V}_n(a_n(t)) - \widehat{V}_n(t)]. \end{aligned}$$

Next, we introduce $\mathcal{Z}_n(\cdot)$ by

$$\mathcal{Z}_n(t) = \widehat{A}_n(t) - \widehat{A}_n(a_n(t)) + \sqrt{n} \int_{a_n(t)}^t \left[\lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) - 1 \right] ds,$$

for all $t \geq 0$. Then we can employ the estimates for $\widehat{V}_n(a_n(t))$ in (5.1) and obtain,

$$\begin{aligned} \mathcal{Z}_n(t) - \frac{1}{\sqrt{n}} \sum_{j=A_n(a_n(t))}^{A_n(t)} \mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} + [\widehat{V}_n(a_n(t)) - \widehat{V}_n(t)] \\ \leq \widehat{Q}_n(t) - \widehat{V}_n(t) \leq \mathcal{Z}_n(t) + \frac{1}{\sqrt{n}} v_{A_n(a_n(t))} + [\widehat{V}_n(a_n(t)) - \widehat{V}_n(t)] + \frac{1}{\sqrt{n}}. \end{aligned}$$

Consequently,

$$\begin{aligned} |\widehat{Q}_n(t) - \widehat{V}_n(t)| &\leq |\mathcal{Z}_n(t)| + \frac{1}{\sqrt{n}} \sum_{j=A_n(a_n(t))}^{A_n(t)} \mathbf{1}_{[V_n(t_j^n -) \geq d_j^n]} \\ &\quad + |\widehat{V}_n(a_n(t)) - \widehat{V}_n(t)| + \frac{1}{\sqrt{n}} v_{A_n(a_n(t))} + \frac{1}{\sqrt{n}}. \end{aligned} \quad (5.9)$$

Since $\widehat{A}_n \Rightarrow W_1$ as $n \rightarrow \infty$, and by (5.3), we have $|\widehat{A}_n(\cdot) - \widehat{A}_n \circ a_n(\cdot)| \Rightarrow 0$ as $n \rightarrow \infty$. We use this fact together with Lemma 5.3 to conclude $|\mathcal{Z}_n(\cdot)| \Rightarrow 0$ as $n \rightarrow \infty$. Similarly, $\widehat{V}_n(\cdot)$ converges weakly as in Theorem 4.8. This together with (5.3) yields $|\widehat{V}_n \circ a_n(\cdot) - \widehat{V}_n(\cdot)| \Rightarrow 0$ as $n \rightarrow \infty$. Finally, notice that $0 \leq \frac{1}{\sqrt{n}} v_{A_n(a_n(t))} \leq \frac{u_n(T)}{\sqrt{n}}$, where $u_n(T)$ is as in (5.2), and hence by (5.2), we deduce that $v_{A_n(a_n(\cdot))}/\sqrt{n} \Rightarrow 0$ as $n \rightarrow \infty$. Using all these facts in (5.9), we are able to conclude $\widehat{Q}_n(\cdot) - \widehat{V}_n(\cdot) \Rightarrow 0$ as $n \rightarrow \infty$. This completes the proof. \blacksquare

As a consequence of Theorem 4.8, we have the following corollary.

Corollary 5.4. *The scaled queue-length process $(\widehat{Q}_n(t))_{t \geq 0}$ also converges weakly as $n \rightarrow \infty$ to the diffusion process $(Z(t))_{t \geq 0}$ of (4.42) in $D[0, \infty)$.*

6 Convergence of Cost Functionals

6.1 Introduction

Here we introduce an infinite horizon discounted cost functional associated with the n -th system described in (3.8). Our goal is to show that the expected value of this cost functional converges to the expected value of the same cost functional associated with the limiting diffusion process described in (4.42). For heavy traffic limits related to scaled queue-length processes, such convergence of cost

functionals are obtained in [5, 32, 19] and they are very useful in controlled queueing systems to obtain an asymptotically optimal arrival rate $\lambda_n(\cdot)$. First we introduce the scaled idle time process $\widehat{L}_n(\cdot)$ associated with (3.8) by

$$\widehat{L}_n(t) = \sqrt{n}I_n(t) \quad \text{for all } t \geq 0. \quad (6.1)$$

Then, after scaling we can rewrite (3.8) as

$$\begin{aligned} \widehat{V}_n(t) + \frac{1}{\sqrt{n}} \int_0^t F_n \left(\frac{\widehat{V}_n(s-)}{\sqrt{n}} \right) dA_n(s) &= \widehat{A}_n(t) + \widehat{M}_n^v(\bar{A}_n(t)) - \widehat{M}_n^d(\bar{A}_n(t)) \\ &+ \sqrt{n} \int_0^t \left[\lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) - 1 \right] ds + \widehat{L}_n(t), \end{aligned} \quad (6.2)$$

for all $t \geq 0$.

Let $\gamma > 0$ be a discount factor and $C(\cdot)$ be a running cost function of polynomial growth. For the n -th system described in (6.2), we introduce two types of costs: A cost of $\int_0^\infty e^{-\gamma t} C(\widehat{V}_n(t)) dt$ related to the waiting times and an idleness cost proportional to $\int_0^\infty e^{-\gamma t} d\widehat{L}_n(t)$. Thus the infinite horizon discounted cost functional associated with the n -th system is given by

$$J(\widehat{V}_n, \widehat{L}_n) \equiv \mathbb{E} \int_0^\infty e^{-\gamma t} \left[C(\widehat{V}_n(t)) dt + p \cdot d\widehat{L}_n(t) \right], \quad (6.3)$$

where $p > 0$ and $\gamma > 0$ are fixed constants. The cost functional related to the limiting diffusion in (4.42) is given by

$$J(Z, L) \equiv \mathbb{E} \int_0^\infty e^{-\gamma t} \left[C(Z(t)) dt + p \cdot dL(t) \right]. \quad (6.4)$$

Under our assumptions, we intend to show that these cost functionals in (6.3) and (6.4) are finite. Our main result here is the convergence of $J(\widehat{V}_n, \widehat{L}_n)$ to $J(Z, L)$ as n tends to infinity.

