REPEATED LIKELIHOOD RATIO TESTS
FOR CURVED EXPONENTIAL FAMILIES

BY

STEVEN PAUL LALLEY

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A class of repeated significance tests for curved hypotheses in multiparameter exponential families is studied, and asymptotic formulae for the significance levels of such tests are obtained. Special attention is given the important case of comparing Bernoulli success probabilities.
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REPEATED LIKELIHOOD RATIO TESTS
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1. Introduction

We study here the significance levels of repeated likelihood ratio tests for nested hypotheses in multiparameter exponential families. In various hypothesis testing situations, the peculiar constraints of medical research (and the even more peculiar constraints of non-medical research) occasionally preclude the determination of a sample size in advance of experimental results: various authors (notably Armitage [1], [2], and Schwartz [11]) have argued that in many such cases a reasonable option is provided by certain simple stopping rules based on the behavior of a (generalized) likelihood ratio statistic. Unfortunately, determining the operating characteristics of such procedures remains a difficult issue, although in recent years important advances have been made by Woodroofe [14], [15], [16], Siegmund [12], and Lai & Siegmund [9], [10].

Let \( \{P_\theta, \theta \in \Omega\} \) be an exponential family of probability measures on \( \mathbb{R}^p \):

\[
(1.1) \quad (dP_\theta/dP_0)(x) = \exp\{\theta^T x - \psi(\theta)\}.
\]

The natural parameter space \( \Omega \) is assumed to be an open subset of \( \mathbb{R}^p \), and \( \psi \) is assumed to be strictly convex on \( \Omega \). Suppose that \( \Omega_1 \) is a smooth relatively closed \( q_1 \)-dimensional submanifold of \( \Omega \), and that \( \Omega_0 \) is a smooth relatively closed \( q_0 \)-dimensional submanifold of \( \Omega_1 \).
where $0 < q_0 < q_1 \leq p$: these are to be the null and alternative hypotheses, respectively. (In the terminology of Efron [5], \( \{P_\theta : \theta \in \Omega_1\} \) are "curved exponential families.") Let \( X_1, X_2, \ldots \) be i.i.d. from \( P_\theta \), and let \( e^n \) be the generalized likelihood ratio statistic for testing
\[
H_0 : \theta \in \Omega_0 \quad v. \quad H_1 : \theta \in \Omega_1 .
\]
The repeated likelihood ratio test will be based on the stopping rule \( T \wedge m_1 \), where
\[
(1.2) \quad T = T_a = \min \{ n \geq m_0 : \wedge_n > a \} ;
\]
if \( T \leq m_1 \), \( H_0 \) should be rejected, whereas if \( T > m_1 \), \( H_0 \) should not be rejected.

The main result of this work is that for \( m_0 \sim \xi_2^{-1} a \) and \( m_1 \sim \xi_1^{-1} a \), and \( \theta_0 \in \Omega_0 \)
\[
(1.3) \quad P_{\theta_0} \{ T_a \leq m_1 \} \sim C a^{(q_1-q_0)/2} e^{-a}
\]
as \( a \to \infty \), provided a certain host of regularity conditions are satisfied. The constant \( C \), which depends on \( \theta_0 \), \( \xi_1 \), and \( \xi_2 \), will take the unpleasant form of a surface integral in \( \mathbb{R}^p \), which may, however, be evaluated numerically in many cases of statistical interest.
2. Example: Testing for the Equality of Two Bernoulli Parameters

Suppose we observe a sequence \( \{(X_i, Y_i) : i = 1, 2, \ldots \} \) of i.i.d. random vectors taking values in the set \( \{0, 1\}^2 \), with

\[
(2.1) \quad p_{x_1, y_1}^{e_1, e_2} = p_1^{e_1} p_2^{e_2} (1 - p_1)^{1 - e_2} (1 - p_2)^{1 - e_1}
\]

where \( e_1, e_2 \in \{0, 1\} \). The parameters \( p_1 \) and \( p_2 \) are unknown; we wish to test the hypothesis \( p_1 = p_2 \).

Imagine that the variables \( X_1, Y_1 \) are success indicators in a clinical trial. Patients suffering from a particular disorder arrive infrequently at a clinic where they may be treated according to one of two procedures: because of the nature of the disorder the patients must be treated immediately, and a response (success or failure) is apparent within a relatively short period of time (compared to interarrival times). If the disorder is serious, sequential experimentation to compare the efficacies of the two procedures may be appropriate.

Such a situation was considered by Siegmund and Gregory [13], who proposed several sequential procedures for testing the hypothesis \( p_1 = p_2 \). One of these was a sequential version of the generalized likelihood ratio test, which had previously been studied in different contexts by Armitage [1], [2], Schwartz [11], Siegmund [12], and Woodroofe [15], [16]. This test is easily described. Let
\begin{equation}
H(x) = x \log x + (1 - x) \log(1 - x)
\end{equation}

\begin{equation}
I(x, y) = H(x) + H(y) - 2H((x + y)/2)
\end{equation}

\begin{equation}
\wedge_n = n I(\overline{x}_n, \overline{y}_n)
\end{equation}

\begin{equation}
T = T_a = \min\{n \geq m_0 : \wedge_n > a\}
\end{equation}

where

\begin{equation}
\overline{x}_n = n^{-1} \sum_{j=1}^{n} x_j
\end{equation}

\begin{equation}
\overline{y}_n = n^{-1} \sum_{j=1}^{n} y_j
\end{equation}

The variable \( \wedge_n \) is the logarithm of the generalized likelihood ratio statistic, which is commonly employed as a test statistic in fixed sample procedures. In using it as the basis for a sequential test, one observes pairs \((X_i, Y_i)\) until the time \( T \wedge n \) (\( m_1 \) being some fixed patient horizon), rejecting the hypothesis \( p_1 = p_2 \) iff \( T \leq m_1 \).

The problem of computing significance levels and power functions for the test procedure just described is not nearly so easy as for the fixed-sample generalized likelihood ratio test, whose asymptotic theory has been thoroughly developed. Siegmund and Gregory [13] have derived heuristically an asymptotic formula for the Type I error probability; their formula agrees formally with a result of Woodroofe [15] which was proved under assumptions too stringent to include this problem as an admissible case. This formula is contained in Theorem 1 below.
THEOREM 1. Let $\epsilon_1$ and $\epsilon_2$ be fixed constants such that

$$ (2 \log 2)^{-1} < \epsilon_1 < \epsilon_2. $$

Suppose that $m_0 = a \epsilon_1 + o(a)$ and $m_1 = a \epsilon_2 + o(a)$ (recall that $T_a = \min\{n > m_0 : \wedge_n > a\}$). Then as $a \to \infty$

$$ a^{-1/2} e^{a} \mathbb{P}_{p,p} \{T_a \leq m_1\} \to C(p; \epsilon_1, \epsilon_2) $$

(2.3) for every $p \in (0,1)$. For $0 < p \leq 1/2$, $C(p; \epsilon_1, \epsilon_2) = C(2p - 1/2; \epsilon_1, \epsilon_2)$ and

$$ C(p; \epsilon_1, \epsilon_2) = \pi^{-1/2} \int_{\xi \in (0,2p) \cap \{\xi: \epsilon_1^{-1} \leq I(\xi, 2p - \xi) \leq \epsilon_2^{-1}\}} \sqrt{\nu(\xi, 2p - \xi)} I(\xi, 2p - \xi)^{-1/2} d\xi, $$

and

$$ \nu(p_1, p_2) = \lim_{a \to \infty} E_{p_1, p_2} e^{-a \wedge_n} $$

(2.5)

That the limit in (2.5) exists (except for a countable set of $(p_1, p_2)$ for which $p_1 \neq p_2$) is a consequence of Theorem 1 of Lai and Siegmund [9]. In fact, Woodroofe [16] has obtained an integral formula for the function $\nu(p_1, p_2)$ which is explicit enough to allow numerical integration.

