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Ann Arbor, MI 48502. *No Arbitrage Conditions For Simple Trading Strategies.*

We provide no arbitrage conditions for price processes in the class of simple trading strategies with shortsales restriction. Especially, we show that for price processes that admit local martingale measure but fails to have an equivalent martingale measure, the strong Markov property implies the no arbitrage property in the class of simple trading strategies with bounded support. Our result generalizes a similar result on three dimentional Bessel process. (Received September 11, 2008)