6.2 Assumptions and the convergence of the cost functionals

We need to make further assumptions in this section. We assume that the running cost function $C(\cdot)$ can have polynomial growth and the service times (v_i) have higher moments. We also need to strengthen the part (iii) of Assumption 3.2. All these assumptions will be used in the proof of main theorem (Theorem 6.2) here, but Theorem 6.4, which is of independent interest remains valid only with the assumption (6.6) below. We will make it clear in the statements of these results. Next, we list the additional assumptions below:

- (a) There are constant $K_1 > 0$ and integer $\ell \geq 1$ such that

$$0 \leq C(x) \leq K_1(1 + x^\ell), \quad \text{for all } x \geq 0. \quad (6.5)$$

Here $C(\cdot)$ is the running cost function in (6.3).

- (b) The sequence of service times (v_i) described in Section 3 satisfies

$$\mathbb{E}[v_i^{m(1+\epsilon)}] < \infty \quad \text{for some integer } m > \max\{\ell, 2\}, \quad \text{and small } \epsilon > 0. \quad (6.6)$$

- (c) The arrival sequence of intensity functions ($\lambda_n(\cdot)$) satisfies the following two conditions:

(i) There exist two constants $\delta_0 > 0$ and $M > 0$ such that

$$\sup_{n \geq 1} \sup_{x \in [0, \delta_0]} \sqrt{n} |\lambda_n(x) - 1| < M. \quad (6.7)$$

(ii) There exist two constants $A > 0$ and $B > 0$ such that

$$\sup_{n \geq 1} \sqrt{n} (\lambda_n(x) - 1)^+ \leq A + Bx \text{ for all } x \geq 0. \quad (6.8)$$

(d) We also assume that the sequence of (F_n) of distribution function of abandonments satisfies

$$0 \leq \sqrt{n} F_n \left(\frac{x}{\sqrt{n}} \right) \leq C_1 x (1 + x^r), \text{ for all } x \geq 0, \quad (6.9)$$

where $C_1 > 0$ is a generic constant independent of n and the constant $r > 0$ satisfies $2(r + 1) < m$.

Since $\sqrt{n}(1 - \lambda_n(x/\sqrt{n}))$ converges to a non-negative function $u(x)$ for all $x \geq 0$ (Assumption 3.2, part (iv)), conditions (6.7) and (6.8) are not very restrictive. (See also the examples in Remark 3.4.) Assumptions (6.6) and (6.9) will be used in obtaining some uniform integrability estimates for the integrand in the cost functional $J(\widehat{V}_n, \widehat{L}_n)$.

Remark 6.1. *The assumption (6.9) indeed imposes some restrictions on the Assumption 3.3 of Section 3. Here we follow up on the changes required in the examples (F_n) provided in Remark 3.4.*

(a) Let $F_n \equiv F$ for all n , and assume F is differentiable with a derivative of polynomial growth satisfying

$$\sup_{y \in [0, x]} F'(y) \leq C(1 + x^r) \text{ with } 0 \leq r < m - 1,$$

where $F'(y)$ denotes a derivative of F at y . Then (F_n) satisfies Assumption 3.3 as well as (6.9).

(b) Take $F_n(x) = 1 - \exp(-\int_0^x h(\sqrt{n}u)du)$ for $x \geq 0$ and assume that h is a continuous function with polynomial growth satisfying $\sup_{y \in [0, x]} h(y) \leq C(1 + x^r)$ with $0 \leq r < m - 1$. This sequence (F_n) also satisfies Assumption 3.3 as well as (6.9).

(c) For a general sequence (F_n) , assume that $F'_n(\frac{x}{\sqrt{n}})$ converges to a non-negative function $h(x)$ uniformly on compact sets and $F'_n(\frac{x}{\sqrt{n}}) \leq C(1 + x^r)$, where $C > 0$ is a constant independent of n . Then, (F_n) satisfies Assumption 3.3 as well as (6.9).

Our main theorem in this section is the following:

Theorem 6.2. *In addition to the basic assumptions in Section 3, assume (6.5)–(6.9) to hold. Then the cost functionals $J(\widehat{V}_n, \widehat{L}_n)$ and $J(Z, L)$ are all finite and*

$$\lim_{n \rightarrow \infty} J(\widehat{V}_n, \widehat{L}_n) = J(Z, L). \quad (6.10)$$

Proof of this theorem needs several preliminary results. Using Theorem 4.8, together with Skorokhod's representation theorem, we can simply assume that $\lim_{n \rightarrow \infty} (\widehat{V}_n(t), \widehat{L}_n(t)) = (Z(t), L(t))$ for all $t \geq 0$, a.s. To obtain the convergence of cost functionals, we need to obtain a polynomial growth bound which is independent of n for the expected value of the integrand in $J(\widehat{V}_n, \widehat{L}_n)$.

Lemma 6.3. *Assume (6.6) in addition to the basic assumptions in Section 3. Let $\xi_n(\cdot)$ be the process described in (4.39). Then,*

$$\mathbb{E} [\|\xi_n\|_T^m] \leq K_2(1 + T^{m/2}), \quad (6.11)$$

where $K_2 > 0$ is a generic constant independent of n .