The restriction on the initial sample size $m_0$ is rather peculiar and deserves some comment. Notice that the function $I(p_1, p_2)$ is bounded for $(p_1, p_2) \in [0,1]^2$; it achieves a maximum of $2 \log 2$ at the points $(0,1)$ and $(1,0)$. Thus $\wedge_n > a$ can occur only if
n > a/2 \log 2$. Moreover, if $\Lambda_n > a$ for some $n$ close to $a/2 \log 2$, then $(\bar{x}_n, \bar{y}_n)$ must be close to either $(0,1)$ or $(1,0)$; since in most conceivable applications neither $p_1$ nor $p_2$ would be close to zero or one, it would be somewhat unsettling to terminate the experiment on the basis of such an anomalous sample. A larger initial sample size protects against this possibility.

In the following sections an analogue of Theorem 1 will be formulated and proved under the assumption that the observations are from a multiparameter exponential family. This theorem will have one major shortcoming: namely, it will be necessary to impose even more stringent requirements on the initial sample size. (For the problem discussed in this section, the hypotheses of Theorem 2 would require $\xi_1 > (\log 2)^{-1}$, i.e., that the initial sample size be twice as large as Theorem 1 requires it to be.) The mathematical difficulty which necessitates the stronger conditions stems from the fact that large deviations theorems need not in general be uniform near the "boundary" of an exponential family. Fortunately, this difficulty disappears in many concrete cases of practical importance: for instance, whenever the mean parameter space is all of $\mathbb{R}^p$; and also in multinomial families.

We will give a (somewhat sketchy) proof of Theorem 1 for those cases where

\begin{equation}
N(\xi_1, \xi_2; p) = \{(r, 2p-r): 0 \leq r \leq 2p \quad \text{and} \quad 
\xi_2^{-1} \leq I(r, 2p-r) \leq \xi_1^{-1}\}
\end{equation}
is contained in the open square \((0,1) \times (0,1)\). The argument has two steps: first we show that only those sample paths for which \((\tilde{x}_\tau, \tilde{y}_\tau)\) is "near" \(N\) contribute substantially to the probability in (2.3); then we perform a local analysis near \(N\).

**PROPOSITION 1.** As \(a \to \infty\)

\[
(2.7) \quad P_{p, p} \left\{ T_a \leq a \epsilon_2^{-1} ; \text{dist}((\tilde{x}_\tau, \tilde{y}_\tau), N) > a^{-1/2} \log a \right\} = o(a^{-k} e^{-a})
\]

for every \(k > 0\).

**NOTE:** In adapting the arguments presented here to the more general problem discussed in the following sections the primary difficulty is in obtaining analogues of Proposition 1 (cf. Section 6). It is because of these difficulties that the more stringent assumptions on initial sample size are necessary.

**PROOF.** This is based on the "fundamental identity of sequential analysis," viz.,

\[
(2.8) \quad P_{p, p}(A) = \int_A L_T dQ = \int_0^1 \int_0^1 (E_{p_1, p_2} \int_0^1 L_{T_1} dP_1 dP_2 ) \, dP_1 \, dP_2
\]

where

\[
(2.9) \quad Q(B) = \int_0^1 \int_0^1 P_{p_1, p_2}(B) dP_1 \, dP_2
\]

and

\[
(2.10) \quad L_n = (n+1)^2 \left\{ n \begin{pmatrix} n \end{pmatrix} \begin{pmatrix} n \end{pmatrix} \right\} p^{n(x+y)} (1-p)^{n(2-x-y)}.
\]
(Here $Q(B)$ is defined for all events $B \in \mathcal{F} ((X_1, Y_1), (X_2, Y_2), \ldots )$, and (2.8) holds for all $A$ in the "stopped" $\sigma$-algebra of events $A$ such that $A \cap \{ T \leq n \} \in \mathcal{F} ((X_1, Y_1), \ldots , (X_n, Y_n))$ for all $n$).

Stirling's formula (cf. Feller [6], Chapter II, inequality (9.15)) provides a (crude) upper bound for $L_n$:

\begin{equation}
L_n \leq C_n 4^{-\Lambda_n} e^{-\xi_n} e^{-n}
\end{equation}

where

\begin{equation}
\xi_n = n [2H((\overline{x}_n + \overline{y}_n)/2) - (\overline{x}_n + \overline{y}_n) \log(p/(1-p)) - 2 \log (1-p)]
\end{equation}

for some constant $C > 0$. Now

$$H(\omega) - \omega \log(p/(1-p)) - 2 \log(1-p)$$

is a strictly convex, smooth, nonnegative function of $\omega \in (0,1)$ which is zero for $\omega = p$ and satisfies $H''(\omega) > 0$. Thus there is a constant $C^* > 0$ such that $(x,y) \in (0,1)^2$ and

\begin{equation}
\text{dist}((x,y), \{(r,2p-r): 0 < r < 2p\}) > \delta
\end{equation}

implies

\begin{equation}
2H((x+y)/2) - (x+y) \log(p/(1-p)) - 2 \log(1-p) > C^* \delta^2.
\end{equation}

Clearly (2.8), (2.11), and (2.14) imply that for every $\delta > 0$

\begin{equation}
P_{\alpha-p, p} \{ T \leq a e_2^{-1}; \text{dist}((\overline{x}_T, \overline{y}_T), \{(r,2p-r): 0 < r < 2p\}) > \delta a^{-1/2} \log a \}
\end{equation}

$$= o(a^{-k} e^{-a})$$

for every $k > 0$, since $\Lambda_T > a$. 

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Similarly it may be shown that if \( T \leq a_2^{-1} \),
\[
\text{dist}(\overline{x}_T, \overline{y}_T), N) > a^{-1/2} \log a, \text{ but}
\]
\[
\text{dist}(\overline{x}_T, \overline{y}_T), \{(r, 2p-r), 0 \leq r \leq 2p\}) \leq \delta a^{-1/2} \log a
\]
for some (sufficiently small) \( \delta > 0 \), then
\[
(2.16) \quad \Lambda_T \geq C^* \log a ;
\]
this together with (2.8) and (2.11) imply
\[
(2.17) \quad P_{p, p} \{T \leq a_2^{-1}; \text{dist}(\overline{x}_T, \overline{y}_T), N) > a^{-1/2} \log a ;
\]
\[
\text{dist}(\overline{x}_T, \overline{y}_T), \{(r, 2p-r), 0 \leq r \leq 2p\}) \leq \delta a^{-1/2} \log a
\]
\[
= o(a^{-k} e^{-a})
\]
for all \( k > 0 \). This and (2.15) imply (2.7). ///

For the next step of the proof we will again exploit the fundamental identity of sequential analysis, but with a new probability measure, which we will again refer to as \( Q \). Let
\[
(2.18) \quad Q(B) = \int_{r=0}^{2p} p_{r, 2p-r} (B) dr/(2p) ;
\]
then
\[
(2.19) \quad dP^{(n)}_{p, p}/dQ^{(n)} = L_n = \left[ \int_{r=0}^{2p} \frac{nx^r (1-r)^{n-nx} (2p-r)^{ny_n}}{r! (n-ry_n)_n} \cdot (1+r-2p)^{n-ny_n} dr/(2p) \right]^{-1}
\]

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(where \( p^{(n)} \) and \( q^{(n)} \) denote the restrictions of \( p_{p,p} \) and \( Q \) to \( \mathcal{X} ((x_1, y_1), \ldots, (x_n, y_n)) \)).