Proof. In (4.39), we let $\xi_n(t) = \widehat{A}_n(t) + \widehat{M}_n^v(\bar{A}_n(t)) - \widehat{M}_n^d(\bar{A}_n(t))$ for all $t \geq 0$. First, we estimate $\mathbb{E}[\|\widehat{A}_n\|_T^m]$. By (2.15), A_n has the representation $A_n(t) = Y_n(n \int_0^t \lambda_n(V_n(s)) ds)$ for all $t \geq 0$, where Y_n is a standard Poisson process. We introduce the Poisson martingale $\widehat{Y}_n(t) = \frac{1}{\sqrt{n}}(Y_n(nt) - nt)$ and then we can write $\widehat{A}_n(t) = \widehat{Y}_n(\int_0^t \lambda_n(V_n(s)) ds)$ as in (2.15). Moreover, for any integer $k \geq 1$, $\|\widehat{A}_n\|_T^{2k} \leq \|\widehat{Y}_n\|_{C_0 T}^{2k}$, where the constant $C_0 > 0$ is as in Assumption 3.2. Consequently, $\mathbb{E}[\|\widehat{A}_n\|_T^{2k}] \leq \mathbb{E}[\|\widehat{Y}_n\|_{C_0 T}^{2k}]$.

The quadratic variation process of the martingale \widehat{Y}_n is given by $[\widehat{Y}_n, \widehat{Y}_n](t) = \frac{1}{n} Y_n(nt)$ and therefore, using Burkholder's inequality (cf. [24]) we obtain $\mathbb{E}[\|\widehat{Y}_n\|_{C_0 T}^{2k}] \leq \frac{C_k}{n^k} \mathbb{E}[Y_n(nC_0 T)^k]$ where $C_k > 0$ is a constant depending only on k . Recall that if X is a Poisson random variable with parameter $\lambda > 0$, then for any integer $j \geq 1$, $\mathbb{E}[X(X-1)\cdots(X-(j-1))] = \lambda^j$. Consequently, $\mathbb{E}(X^j) = p_j(\lambda)$, where $p_j(x)$ is a degree j polynomial of the form $p_j(x) = x^j + c_{j-1}x^{j-1} + \cdots + c_1x$ and the constants c_1, c_2, \dots, c_{j-1} may depend on j . Since $Y_n(nC_0 T)$ is a Poisson random variable with parameter $nC_0 T > 0$, we can easily obtain the bound $\frac{1}{n^k} \mathbb{E}[Y_n(nC_0 T)^k] \leq C_1 p_k(T)$, where $C_1 > 0$ is a constant and $p_k(x)$ is a polynomial of degree k . The constant $C_1 > 0$ and the polynomial $p_k(\cdot)$ can be chosen independent of n and they may depend on k . Using these estimates and letting $T > 1$, we have

$$\mathbb{E}[\|\widehat{A}_n\|_T^{2k}] \leq C_2 p_k(T) \leq \widetilde{C}_k(1 + T^k),$$

where $C_2 > 0$ and $\widetilde{C}_k > 0$ are generic constants independent of n . Consequently, using Hölder's inequality,

$$\mathbb{E}[\|\widehat{A}_n\|_T^m] \leq K_m(1 + T^{m/2}), \quad (6.12)$$

where $K_m > 0$ is a constant independent of n . Since $A_n(T) \leq (\sqrt{n}\widehat{A}_n(T) + nC_0 T)$, we can easily use the above estimate to obtain

$$\mathbb{E}[(A_n(T))^k] \leq C_k n^k(1 + T^k) \quad \text{for each } k \geq 1, \quad (6.13)$$

where $C_k > 0$ is a generic constant independent of n and T .

Next, we intend to estimate $\mathbb{E}[\sup_{t \in [0, T]} |\widehat{M}_n^v(\bar{A}_n(t))|^m]$. Consider the filtration $(\widehat{\mathcal{F}}_j^n)_{j \geq 1}$ introduced in (3.2). Let $T > 0$ be fixed. Then $A_n(T)$ is a stopping time with respect to this filtration $(\widehat{\mathcal{F}}_j^n)_{j \geq 1}$, since $[A_n(T) = k] = [t_k^n \leq T < t_{k+1}^n] \in \widehat{\mathcal{F}}_k^n$. We introduce a sequence of random variables related to the n -th system by

$$S_j = \frac{1}{\sqrt{n}} \sum_{i=1}^j (v_i - 1) \mathbf{1}_{[V_n(t_i^n -) < d_i^n]} \quad \text{and} \quad S_0 = 0. \quad (6.14)$$

We suppress the dependence of S_j on n for simplicity of the presentation. Following an argument similar to the establishment of martingale property of $M^v(n)$ in (2.4), we observe that $(S_j)_{j \geq 1}$ is a martingale with respect to the filtration $(\widehat{\mathcal{F}}_j^n)_{j \geq 1}$. Next, observe that

$$\sup_{t \in [0, T]} |\widehat{M}_n^v(\bar{A}_n(t))|^m = \sup_{j \leq A_n(T)} |S_j|^m. \quad (6.15)$$

Hence, we can use the fact that $A_n(T)$ is an $(\widehat{\mathcal{F}}_j^n)$ -stopping time to estimate $\mathbb{E}[\sup_{j \leq A_n(T)} |S_j|^m]$.

We intend to use Rosenthal's inequality for square integrable martingales (see, e.g., [28]). First notice that the predictable quadratic variation process of (S_j) satisfies $\langle S_j \rangle \leq \sigma_s^2 j/n$. Using Rosenthal's inequality (Theorem 1 in Section 2 of [28] with $p = m$ and the stopping time $S \equiv A_n(T)$ therein), we obtain

$$\mathbb{E} \left[\sup_{j \leq A_n(T)} |S_j|^m \right] \leq C_m \left[\frac{\sigma^m}{n^{m/2}} \mathbb{E} \left(A_n(T)^{m/2} \right) + \mathbb{E} \left((\Delta S)_{A_n(T)}^* \right)^m \right], \quad (6.16)$$

where $C_m > 0$ is a constant depending only on m and $(\Delta S)_t^* \equiv \sup_{s \leq t} |\Delta S_s|$. It is easy to observe that

$$\mathbb{E} \left((\Delta S)_{A_n(T)}^* \right)^m \leq \frac{1}{n^{m/2}} \mathbb{E} \left(\sup_{j \leq A_n(T)} |v_j - 1|^m \right).$$

Using (6.13) and the fact that $[\mathbb{E} (A_n(T)^{m/2})]^2 \leq \mathbb{E}[A_n(T)^m]$, we have

$$\frac{\sigma^m}{n^{m/2}} \mathbb{E} \left(A_n(T)^{m/2} \right) \leq \bar{C}_1 (1 + T^{m/2}), \quad (6.17)$$

where $\bar{C}_1 > 0$ is a constant independent of n and T . To estimate the second term in (6.16), we let $K > 2$ be a constant independent of n and T , and we pick the precise value of K later. We consider

$$\mathbb{E} \left(\sup_{j \leq A_n(T)} |v_j - 1|^m \right) \leq \mathbb{E} \left(\sup_{j \leq KnT} |v_j - 1|^m \right) + \mathbb{E} \left(\sup_{j \leq A_n(T)} |v_j - 1|^m \mathbf{1}_{[A_n(T) > KnT]} \right). \quad (6.18)$$

Using (A2) and the estimates there in the Appendix, $\mathbb{E}(\sup_{j \leq KnT} |v_j - 1|^m) \leq \bar{C}_2 nT$, where $\bar{C}_2 > 0$ is a constant independent of n and T . Since $m > 2$, we have

$$\frac{1}{n^{m/2}} \mathbb{E} \left(\sup_{j \leq KnT} |v_i - 1|^m \right) \leq \bar{C}_2 T. \quad (6.19)$$

Next, we consider $J \equiv \mathbb{E} \left(\sup_{j \leq A_n(T)} |v_j - 1|^m \mathbf{1}_{[A_n(T) > KnT]} \right)$. From (2.15), it follows that $A_n(T) \leq Y_n(nC_0T)$ where $C_0 > 0$ is the constant in Assumption 3.2 part (i) and Y_n is a standard Poisson process. Hence

$$J \leq \sum_{k > KnT} \mathbb{E} \left(\sup_{j \leq k} |v_j - 1|^m \mathbf{1}_{[Y_n(nC_0T) = k]} \right).$$

Now we let $p = (1 + \epsilon)$ and $q = 1 + \frac{1}{\epsilon}$ so that $\frac{1}{p} + \frac{1}{q} = 1$, where $\epsilon > 0$ is as in (6.6). Then by Hölder's inequality,

$$J \leq \sum_{k > KnT} \left[\mathbb{E} \left(\sup_{j \leq k} |v_j - 1|^{m(1+\epsilon)} \right) \right]^{1/(1+\epsilon)} \cdot [\mathbb{P}[Y_n(nC_0T) = k]]^{\epsilon/(1+\epsilon)}.$$

Using (6.6) together with (A1) and (A2) in the Appendix, we have $\mathbb{E} \left(\sup_{j \leq k} |v_j - 1|^{m(1+\epsilon)} \right) \leq \bar{C}_3 k$, where $\bar{C}_3 > 0$ is a generic constant independent of n and T . Furthermore, $\mathbb{P}[Y_n(nC_0T) = k] = e^{-nC_0T} \frac{(nC_0T)^k}{k!}$. Using these two estimates and by a simple algebraic manipulation, we derive

$$J \leq \bar{C}_4 (nC_0T)^{\epsilon/(1+\epsilon)} e^{-nC_0T\epsilon/(1+\epsilon)} \sum_{k=KnT}^{\infty} k \left(\frac{(nC_0T)^k}{k!} \right)^{\epsilon/(1+\epsilon)},$$

where $\bar{C}_4 > 0$ is a generic constant independent of n and T . Next, we use the fact that $\log(k!)^{1/q} \geq \frac{1}{q}(k \log k - k)$ where $q = 1 + \frac{1}{\epsilon}$ and thus $(k!)^{\epsilon/(1+\epsilon)} \geq \left(\frac{k}{e}\right)^{k\epsilon/(1+\epsilon)}$. To simplify the notation, we also introduce the function $g(x) = x^{1/q}e^{-x/q}$ for all $x \geq 0$. Notice that g is positive, continuous, and $\lim_{x \rightarrow \infty} g(x) = 0$. Thus, $g(\cdot)$ is bounded and $0 \leq g(x) \leq \bar{M}$, where $\bar{M} = g(1)$. Then we obtain

$$J \leq \bar{C}_4 \bar{M} \sum_{k=KnT}^{\infty} k \left[\left(\frac{eC_0}{K} \right)^{\epsilon/(1+\epsilon)} \right]^k.$$

Now, we choose the constant $K > 0$ so that $\left(\frac{eC_0}{K}\right)^{\epsilon/(1+\epsilon)} < \frac{1}{2}$. Then we have

$$J \leq \bar{C}_4 \bar{M} \sum_{k=0}^{\infty} k \left(\frac{1}{2} \right)^k < \infty \quad (6.20)$$

and all the constants on the right hand side are independent of n and T . Therefore, combining (6.16)–(6.20), we obtain the estimate

$$\mathbb{E} \left[\sup_{j \leq A_n(T)} |S_j|^m \right] \leq \bar{C}_m [1 + T^{m/2}],$$

where $\bar{C}_m > 0$ is a constant independent of n and T .