**PROPOSITION 2.** Suppose that for some \((r, 2p - r) \in \mathbb{N},\)

\[
(2.20) \quad \text{dist}((\bar{x}_n, \bar{y}_n), (r, 2p - r)) \leq n^{1/2} + 1/7 .
\]

Then as \( n \to \infty \)

\[
(2.21) \quad L_n \sim e^{-(n_0^{(n)} \frac{\lambda}{\omega} \frac{1}{2}} (2p)((2r(1-r))^{-1} + (2(2p - r)(1 + r - 2p))^{-1})^{1/2} \]

\[
\cdot \exp \left\{ \frac{n_0^{(n)}}{2} \left[ \begin{array}{l} \frac{\bar{x}_n - r}{\bar{y}_n + r - 2p} \\ \frac{\bar{y}_n + r - 2p} \end{array} \right] \right\}
\]

where

\[
(2.22) \quad M_r = \begin{bmatrix} (r(1-r))^{-1} & ((2p-r)(1+r-2p))^{-1} \\ (r(1-r))^{-1} & ((2p-r)(1+r-2p))^{-1} \end{bmatrix} - (p(1-p))^{-1} \begin{bmatrix} 1 & 1 \\ 1 & 1 \end{bmatrix} .
\]

Relation (2.21) holds uniformly for \((\bar{x}_n, \bar{y}_n)\) satisfying (2.20) with \((r, 2p - r) \in \mathbb{N},\)

The proof of this is omitted: it is a straightforward but tedious exercise in the use of Laplace's method of asymptotic expansion.

The strategy for the rest of the proof is to show that for each \((r, 2p - r) \in \mathbb{N}, (\Lambda_T - a)\) and
\[
\sqrt{T} \begin{pmatrix} \bar{x}_T - r \\ \bar{y}_T + r - 2p \end{pmatrix}
\]

are approximately independent under \( E_{r,2p-r} \) as \( a \to \infty \). For then the Central Limit Theorem, the Nonlinear Renewal Theorem of Lai and Siegmund [9], and the fact that

\[
(2.23) \quad \frac{T}{a} \frac{P_{r,2p-r}}{a} \xrightarrow{a \to \infty} \frac{1}{I(r,2p-r)}
\]

will make possible the evaluation of \( E_{r,2p-r} a^{-1/2} e^{-a} L_T 1_A \), where

\[
(2.24) \quad A = \{ T \leq a \xi_2^{-1}; \text{dist}(\langle \bar{x}_T, \bar{y}_T \rangle, N) \leq a^{-1/2} \log a \}.
\]

Nearly all of the technical difficulties associated with this program are obviated by the following inequalities.

**Lemma 1.** Let \( S_n \) have a binomial distribution \( BI(n,p) \) under \( P_p \), \( p \in [0,1] \). Then for each \( k > 0 \), \( \delta > 0 \), and \( \alpha > 0 \)

\[
(2.25) \quad \max_{0 \leq p \leq 1} P_p \{ |S_n - np| > \delta n^{1/2} \log n \} = o(n^{-k})
\]

and

\[
(2.26) \quad \max_{0 \leq p \leq 1} P_p \{ |S_n - np| > \delta n^{1/2} + \alpha \} = o(e^{-\delta n^{\alpha}}).
\]

**Proof.** Using the Markov inequality,
\[ P \{ S_n - np < n^{1/2} f(n) \} \leq E P \{ -\beta n^{-1/2} (S_n - np) \} / e^{-\beta f(n)} \]
\[ = e^{\beta pn^{1/2}} (1 - p + p e^{-\beta n^{-1/2}})^n / e^{-\beta f(n)} \]
\[ = \exp\{ \beta pn^{1/2} + n(\beta n^{-1/2} + O(1/n)) \} / e^{-\beta f(n)} = O(1) / e^{-\beta f(n)} \]

for \( \beta > 0, f(n) < 0 \). It is clear from the Taylor series expansion that the \( O(1) \) term is uniform in \( p \). The reverse inequality may be obtained similarly. ///

**COROLLARY 1.** As \( a \to \infty \)

\[(2.27) \quad \max_{(r,2p-r) \in N} P_{r,2p-r} \{ T_a \notin [n_2,n_3] \} = o(e^{-a^{\eta/4}}) \]

\[(2.28) \quad \max_{(r,2p-r) \in N} P_{r,2p-r} \{ |x_n - x_{n_1}| > C/\log a, \text{ some } n \in [n_2,n_3] \} = o(e^{-a^{1/16}}) \]

\[(2.29) \quad \max_{(r,2p-r)} P_{r,2p-r} \{ |x_n - x_{n_1}| + |y_n - y_{n_1}| > Ca^{-1/2} \log a \}
\[= o(e^{-a^{1/32}}) \]

here

\[(2.30) \quad n_1 = n_1(a,r) = \lceil a/I(r,2p-r) - a^{1/2} + n \rceil \]

\[(2.31) \quad n_2 = n_2(a,r) = \lceil a/I(r,2p-r) - a^{1/2} + n/2 \rceil \]

\[(2.32) \quad n_3 = n_3(a,r) = \lceil a/I(r,2p-r) + a^{1/2} + n/2 \rceil \]
(2.34) \[ \zeta_n = \zeta_n(r) = n \begin{pmatrix} x_n - r \\ y_n + r - 2p \end{pmatrix}^T M_r \begin{pmatrix} x_n - r \\ y_n + r - 2p \end{pmatrix} \]

and \( \eta \in (0, 1/32) \) is some fixed constant. Relations (2.28) and (2.29) hold for all \( C > 0 \).

The corollary is an easy consequence of the preceding lemma.

Define

(2.35) \[ A_r = A \cap \{ T_a \in [n_2, n_3] \} \]

\[ \cap \{ |\zeta_T(r) - \zeta_{n_1}(r)| \leq 1/\log a \} \]

\[ \cap \{ |\bar{x}_T - \bar{x}_{n_1}| + |\bar{y}_T - \bar{y}_{n_1}| \leq a^{-1/2} \log a \} \]

\[ \cap \{ |\bar{x}_{n_1} - r| + |\bar{y}_{n_1} + r - 2p| \leq a^{1/2} + \eta/4 \} ; \]

by Proposition 2

(2.36) \[ 1_A a^{-1/2} e^a L_T = O(e^C \log^2 a) \]

for some \( C > 0 \), so the Corollary implies that

(2.37) \[ a^{-1/2} e^a p_{p,p}(A) = \int_0^{2p} F_{r,2p-r} (1_A a^{-1/2} e^a L_T) dr/2p \]

\[ = \int_0^{2p} F_{r,2p-r} (1_A a^{-1/2} e^a L_T) dr/2p + o(1) . \]

Now by Proposition 2 and (2.35),
(2.38) \( \frac{1}{A_r} a^{-1/2} e^{a L_T} \sim e^{-(\Lambda_{1/2} - a)} \left( \frac{1}{\pi} I(r, 2p - r) \right)^{1/2} (2p) \)

\[ \cdot (2r(1 - r)^{-1} + (2(2p - r)(1 + r - 2p))^{-1})^{1/2} \]

\[ \cdot \exp\{\varepsilon_{n_1}(r)/2\} A_r \]

and this hold uniformly for \( r \in N \) on \( A_r \).