Thus, we have

$$\mathbb{E} \left[\sup_{t \in [0, T]} |\widehat{M}_n^v(\bar{A}_n(t))|^m \right] \leq \bar{K}_m (1 + T^{m/2}), \quad (6.21)$$

where $\bar{K}_m > 0$ is a generic constant independent of n and T . A very similar computation for $\mathbb{E} \left[\sup_{t \in [0, T]} |\widehat{M}_n^d(\bar{A}_n(t))|^m \right]$ yields

$$\mathbb{E} \left[\sup_{t \in [0, T]} |\widehat{M}_n^d(\bar{A}_n(t))|^m \right] \leq \widehat{K}_m (1 + T^{m/2}), \quad (6.22)$$

where $\widehat{K}_m > 0$ is a generic constant independent of n and T . Combining (6.12), (6.21) and (6.22), desired conclusion (6.8) follows. \blacksquare

Next, we prove the following theorem which is of independent interest and it complements Theorem 4.1 and Proposition 4.3.

Theorem 6.4. *In addition to the basic assumptions in Section 3, assume (6.6) to hold. Then*

$$\lim_{n \rightarrow \infty} \mathbb{E} [\|V_n\|_T^m] = 0, \quad (6.23)$$

where $m \geq 2$ is given in (6.6).

Proof. Let the processes X_n and Y_n be described by (4.2) and (4.10), respectively. Then using (4.12) and the Lipschitz continuity of the Skorokhod map Γ in (4.1), we have

$$0 \leq \|V_n\|_T \leq 2\|Y_n\|_T. \quad (6.24)$$

But using (4.2), (4.37) and a simple algebraic manipulation, we can write $Y_n(t) = \frac{1}{\sqrt{n}}\xi_n(t) + \int_0^t [\lambda(\widehat{V}_n(s)/\sqrt{n}) - 1] ds$ for all $t \geq 0$. Thus we have

$$\mathbb{E}(\|Y_n\|_T^m) \leq C_m \left[\frac{1}{n^{m/2}} \mathbb{E}(\|\xi_n\|_T^m) + \mathbb{E} \left(\int_0^T \left| \lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) - 1 \right| ds \right)^m \right], \quad (6.25)$$

where $C_m > 0$ is a constant independent of n and T . Also, notice that

$$\begin{aligned} & \mathbb{E} \left(\int_0^T \left| \lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) - 1 \right| ds \right)^m \leq T^{m-1} \mathbb{E} \left(\int_0^T \left| \lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) - 1 \right|^m ds \right) \\ & \leq T^{m-1} \left[\mathbb{E} \left(\int_0^T \left| \lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) - 1 \right|^m ds \mathbf{1}_{\{\|V_n\|_T \leq K\}} \right) + \mathbb{E} \left(\int_0^T \left| \lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) - 1 \right|^m ds \mathbf{1}_{\{\|V_n\|_T > K\}} \right) \right], \end{aligned}$$

where $K > 0$ is a constant. Hence using part (i) of Assumption 3.2, we have

$$\mathbb{E} \left(\int_0^T \left| \lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) - 1 \right|^m ds \right) \leq T^m \left[\sup_{x \in [0, K]} |\lambda_n(x) - 1| + (C_0 + 1)^m \mathbb{P}[\|V_n\|_T > K] \right]. \quad (6.26)$$

The first term in the right hand side of (6.26) tends to zero as $n \rightarrow \infty$, by part (ii) of Assumption 3.2, and the second term also tends to zero as $n \rightarrow \infty$ by Theorem 4.1. Using this together with (6.11) in (6.25), yields $\lim_{n \rightarrow \infty} \mathbb{E}(\|Y_n\|_T^m) = 0$. Then we can use (6.24) to reach the desired conclusion (6.23). This completes the proof. \blacksquare

Remark 6.5. If $\mathbb{E}(v_i^{2+\epsilon}) < \infty$ for some $\epsilon > 0$ then $\lim_{n \rightarrow \infty} \mathbb{E}(\|Y_n\|_T^2) = 0$ holds.

Lemma 6.6. In addition to the basic assumptions in Section 3, assume (6.5)–(6.8) to hold. Then

$$\sup_{n \geq 1} \mathbb{E} \left(\sqrt{n} \int_0^T \left(\lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) - 1 \right)^+ ds \right)^m \leq K_m (1 + T^{2m}). \quad (6.27)$$

Here $K_m > 0$ is a constant independent of n and T .

Proof. Assuming (6.8), we obtain

$$\mathbb{E} \left(\sqrt{n} \int_0^T \left(\lambda_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) - 1 \right)^+ ds \right)^m \leq T^m \mathbb{E}(A + B\|V_n\|_T)^m \leq \widetilde{C}_m T^m [1 + \mathbb{E}(\|V_n\|_T^m)], \quad (6.28)$$

where $\widetilde{C}_m > 0$ is a constant independent of n and T . The constants $A > 0$ and $B > 0$ are as in (6.8). Next, by (6.24), $\mathbb{E}\|V_n\|_T^m \leq 2^m \mathbb{E}\|Y_n\|_T^m$. Then, we can employ (6.25) together with (6.11) to obtain $\mathbb{E}\|Y_n\|_T^m \leq \widetilde{K}_m [1 + T^{m/2} + T^m]$, where $\widetilde{K}_m > 0$ is a generic constant independent of n and T . Combining these facts with (6.28), the desired result follows. \blacksquare

Proposition 6.7. Under the assumptions of Theorem 6.2,

$$\mathbb{E}\|\widehat{V}_n\|_T^m \leq K_m [1 + T^{2m}], \quad (6.29)$$

where $K_m > 0$ is a constant independent of n and T .