The "asymptotic independence" argument is completed by the following result.

PROPOSITION 3. For each \( r \in N \) such that the random variable

\[ I(r, 2p - r) + (X_1 - r) # I/\partial p_1 \mid (r, 2p - r) + (Y_1 + r - 2p) # I/\partial p_2 \mid (r, 2p - r) \]

has a nonlattice distribution when \( \begin{cases} X_1 \\ Y_1 \end{cases} \sim P_r, 2p - r \),

\[ E_{r, 2p - r} [e^{-(\Lambda_{1/2} - a)} \mid \varepsilon_{n_1}] - \nu(r, 2p - r) P_{r, 2p - r} \rightarrow 0 \] .

This result is implicit in the proof of the Nonlinear Renewal Theorem given by Lai and Siegmund [9].

It is relatively easy to deduce Theorem 1 from (2.37)-(2.39). Uniform integrability problems may be handled by using (2.36), the Lemma, the Corollary, and the Berry-esseen Theorem (for random vectors). The details of these arguments are straightforward but tedious, and will be omitted: they would, perhaps, serve only to obscure the basic argument. The bloodthirsty reader should rest assured that his appetite for raw, gory arguments (and detailed obscurity) will almost certainly be satisfied by the end of this work.
3. Preliminaries Concerning Exponential Families and Statement of the Main Result

Let \( X_1, X_2, \ldots \) be an i.i.d. sequence of random vectors each with law \( P_\theta \). We will not distinguish between \( P_\theta \), the measure on \( \mathbb{R}^p \), and \( P_\theta \), the measure on the \( \sigma \)-algebra \( \mathcal{F}(X_1, X_2, \ldots) \). Recall that if \( X \sim P_\theta \), then

\[
E_\theta X = \nabla_\theta \psi(\theta) = \mu_\theta
\]

\[
\text{cov}_\theta X = \nabla^2_\theta \psi(\theta) = \mathcal{H}(\theta) ;
\]

since we have assumed \( \psi \) to be strictly convex, \( \mathcal{H}(\theta) \) is perforce positive definite for each \( \theta \in \Omega \). Assume that \( \mu_\theta = 0 \).

Let \( \Gamma = \{\mu_\theta : \theta \in \Omega\} \) be the mean parameter space. Because \( \mathcal{H}(\theta) = \nabla^2_\theta \psi(\theta) \) is strictly positive definite, the map

\[
(3.2) \quad \mu_\cdot : \Omega \to \Gamma \quad \text{by}
\]

\[
\theta \to \mu_\theta
\]

is a diffeomorphism (this is the Inverse Function Theorem of Calculus). Thus although \( \Gamma \) need not be convex, it is an open subset of \( \mathbb{R}^p \).

The (nonnegative) function

\[
(3.3) \quad \phi(x) = \sup_{\theta \in \Omega} (\theta^T x - \psi(\theta))
\]

is the "convex dual" of \( \psi \). For \( x \in \Gamma \) the supremum in (3.3) is uniquely attained at that \( \theta \) for which \( \mu_\theta = x \); henceforth this \( \theta \) will be referred to as \( \hat{\theta}(x) \). It is evident that for \( x \in \Gamma \).
\[ (3.4) \quad \nabla_x \phi(x) = \hat{\theta}(x) \]
\[ \nabla_x^2 \phi(x) = \frac{1}{\hat{\theta}(x)} \hat{\theta}(x)^{-1}. \]

Moreover, since \( \theta \in \Omega \) (by (1.1)), the set
\[ (3.5) \quad K_b = \{ x \in \mathbb{R}^p : \phi(x) \leq b \} \]
is compact for each \( b > 0 \).

Recall that \( \Omega_1 \) is a smooth, relatively closed \( q_1 \)-dimensional submanifold of \( \Omega \) and \( \Omega_0 \) is a smooth relatively closed \( q_0 \)-dimensional submanifold of \( \Omega_1 \). Since \( \theta \rightarrow \mu_\theta \) is a diffeomorphism, \( \Gamma_{\Omega_1} = \{ \mu_\theta : \theta \in \Omega_1 \} \) are smooth relatively closed submanifolds of \( \Gamma \). (NOTE: A convenient and elementary source of information concerning the topological and geometric concepts used here is Guillemin and Pollack [8].) Define convex functions \( \phi_0 \) and \( \phi_1 \) by
\[ (3.6) \quad \phi_1(x) = \sup_{\theta \in \Omega_1} (\theta^T x - \psi(\theta)); \]
the log generalized likelihood ratio statistic is then
\[ (3.7) \quad \Lambda_n = n(\phi_1(S_n/n) - \phi_0(S_n/n)). \]

It is apparent that the behavior of the functions \( \phi_0 \) and \( \phi_1 \) will play a crucial role in all that follows.

Unfortunately, for a given \( x \in \mathbb{R}^p \) the supremum in (3.6) need not be uniquely attained. For \( \theta_0 \in \Omega_1 \), a necessary condition for
\[ (3.8) \quad \theta_0^T x - \psi(\theta_0) = \sup_{\theta \in \Omega_1} (\theta^T x - \psi(\theta)) \]

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\begin{equation}
(3.9) \quad x - \mu_{\theta_0} \in T_{\Omega_1}(\theta_0)'$
\end{equation}

where $T_{\Omega_1}(\theta_0)$ is the space of tangent vectors to $\Omega_1$ in $\mathbb{R}^p$.

(Throughout the paper we will use the notation $T_N(y)$ to denote the space of tangent vectors to $N$ at $y$: i.e., if $N$ is a $q$-dimensional submanifold of $\mathbb{R}^p$, then for $y \in N$

\begin{equation}
(3.10) \quad T_N(y) = \{v \in \mathbb{R}^p : \exists \text{ smooth } g: [-1,1] \to N \text{ with } g(0) = y \text{ and } g'(0) = v \}.
\end{equation}

For each $y \in N$ $T_N(y)$ is a $q$-dimensional vector subspace of $\mathbb{R}^p$.) Let

\begin{equation}
(3.11) \quad U_1 = \{x \in \Gamma : \text{the supremum in (3.6) is attained uniquely at some point } \hat{\theta}_1(x) \in \Omega_1 \}.
\end{equation}

**Lemma 1.** For each $\theta \in \Omega_1$ the affine space $\mu_\theta + T_{\Omega_1}(\theta)'$ intersects $\Gamma$ transversally at $\mu_\theta$. Furthermore, for each $\theta \in \Omega_1$ there is a neighborhood $N(\mu_\theta)$ of $\mu_\theta$ (open in $\Gamma$) such that $N(\mu_\theta) \subset U_1$ and such that

$$\hat{\theta}_1 : N(\mu_\theta) \to \Omega_1$$

is a smooth submersion. If $x \in \Gamma$ has an open neighborhood $N_x \subset U_1$ such that $\hat{\theta}_1 : N_x \to \Omega_1$ is a smooth submersion, then

\begin{equation}
(3.12) \quad V_x \phi_i(x) = \hat{\theta}_1(x),
\end{equation}

\begin{equation}
(3.13) \quad v^T V_x \phi_i(x) v > 0 \quad \forall v \in T_{\Omega_1}(\hat{\theta}_1(x))
\end{equation}
and

\[(3.14) \quad \omega^T \nabla_x^2 \phi_1(x) \omega = 0 \quad \forall \omega \in T_{\Omega_1}(\hat{\theta}_1(x))^\perp.\]

**NOTE:** Let \( N_1 \) and \( N_2 \) be smooth submanifolds of \( \mathbb{R}^p \), and let \( y \in N_1 \cap N_2 \). Then \( N_1 \) and \( N_2 \) are said to intersect transversally at \( y \) if the tangent spaces together span \( \mathbb{R}^p \), i.e., if

\[(3.15) \quad T_{N_1}(y) + T_{N_2}(y) = \mathbb{R}^p.\]

A map \( g : N_1 \to N_2 \) is said to be submersive at \( x \in N_1 \) if for every \( v \in T_{N_2}(g(x)) \) there exists a smooth \( f : [-1, 1] \to N_1 \) with \( f(0) = x \) such that \( (g \circ f)'(0) = v \); i.e., if \( dg_x \) maps \( T_{N_1}(x) \) onto \( T_{N_2}(g(x)) \).

**PROOF OF THE LEMMA.** Since \( \dim(\mu_0 + T_{\Omega_1}(\theta)) + \dim(T_{\Gamma_1}(\mu_0)) = p \), the transversality of \( \mu_0 + T_{\Omega_1}(\theta) \) and \( \Gamma_1 \) at \( \mu_0 \) will follow from showing

\[(3.16) \quad T_{\Omega_1}(\theta) \cap T_{\Gamma_1}(\mu_0) = \{0\}.\]

For (3.16), suppose \( g : [-1, 1] \to \Gamma_1 \) is a smooth map such that \( g(0) = \mu_0 \); then since \( \nabla_\psi : \Omega \to \Gamma \) is a diffeomorphism, there is a smooth \( f : [-1, 1] \to \Omega_1 \) such that \( f(0) = \theta_0 \) and \( g(t) = \nabla_\psi(f(t)) \). Now

\[g'(0) = \nabla_0^2 \psi(f(0)) \cdot f'(0)\]

\[= \frac{\partial}{\partial t} g(0) \cdot f'(0).\]

Since \( f'(0) \in T_{\Omega_1}(\theta_0) \) and \( \frac{\partial}{\partial t} g(0) \) is positive definite, it is impossible for \( g'(0) \perp T_{\Omega_1}(\theta_0) \). This proves (3.16).
Fix $\theta_0 \in \Omega_i$; there exists a neighborhood $N(\mu_{\theta_0})$ in $\Gamma$ such that if $x \in N(\mu_{\theta_0})$, then

\[
(3.17) \quad \sup \{ (\theta^T x - \psi(\theta)) : \theta \in \Omega_i \text{ and } \mu_{\theta} \not\in N(\mu_{\theta_0}) \} \leq \sup \{ (\theta^T x - \psi(\theta)) : \theta \in \Omega_i \text{ and } \mu_{\theta} \in N(\mu_{\theta_0}) \}
\]

and such that the supremum on LHS (3.17) is not attained. Now $N(\mu_{\theta_0})$ may be chosen small enough that the affine spaces $\mu_{\theta} + T\Omega_i(\theta)\perp$ give a "smooth fibration" of $N(\mu_{\theta_0})$: i.e., for each $x \in N(\mu_{\theta_0})$ there is a unique $\theta_x$ for which $x \in \mu_{\theta_0} + T\Omega_i(\theta_x)$, and such that the map $x \mapsto \theta_x$ is smooth and submersive. (This fact relies on the fact that the spaces $\mu_{\theta} + T\Omega_i(\theta)\perp$ intersect $\Gamma_i$ transversally at $\mu_{\theta}$, together with the fact that the map $\theta \mapsto T\Omega_i(\theta)$ is a smooth mapping into the set of $q_i$-dimensional vector subspaces of $\mathbb{R}^p$.). But the necessary condition (3.9) together with (3.16) implies that for $x \in N(\mu_{\theta_0})$, $\theta_x = \hat{\theta}_i(x)$.

Next, suppose that $x \in \Gamma$ has an open neighborhood $N_x \subset U_i$ such that $\hat{\theta}_i : N_x \to \Omega_i$ is a smooth submersion. Then

\[
(\partial/\partial x_j)_{\hat{\theta}_i}(x) = (\partial/\partial x_j)(\hat{\theta}_i(x))^T x - \psi(\hat{\theta}_i(x))
\]

\[
= (\hat{\theta}_i(x))_j + \sum_{k=1}^p (\partial/\partial x_j)(\hat{\theta}_i(x))_k \cdot x_k
\]

\[
- \sum_{k=1}^p [(\partial/\partial x_j)(\hat{\theta}_i(x))_k \cdot (\partial\psi/\partial \theta_k)(\hat{\theta}_i(x)) = (\hat{\theta}_i(x))_j
\]

since by (3.9) $x - \nabla_\theta \psi(\hat{\theta}_i(x)) \perp T\Omega_i(\hat{\theta}_i(x))$. It now follows from (3.12) that

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(3.18) \[ \nabla_x^2 \phi_1(x) = \left((\partial/\partial x_j)(\hat{\phi}_1(x))\right)_{k,j,k=1,...,p} ; \]

since \( x \mapsto \hat{\phi}_1(x) \) is submersive this matrix includes \( T\Omega_1(\hat{\phi}_1(x)) \) in its range, and clearly \( T\Omega_1(\hat{\phi}_1(x))^\perp \) is contained in the kernel. Thus \( \nabla_x^2 \phi_1(x) \) is invertible on \( T\Omega_1(\hat{\phi}_1(x)) \). On the other hand it is non-negative definite on \( \mathbb{R}^p \) since \( \phi_1 \) is convex. Consequently it must be strictly positive definite on \( T\Omega_1(\hat{\phi}_1(x)) \). It may also be shown using (3.18) that \( \nabla_x^2 \phi_1(x) \cap T\Omega_1(\hat{\phi}_1(x))^\perp = 0. \]

Lemma 1 gives a partial indication of the importance of two topological regularity properties: namely, transversality conditions and the submersiveness of the MLE maps. Another reason the transversality conditions figure in the analysis stems from the following purely topological fact, which will be exploited in Section 6.