Proof. Let the process \widehat{Z}_n be as in the proof of Proposition 4.3. Then $\|\widehat{V}_n\|_T \leq 2\|\widehat{Z}_n\|_T$ for all $T > 0$ as explained there. Moreover, $\widehat{Z}_n(t) = \xi_n(t) + \sqrt{n} \int_0^t (\lambda_n(\widehat{V}_n(s)/\sqrt{n}) - 1)^+ ds$ for all $t \geq 0$, where ξ_n is as in Lemma 6.3. Consequently,

$$\mathbb{E}\|\widehat{Z}_n\|_T^m \leq C_m \left(\mathbb{E}\|\xi_n\|_T^m + \mathbb{E}\left[\sqrt{n} \int_0^t (\lambda_n(\widehat{V}_n(s)/\sqrt{n}) - 1)^+ ds\right]^m \right),$$

where $C_m > 0$ is a generic constant independent of n and T . Using this estimate, (6.11), (6.27), and the fact that $\mathbb{E}\|\widehat{V}_n\|_T^m \leq 2^m \mathbb{E}\|\widehat{Z}_n\|_T^m$, we obtain (6.29). \blacksquare

Remark 6.8. *The above proposition strengthens the result in Theorem 6.4. The estimate (6.29) implies that $\mathbb{E}\|V_n\|_T^m \leq K_m(1 + T^{2m})/(\sqrt{n})^m$.*

In the following proposition, we obtain uniform L^2 -estimates for $\frac{1}{\sqrt{n}} \int_0^T F_n(\widehat{V}_n(s-)/\sqrt{n}) dA_n(s)$ and for $\sqrt{n} \int_0^T |\lambda_n(\widehat{V}_n(s)/\sqrt{n}) - 1| ds$.

Proposition 6.9. *Under the assumptions of Theorem 6.2, the followings hold:*

- (i) $\mathbb{E} \left[\frac{1}{\sqrt{n}} \int_0^T F_n(\widehat{V}_n(s-)/\sqrt{n}) dA_n(s) \right]^2 \leq \bar{C}_1(1 + T^{2(m+1)})$ and
- (ii) $\mathbb{E} \left[\sqrt{n} \int_0^T |\lambda_n(\widehat{V}_n(s)/\sqrt{n}) - 1| ds \right]^2 \leq \bar{C}_2(1 + T^{2(m+1)})$.

As a consequence,

$$\mathbb{E}(\widehat{L}_n(T))^2 \leq \bar{C}_3(1 + T^{2(m+1)}), \quad (6.30)$$

where \widehat{L}_n is as in (6.1). Here $\bar{C}_1, \bar{C}_2, \bar{C}_3 \in (0, \infty)$ are generic constants independent of n and T .

Proof. Notice that $0 \leq \frac{1}{\sqrt{n}} \int_0^T F_n(\widehat{V}_n(s-)/\sqrt{n}) dA_n(s) \leq \frac{1}{\sqrt{n}} F_n(\|\widehat{V}_n\|_T/\sqrt{n}) A_n(T)$. Using this together with (6.9), we have

$$0 \leq \frac{1}{\sqrt{n}} \int_0^T F_n(\widehat{V}_n(s-)/\sqrt{n}) dA_n(s) \leq C_1 \bar{A}_n(T) (\|\widehat{V}_n\|_T + \|\widehat{V}_n\|_T^{r+1}),$$

where $C_1 > 0$ is a constant independent of n and T . Consequently,

$$\mathbb{E} \left[\frac{1}{\sqrt{n}} \int_0^T F_n \left(\frac{\widehat{V}_n(s)}{\sqrt{n}} \right) dA_n(s) \right]^2 \leq C_2 \mathbb{E} \left[\bar{A}_n(T)^2 (\|\widehat{V}_n\|_T^2 + \|\widehat{V}_n\|_T^{2(r+1)}) \right], \quad (6.31)$$

where $C_2 > 0$ is a constant independent of n and T . Using Hölder's inequality, we obtain

$$\begin{aligned} \mathbb{E}[\bar{A}_n(T)^2 \|\widehat{V}_n\|_T^2] &\leq \left[\mathbb{E}\|\widehat{V}_n\|_T^m \right]^{2/m} \left[\mathbb{E}(\bar{A}_n(T))^{(2m)/(m-2)} \right]^{(m-2)/m} \\ &\leq K_1(1 + T^{2m})^{2/m} (1 + T^{2m/(m-2)})^{(m-2)/m} \\ &\leq K_2(1 + T^4)(1 + T^2) \leq K_3(1 + T^6), \end{aligned} \quad (6.32)$$

where the second inequality follows from (6.29) and (6.13). Here $K_i > 0$ ($i = 1, 2, 3$) are constants independent of n and T . Next we estimate the term $\mathbb{E}[\bar{A}_n(T)^2 \|\widehat{V}_n\|_T^{2(r+1)}]$. By (6.9), $2(r+1) < m$ and we take $p = \frac{m}{2(r+1)} > 1$ and $q = \frac{1}{1-1/p} > 1$. Thus $\frac{1}{p} + \frac{1}{q} = 1$. Then

$$\begin{aligned} \mathbb{E} \left[\bar{A}_n(T)^2 \|\widehat{V}_n\|_T^{2(r+1)} \right] &\leq \left[\mathbb{E}\|\widehat{V}_n\|_T^m \right]^{1/p} \left[\mathbb{E}\bar{A}_n(T)^{2q} \right]^{1/q} \leq \tilde{K}_1(1 + T^{2m})^{1/p} (1 + T^{2q})^{1/q} \\ &\leq \tilde{K}_2(1 + T^{2m})(1 + T^2) \leq \tilde{K}_3(1 + T^{2(m+1)}), \end{aligned} \quad (6.33)$$

where the second inequality follows from (6.29), (6.13), and $\tilde{K}_i > 0$ ($i = 1, 2, 3$) are constants independent of n and T . Since $m > 2$, by combining (6.31)–(6.33) we obtain part (i).