**LEMMA 2.** Suppose \( V \) is an open subset of \( \mathbb{R}^p \), and \( N_1, N_2 \) are relatively closed submanifolds of \( V \). Let \( K \) be a compact subset of \( V \) such that if \( x \in N_1 \cap N_2 \cap K \), then \( N_1 \) and \( N_2 \) meet transversally at \( x \). Then for any \( \epsilon > 0 \) there exist \( \delta > 0, \delta^* > 0, \) and \( a_0 > 0 \) such that for any \( a \geq a_0 \) and any \( y \in V \)

(3.19) \[ \text{dist}(y, N_1 \cap N_2 \cap K) > \epsilon/a \]

\[ \text{dist}(y, N_1 \cap K) < \delta/a \]

implies

(3.20) \[ \text{dist}(y, N_2) > \delta^*/a . \]
In other words a point cannot be far from the intersection without being far from one or the other of the two manifolds. This is manifestly untrue of manifolds which intersect nontransversally: e.g.,

\[ N_1 = \{(x,y) \in \mathbb{R}^2 : y = x^2\} \]

\[ N_2 = \{(x,y) \in \mathbb{R}^2 : y = 0\} \ . \]

**PROOF.** We will give only a rough outline of the argument. Suppose first that \( N_1 \) and \( N_2 \) are affine subspaces of \( \mathbb{R}^p \): the existence of \( \delta \) and \( \delta^* \) follows from the construction of disjoint angular corridors around \( N_1 \) and \( N_2 \) as illustrated by Figure 3.1

![Figure 3.1](cross section)
In the general case, $N_1$ and $N_2$ may be approximated to first order by the appropriate translates of their tangent spaces; if $N_1$ and $N_2$ intersect transversally at $x$, then the tangent spaces $TN_1(x)$ and $TN_2(x)$ intersect transversally. Angular corridors may then be constructed as before. Thus for each $x \in N_1 \cap N_2 \cap K$ there is a closed neighborhood $U_x$ in $\mathbb{R}^p$ and constants $\delta^*_x$, $\delta_x$, $a_0(x)$ such that for $a \geq a_0(x)$ and $y \in V$
\[
\text{dist}(y, N_1 \cap N_2 \cap K \cap U_x) > \varepsilon/a
\]
and
\[
\text{dist}(y, N_1 \cap K \cap U_x) < \delta_x/a
\]

imply
\[
\text{dist}(y, N_2) > \delta^*_x/a
\]

The lemma now follows from a compactness argument (since $N_1$ and $N_2$ are relatively closed in $V$ and $K$ is compact, $N_1 \cap N_2 \cap K$ is compact). ///

The conclusion of the main theorem depends heavily on the assumption that the MLE maps behave nicely near a certain critical manifold, and also that the manifold $\Gamma_1$ not contort itself too strenuously in certain regions of $\Gamma$. Let $\theta_0 \in \Omega_0$, and define $\xi_0(\theta_0)$ to be the largest extended real such that the following three conditions are satisfied:
I. For every $\varepsilon$, $0 < \varepsilon < \varepsilon_0$, the set \( \{ x \in \Gamma : \phi(x) - \theta_0^T x + \psi(\theta_0) \leq \varepsilon \} \) is compact.

II. For each $x \in \Gamma_1 \cap (\mu_{\varepsilon_0} + \Omega_0(\varepsilon_0)^\perp)$ such that $\phi_1(x) - \phi_0(x) < \varepsilon_0$, there exists a neighborhood $N_x$ of $x$ in $\Gamma$ such that $N_x \subset U_0$ and $\hat{\theta}_0$ is a smooth submersion on $N_x$, with $\hat{\theta}_0(x) = \theta_0$.

III. For each $x \in \Gamma_1 \cap (\mu_{\varepsilon_0} + \Omega_0(\varepsilon_0)^\perp)$ such that $\phi_1(x) - \phi_0(x) < \varepsilon_0$, $\Gamma_1$ intersects $(\mu_{\varepsilon_0} + \Omega_0(\varepsilon_0)^\perp)$ transversally at $x$, and $\Gamma_1$ intersects the level surface \( \{ y \in \Gamma : \phi(y) - \theta_0^T y = \phi(x) - \theta_0^T x \} \) transversally at $x$.

Note that there is always a positive $\varepsilon$ such that \( \{ x \in \Gamma : \phi(x) - \theta_0^T x + \psi(\theta_0) \leq \varepsilon \} \) is compact, since \( \{ x \in \mathbb{R}^p : \phi(x) - \theta_0^T x + \psi(\theta_0) \leq \varepsilon \} \) is compact (cf. (3.5), and reparametrize the exponential family). That $\varepsilon_0(\theta_0) > 0$ may be deduced from this and Lemma 1. It should be noticed that in the special case $\Omega = \Omega_1$ condition III is automatically satisfied, and in case $\Gamma = \mathbb{R}^p$, condition I is automatically satisfied.

**THEOREM 2.** Suppose $0 < \varepsilon_1 < \varepsilon_2 < \varepsilon_0(\theta_0)$; recall that

\[
(3.21) \quad T_a = T = \min \{ n > a \varepsilon_2^{-1} : \Lambda_n > a \} .
\]

Then as $a \to \infty$

\[
(3.22) \quad \mathbb{P}_{\theta_0}(T_a < a \varepsilon_1^{-1}) \sim a^{(q_1 - q_0)/2} \cdot e^{-a} \cdot C(\varepsilon_1, \varepsilon_2; \theta_0),
\]

where

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(3.23) \[ C(\epsilon_1, \epsilon_2; \theta_0) = \int_{M(\epsilon_1, \epsilon_2; \theta_0)} \nu(y) \left( 2\pi(\phi(y) - \phi_0(y)) \right)^{-(q_1-q_0)/2} \]
\[ \cdot \left[ \det(H_2(y))/\det(\hat{\nabla}(\hat{\theta}(y))\left( H_1(y) + H_3(y) \right)) \right]^{1/2} \]
\[ \cdot \sigma(dy) \]

(3.24) \[ M(\epsilon_1, \epsilon_2; \theta_0) = \{ y \in T_1 \cap (\mu_{\theta_0} + T_0(\theta_0)^\perp) : \epsilon_1 \leq \phi(y) - \phi_0(y) \leq \epsilon_2 \} \]

(3.25) \[ \nu(y) = \lim_{a \to \infty} E_{\theta}(y) \exp^{-\left( \frac{\cdot}{a^2} \right)} \]

(3.26) \[ H_1(y) = \hat{\nabla}(\hat{\theta}(y))^{-1} P_{H_2(y)}^{-1} P \cdot \hat{\nabla}(\hat{\theta}(y))^{-1} \]

(3.27) \[ H_2(y) = P \cdot \hat{\nabla}(\hat{\theta}(y))^{-1} P \cdot (T_0(\theta_0)^\perp \cap T_1(y)) \]

(3.28) \[ H_3(y) = \hat{\nabla}(\hat{\theta}(y))^{-1} - \nabla_y^2 \phi_1(y) + \nabla_y^2 \phi_0(y) \]

\[ P \] is the orthogonal projection operator onto the space \[ T_0(\theta_0)^\perp \cap T_1(y), \] and \( \sigma \) is the volume element measure for the manifold-with-boundary \( M(\epsilon_1, \epsilon_2; \theta_0) \).

Many comments are in order. First, conditions I and III (transversality) imply that \( M(\epsilon_1, \epsilon_2; \theta_0) \) really is a compact manifold-with-boundary: this is a consequence of the Implicit Function Theorem. Second, the "det \( H_2(y) \)" which appears in the numerator may be confusing: \( H_2(y) \) is a (positive definite) operator on \( T_1(y) \cap T_0(\theta_0)^\perp \), and the determinant is simply meant to be the product of its eigenvalues on \( T_1(y) \cap T_0(\theta_0)^\perp \). Third, it remains
to be seen that the integral is finite, and in fact that the integrand is defined (cf. (3.25)). Notice that $\phi - \phi_0$ is a continuous function which is bounded away from zero on $M(\xi_1, \xi_2; \theta_0)$. The other two factors of importance require more care.

**Lemma 3.** For every $y \in M(\xi_1, \xi_2; \theta_0)$ the matrix $H_1(y) + H_3(y)$ is strictly positive definite on $\mathbb{R}^p$.

**Proof.** Since $\hat{g}(\theta)$ is everywhere strictly P.D. it is clear that $H_1(y)$ is N.N.D. on $\mathbb{R}^p$ and strictly P.D. on $\mathcal{M}_0(\theta_0) \cap T_1(y)$. Also if $y \in M(\xi_1, \xi_2; \theta_0)$, then since $\xi_2 < \xi_0(\theta_0)$ and $\xi_0(\theta_0)$ satisfies condition II, it follows from Lemma 1 that $\nabla_y^2 \phi_0(y)$ is N.N.D. on $\mathbb{R}^p$ and strictly P.D. on $\mathcal{M}_0(\theta_0)$.

Now consider $\nabla_y^2(\phi - \phi_1)(y)$. Since $\phi - \phi_1$ is a nonnegative function on $\mathbb{R}^p$ which is zero on $\Gamma_1$, $\nabla_y^2(\phi - \phi_1)(y)$ is N.N.D. on $\mathbb{R}^p$ whenever $y \in \Gamma_1$, by Taylor's Theorem. Furthermore, if $y \in \Gamma_1$, then $\nabla_y^2 \phi_1(y)$ is zero on the vector subspace $\mathcal{M}_1(\hat{\theta}(y))$ (cf. (3.14) of Lemma 1). Thus $\nabla_y^2(\phi - \phi_1)(y)$ is strictly P.D. on $\mathcal{M}_1(\hat{\theta}(y))$ for each $y \in \Gamma_1$. Now since $(y + \mathcal{M}_1(\hat{\theta}(y)))$ intersects $\Gamma_1$ transversally at $y$ (Lemma 1 again) it follows that $\nabla_y^2(\phi - \phi_1)(y)$ is strictly P.D. on $T_1(y)$.

But $T_1(y)^\perp + \mathcal{M}_0(\theta_0) + (\mathcal{M}_0(\theta_0)^\perp \cap T_1(y)) = \mathbb{R}^p$, so $H_1(y) + H_3(y)$ is strictly P.D. on $\mathbb{R}^p$. ///

As for $\nu(y)$, the existence of the limit in (3.25) is a consequence of a general theorem of Lai and Siegmund [9]. In order that their theorem be applicable, however, a certain random walk
associated with the process \( \{ \Lambda_n \} \) must be nonlattice. In the next lemma it is shown that this is so far almost every \( y \in M(\varepsilon_1, \varepsilon_2; \theta_0) \).

**Lemma 4.** For all \( \varepsilon_1 < \varepsilon_2 < \varepsilon_0(\theta_0) \),

\[
\sigma(y \in M(\varepsilon_1, \varepsilon_2; \theta_0)) : (\phi_1(y) - \phi_0(y)) + (X_1 - y)^T \nabla_y (\phi_1 - \phi_0)(y)
\]

has a nonlattice distribution when \( X_1 \sim P_\theta(y) \) = 0 ,

where \( \sigma(\cdot) \) denotes the volume element measure on \( M(\varepsilon_1, \varepsilon_2; \theta_0) \).

**Proof.** Call a point \( \omega \in \mathbb{R}^p \) a support point of the exponential family if for some \( \theta \in \Omega \) \( P_\theta(u : |u - \omega| < \varepsilon) > 0 \) for each \( \varepsilon > 0 \). Clearly if \( \omega \) is a support point, then \( P_\theta(u : |u - \omega| < \varepsilon) > 0 \) for every \( \theta \in \Omega \) and \( \varepsilon > 0 \). Because the covariance matrices \( \Sigma(\theta) \) are strictly P.D., there exist support points \( \omega_1, \ldots, \omega_p \) which form a (vector space) basis for \( \mathbb{R}^p \).

Let

\[
I(y) = \phi_1(y) - \phi_0(y) , \ y \in \mathbb{R}^p .
\]

A necessary condition for \( I(y) + (X_1 - y)^T \nabla_y I(y) \) to have a lattice distribution (under \( P_\theta(y) \)) is that for any pair \( \{ \omega_i, \omega_j \} \) of the atoms there exist a rational number \( q_{i,j} \) such that either

\[
q_{i,j}(I(y) + (\omega_i - y)^T \nabla_y I(y)) = I(y) + (\omega_j - y)^T \nabla_y I(y) \tag{3.30}
\]

or

\[
q_{i,j}(I(y) + (\omega_j - y)^T \nabla_y I(y)) = I(y) + (\omega_i - y)^T \nabla_y I(y) \tag{3.31}
\]
Suppose that there is a \( y = y_0 \in M(\xi_1, \xi_2; \theta_0) \) such that conditions (3.30)-(3.31) are satisfied for \( y = y_0 \) and some particular set \( \{q_{i,j}\} \) of \( \mathbb{Q} \) rational numbers: we will show that there is a neighborhood \( N(y_0) \) of \( y_0 \) such that if \( y \in N(y_0) \cap \Gamma_1 \cap (\nu_0 + \pi(\theta_0)^\perp) \), then (3.30)-(3.31) are not satisfied for \( y \) and the same set of rationals \( \{q_{i,j}\} \). By the countability of the rationals this will prove (27).

Suppose the indices are labelled so that alternative (3.30) holds. Consider the first order Taylor series of

\[
(3.32) \quad f_{i,j}(y) = I(y)(1 - q_{i,j}) + \begin{pmatrix} \omega_1 - q_{i,j} & \omega_j - y(1 - q_{i,j}) \end{pmatrix}^T \nabla I(y)
\]

around \( y = y_0 \):

\[
(3.33) \quad T_{f_{i,j}}(y) = \begin{pmatrix} \omega_1 - q_{i,j} & \omega_j - y_0(1 - q_{i,j}) \end{pmatrix}^T \nabla_y^2 I(y_0) \cdot (y - y_0).
\]

Since \( \nabla_y^2 \phi_0(y_0) \cap \pi(\theta_0)^\perp = 0 \), Lemma 1 and the transversality condition III imply that \( \nabla_y^2 I(y_0) \cap (\pi(\theta_0)^\perp \cap T_{\Gamma_1}(y_0)) \) is strictly P.D. Consequently, because \( \omega_1, \ldots, \omega_p \) is a basis for \( \mathbb{R}^p \), it follows that for each \( u \in (\pi(\theta_0)^\perp \cap T_{\Gamma_1}(y_0)) \) satisfying \( |u| = 1 \), there is a pair \( \{i,j\} \) such that

\[
(3.34) \quad T_{f_{i,j}}(y_0 + tu) \neq 0
\]

whenever \( t \neq 0 \). Since \( T_{f_{i,j}} \) is the principal term in \( f_{i,j} \), and
since $B = \{ u \in (\Omega_0(\theta_0)^{\perp} \cap T_1(y_0)) : |u| = 1 \}$ is compact, there is a $\delta > 0$ such that

$$f_{\{i,j\}}(y) \neq 0$$

for any $y \in T_1 \cap (\Omega_0 \cap T_0(\theta_0)^{\perp})$ satisfying $0 < |y - y_0| < \delta$. This proves the lemma. ///

Although this lemma together with the result of Lai and Siegmund shows that the function $\nu(y)$ is well-defined for almost every $y$ ($\circ$, there is as yet no hope of evaluating it. However, an important result of M. Woodroofe has $\nu(y)$ expressed as an integral involving only the characteristic function of the random variable considered in Lemma 4. Woodroofe's theorem makes possible the evaluation of the constant appearing in Theorem 2 by numerical integration in many cases of statistical interest: his paper [16] contains not only a proof of the theorem but several interesting examples of its use. (NOTE: Actually Woodroofe's theorem carries certain hypotheses concerning the smoothness of the underlying distributions which are unnecessary, as an elementary modification of his proof shows).