For part (ii), notice that

$$\mathbb{E} \left[\sqrt{n} \int_0^T |\lambda_n(\hat{V}_n(s)/\sqrt{n}) - 1| ds \right]^2 \leq T \mathbb{E} \int_0^T \left[\sqrt{n} |\lambda_n(\hat{V}_n(s)/\sqrt{n}) - 1| \right]^2 ds. \quad (6.34)$$

By (6.7), we have

$$\mathbb{E} \left[\int_0^T [\sqrt{n} |\lambda_n(\hat{V}_n(s)/\sqrt{n}) - 1|]^2 ds \mathbf{1}_{\{\|V_n\|_T \leq \delta_0\}} \right] \leq M^2 T, \quad (6.35)$$

where $M > 0$ is a constant independent of n and T as given in (6.7). Also, since $|\lambda_n(x) - 1| \leq C_0 + 1$ where C_0 is as in Assumption 3.2, we obtain

$$\begin{aligned} \mathbb{E} \left[\int_0^T [\sqrt{n} |\lambda_n(\hat{V}_n(s)/\sqrt{n}) - 1|]^2 ds \mathbf{1}_{\{\|V_n\|_T > \delta_0\}} \right] &\leq (C_0 + 1)^2 T n \mathbb{P}[\|V_n\|_T > \delta_0] \\ &\leq (C_0 + 1)^2 T \frac{n}{n^{m/2}} \frac{\mathbb{E}(\|\hat{V}_n\|_T^m)}{\delta_0^m}, \end{aligned} \quad (6.36)$$

where (6.36) is from Chebychev's inequality. Since $m > 2$, $\frac{n}{n^{m/2}} < 1$ and by (6.29), the left side of (6.36) is bounded above by $\tilde{C}_0(1 + T^{2m})$ for some constant $\tilde{C}_0 > 0$. Thus by combining (6.34)–(6.36), we establish part (ii).

For (6.30), using (6.1) and (6.2), we notice that

$$\hat{L}_n(T) = \hat{V}_n(T) + \frac{1}{\sqrt{n}} \int_0^T F_n \left(\frac{\hat{V}_n(s-)}{\sqrt{n}} \right) dA_n(s) - \xi_n(T) - \sqrt{n} \int_0^T \left[\lambda_n \left(\frac{\hat{V}_n(s)}{\sqrt{n}} \right) - 1 \right] ds, \quad (6.37)$$

where $\xi_n(\cdot)$ is described in (4.39). From (6.11), (6.29) and Jensen's inequality, we have

$$\begin{aligned} \mathbb{E}[|\xi_n(T)|^2] &\leq (\mathbb{E}[\|\xi_n\|_T^m])^{2/m} \leq K_1(1 + T^{m/2})^{2/m} \leq \tilde{K}_1(1 + T) \text{ and,} \\ \mathbb{E}[\|\hat{V}_n(T)\|^2] &\leq (\mathbb{E}[\|\hat{V}_n\|_T^m])^{2/m} \leq K_2(1 + T^{2m})^{2/m} \leq \tilde{K}_2(1 + T^2). \end{aligned}$$

Notice that $m > 2$, $\tilde{K}_1 = 2K_1$, $\tilde{K}_2 = 2K_2$ and these constants are independent of n and T . Now using these two estimates together with parts (i) and (ii) of this proposition in (6.37), we obtain (6.30). \blacksquare

With all these preliminary results in hand, now we are able to prove Theorem 6.2.

Proof of Theorem 6.2. First we consider the cost functional $J(\hat{V}_n, \hat{L}_n)$ in (6.3). With the polynomial bound (6.30) in hand, using integration by parts, it can be easily verified that $\mathbb{E}[\int_0^\infty e^{-\gamma t} d\hat{L}_n(t)] = \gamma \mathbb{E}[\int_0^\infty e^{-\gamma t} \hat{L}_n(t) dt]$. Therefore, we have the representation

$$J(\hat{V}_n, \hat{L}_n) = \mathbb{E} \int_0^\infty e^{-\gamma t} [C(\hat{V}_n(t)) + \gamma p \hat{L}_n(t)] dt. \quad (6.38)$$

Since $(\hat{V}_n, \hat{L}_n) \rightarrow (Z, L)$ a.s. as $n \rightarrow \infty$, using (6.30) together with Fatou's lemma, we obtain

$$\mathbb{E}[L(T)^2] \leq \bar{C}_3(1 + T^{2(m+1)}), \quad (6.39)$$

where $\bar{C}_3 > 0$ is a constant as in (6.30). Hence, using integration by parts again, we can also write $J(Z, L)$ described in (6.4) as

$$J(Z, L) = \mathbb{E} \int_0^\infty e^{-\gamma t} [C(Z(t)) + \gamma p L(t)] dt. \quad (6.40)$$

Let us consider the term $\mathbb{E}[\int_0^\infty e^{-\gamma t} C(\widehat{V}_n(t)) dt]$ in (6.38). Let μ be the probability measure on the Borel σ -algebra \mathcal{B} of $[0, \infty)$, defined by $\mu(B) = \gamma \int_B e^{-\gamma t} dt$ for each Borel set B . Consider the probability measure $\mu \otimes \mathbb{P}$ on the space $[0, \infty) \times \Omega$ equipped with the product σ -algebra $\mathcal{B} \otimes \mathcal{F}$, where $(\Omega, \mathcal{F}, \mathbb{P})$ is our probability space. Then using Fubini's theorem, we have

$$\mathbb{E}_{\mu \otimes \mathbb{P}}[C(\widehat{V}_n)] = \gamma \mathbb{E} \left[\int_0^\infty e^{-\gamma t} C(\widehat{V}_n(t)) dt \right]. \quad (6.41)$$

Since $\widehat{V}_n(t) \rightarrow Z(t)$ for all $t \geq 0$ a.s., we have $C(\widehat{V}_n(t))$ converges to $C(Z)$ almost surely in $\mu \otimes \mathbb{P}$ as $n \rightarrow \infty$. Next, we show the uniform integrability of $(C(\widehat{V}_n))$. Let $m > 2$ be as in (6.6). Using the assumptions (6.5), (6.6) and the simple inequality $0 \leq (1 + x^r) \leq 2(1 + x)^r \leq 2^r(1 + x^r)$ for $r = \frac{m}{\ell} > 1$ and $x \geq 0$, we obtain

$$\sup_{n \geq 1} \mathbb{E}_{\mu \otimes \mathbb{P}}[(C(\widehat{V}_n))^r] \leq \gamma K_1 \sup_{n \geq 1} \mathbb{E} \left[\int_0^\infty e^{-\gamma t} (1 + (\widehat{V}_n(t))^m) dt \right] \leq \gamma K_2 \int_0^\infty e^{-\gamma t} (1 + t^{2m}) dt < \infty,$$

where the second inequality follows from (6.29). The constants $K_1, K_2 > 0$ are independent of n . Hence

$$\mathbb{E}_{\mu \otimes \mathbb{P}}[C(\widehat{V}_n)] < \infty \quad \text{for all } n \geq 1, \quad \text{and} \quad \lim_{n \rightarrow \infty} \mathbb{E}_{\mu \otimes \mathbb{P}}[C(\widehat{V}_n)] = \mathbb{E}_{\mu \otimes \mathbb{P}}[C(Z)].$$

Indeed, $\mathbb{E}_{\mu \otimes \mathbb{P}}[C(Z)]$ is finite and bounded above by $\gamma K_2 \int_0^\infty e^{-\gamma t} (1 + t^{2m}) dt$. Hence

$$\lim_{n \rightarrow \infty} \gamma \int_0^\infty e^{-\gamma t} C(\widehat{V}_n(t)) dt = \gamma \mathbb{E} \int_0^\infty e^{-\gamma t} C(Z(t)) dt. \quad (6.42)$$

In a similar manner, we can establish uniform integrability of (\widehat{L}_n) by using (6.30),

$$\sup_{n \geq 1} \mathbb{E}_{\mu \otimes \mathbb{P}}[(\widehat{L}_n)^2] = \gamma \sup_{n \geq 1} \mathbb{E} \left[\int_0^\infty e^{-\gamma t} (\widehat{L}_n(t))^2 dt \right] \leq \bar{C}_3 \gamma \int_0^\infty e^{-\gamma t} (1 + t^{2(m+1)}) dt < \infty,$$

where $\bar{C}_3 > 0$ is a constant independent of n as in (6.30). Hence, using Theorem 4.8, we can conclude

$$\lim_{n \rightarrow \infty} \mathbb{E}_{\mu \otimes \mathbb{P}}[\widehat{L}_n] = \mathbb{E}_{\mu \otimes \mathbb{P}}[L] \quad \text{and} \quad \mathbb{E}_{\mu \otimes \mathbb{P}}[L] \leq \bar{C}_3 \gamma \int_0^\infty e^{-\gamma t} (1 + t^{2(m+1)}) dt < \infty.$$

This yields

$$\lim_{n \rightarrow \infty} \mathbb{E} \int_0^\infty e^{-\gamma t} \widehat{L}_n(t) dt = \mathbb{E} \int_0^\infty e^{-\gamma t} L(t) dt. \quad (6.43)$$

Since $\gamma > 0$ and $p > 0$ are constants in (6.38) and (6.40), it immediately follows that $J(\widehat{V}_n, \widehat{L}_n)$ converges to $J(Z, L)$ as $n \rightarrow \infty$. This completes the proof of Theorem 6.2. \blacksquare

Remark 6.10. *If the cost functional $J(\widehat{V}_n, \widehat{L}_n)$ does not deal with the idle time costs, that is if $p = 0$, then we do not need the assumptions (6.7) and (6.9). In that case, Proposition 6.9 also is not necessary and the estimate (6.29) is sufficient to obtain Theorem 6.2 with $p = 0$.*

Appendix

The following lemma was used in the proofs of Proposition 4.10 and Lemma 6.3. We include it for completeness.

Lemma 6.11. *Let $T > 0$ be fixed. Consider a sequence of non-negative i.i.d. random variables (X_n) with $\mathbb{E}(X_n) < \infty$. Then*

$$\lim_{n \rightarrow \infty} \frac{1}{n} \mathbb{E} \left[\max_{1 \leq j \leq [nT]} X_j \right] = 0. \quad (\text{A1})$$

Proof. Without loss of generality, we can simply take $T > 2$. Let G be the distribution function of X_n and introduce $u = \sup\{x \geq 0 : G(x) < 1\}$. Notice that $0 \leq u \leq +\infty$. Since (X_n) is i.i.d., we have $\mathbb{P}[\max_{1 \leq j \leq [nT]} X_j \leq x] = G(x)^{[nT]}$ and therefore,

$$\begin{aligned} \mathbb{E} \left[\max_{1 \leq j \leq [nT]} X_j \right] &= \int_0^u (1 - G(x)^{[nT]}) dx \\ &= \int_0^u \int_x^u [nT] G(y)^{[nT]-1} dG(y) dx = [nT] \int_0^u y G(y)^{[nT]-1} dG(y), \end{aligned}$$

by using Fubini's theorem. Consequently,

$$0 \leq \frac{1}{n} \mathbb{E} \left[\max_{1 \leq j \leq [nT]} X_j \right] \leq T \int_0^u y G(y)^{[nT]-1} dG(y) \leq T \int_0^u y dG(y). \quad (\text{A2})$$

Since $[nT] \geq 2$, $0 \leq y G(y)^{[nT]-1} \leq y$ for all $y \geq 0$ and $\lim_{n \rightarrow \infty} y G(y)^{[nT]-1} = 0$ for $0 \leq y \leq u$. On the other hand, $\int_0^u y dG(y) < \infty$ since $\mathbb{E}(X_n) < \infty$. Therefore, by the dominated convergence theorem, we conclude $\lim_{n \rightarrow \infty} \int_0^u y G(y)^{[nT]-1} dG(y) = 0$. Hence, using this in (A2) we obtain the desired conclusion (A1). This completes the proof. \blacksquare

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