Theorem 2 generalizes another theorem of Woodroofe (Theorem 3 of [15]) which essentially covers the case $\Omega = \Omega_1$, but under smoothness conditions on the distributions $\{P_\theta\}$ which rule out all problems involving categorical data. His proof seems to be very much tied to these assumptions, and bears no resemblance to the approach used in this work.
For the proof of Theorem 2 we will assume that $0 \in \Omega_0$ and $\theta_0 = 0$. For arbitrary $\theta_0 \in \Omega_0$ we may always reduce to this case by reparametrizing and recentering the exponential family.
4. Normal Approximation in Several Dimensions

Certain refinements of the multidimensional Central Limit Theorem play a key role in the analysis which follows. Of primary importance are (1) bounds on the probability of moderate deviations of the sample mean, and (2) uniformity in the convergence of $n^{-1/2}(S_n - n\mu_\theta)$ (under $P_\theta$) over compact subsets of the natural parameter space.

Let $\mathcal{F}$ be a symmetric positive definite matrix on $\mathbb{R}^p$, and let $Q_\mathcal{F}$ be the Gaussian measure on $\mathbb{R}^p$ with mean zero and covariance $\mathcal{F}$, i.e.,

\[(4.1) \quad Q_\mathcal{F}(A) = (\det \mathcal{F})^{-1/2} (2\pi)^{-p/2} \int_A \exp\{-y^T \mathcal{F}^{-1} y/2\} dy\]

for Borel sets $A$. In addition, let $G_n$ be the class of $p$-dimensional half-spaces

\[(4.2) \quad A_\mathcal{F}(a) = \{x \in \mathbb{R}^p : \mathcal{F}^T x > a\}\]

where \[|\mathcal{F}| = 1\]

and \[0 \leq a \leq n^{1/6}/\log n\].

PROPOSITION 1. Let $K$ be any compact subset of $\Omega$ (the natural parameter space of the exponential family $\{P_\theta\}$, which is assumed to be an open set of $\mathbb{R}^p$). Then
\[(4.3) \quad \lim_{n \to \infty} \sup_{\theta \in K} \sup_{A \subseteq C_n} P_{\theta} \left\{ n^{-1/2} \left( S_n - n \mu_\theta \right) \in A \right\} \leq Q_\theta(\theta) (A) = 1 \]

and

\[(4.4) \quad \lim_{n \to \infty} \inf_{\theta \in K} \inf_{A \subseteq C_n} P_{\theta} \left\{ n^{-1/2} \left( S_n - n \mu_\theta \right) \in A \right\} \geq Q_\theta(\theta) (A) = 1 \]

The proof of this is a rather tedious modification of the proof of Cramér's Theorem (cf. Feller [7], Chapter XVI, Section 7).

The only real novelty is the uniformity in \( \theta \). However, the third moments \( \{ E_\theta | \xi^T (X_\perp - \mu_\theta) |^3 ; | \xi | = 1 \} \) are uniformly bounded away from \( \infty \), and the second moments \( \{ E_\theta | \xi^T (X_\perp - \mu_\theta) |^2 ; | \xi | = 1 \} \) are uniformly bounded away from zero, for \( \theta \) in any compact subset of \( \Omega \) (recall that the covariance matrices \( \Sigma(\theta) \) were assumed to be positive definite on \( \Omega \)). Thus the Berry–Esseen Theorem provides a bound for the error in the normal approximation to the \( P_\theta \)-distribution of \( n^{-1/2} (\xi^T (S_n - n \mu_\theta)) \) which is uniform in \( \theta \) and \( \xi \). Moreover, the errors in the Taylor series expansions used in the proof are all uniformly small, again by the compactness of \( K \).

**COROLLARY 1.** Let \( K \) be a compact subset of \( \Omega \). Then for all \( \delta > 0 \) and \( k > 0 \)

\[(4.5) \quad \max_{\theta \in K} P_{\theta} \left\{ | S_n - n \mu_\theta | > \delta n^{1/2} \log n \right\} = o(n^{-k}) \]

and for all \( \varepsilon \) such that \( 0 < \varepsilon < 1/6 \)

\[ \]
\[(4.6) \quad \max_{\theta \in K} P_{\theta} \left[ \left| S_n - n\mu_\theta \right| > \delta \cdot n^{1/2} + \varepsilon \right] = 0(\exp\left\{-\delta^2 \cdot n^{3\varepsilon/2}ight\}) , \]
as $n \to \infty$.

The proof is straightforward.

COROLLARY 2. Let $K$ be a compact subset of $\Omega$, and suppose $\theta \to A(\theta)$ is a continuous function of $\theta \in K$ with values in the group of symmetric positive definite $p \times p$ matrices. Then

\[(4.7) \quad E_{\theta} \mathbb{I}_{B(n, \theta)} \exp\left\{ (S_n - n\mu_\theta)^T (\psi(\theta)^{-1} - A(\theta))(S_n - n\mu_\theta) / 2n \right\}
\quad + (\det A(\theta) \det \psi(\theta))^{-1/2} , \]
as $n \to \infty$; $B(n, \theta)$ is the event

\[(4.8) \quad B(n, \theta) = \left\{ \left| S_n - n\mu_\theta \right| \leq n^{1/2} \frac{a_n}{\sqrt{n}} \right\} , \]

and $\{a_n\}$ is any sequence of constants such that $a_n \to \infty$ and $a_n = O(n^{1/6}/\log n)$. Furthermore, the convergence in (4.7) is uniform for $\theta \in K$, for each sequence $\{a_n\}$.

PROOF. This is accomplished in two stages, using Theorem 1 to establish the uniform integrability of the random variables, and Bhattacharya's multidimensional extension of the Berry-Esseen Theorem for the integration.

BHATTACHARYA'S THEOREM (cf. Bhattacharya and Rao [3], Corollary 15.2). Suppose $X_1, X_2, \ldots$ are i.i.d. random vectors in $\mathbb{R}^p$ with mean zero, covariance $I$, and finite absolute third moment $\rho_3 = E|X_1|^3$. 

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Then for each bounded Borel measurable function \( f : \mathbb{R}^p \to \mathbb{R} \)

\[
|E f(S_{n}/n^{1/2}) - \int f(y) e^{-|y|^2/2} \, dy/(2\pi)^{p/2}| 
\leq c_1 M(f) \rho_3 n^{-1/2} + 2\omega(f; c_2 \rho_3 n^{-1/2})
\]

where

\[
M(f) = \sup_{x,y \in \mathbb{R}^p} |f(x) - f(y)|
\]

\[
\omega(f; \Theta) = \sup_{u \in \mathbb{R}^p} \left[ \int_{y \in \mathbb{R}^p} e^{-|y|^2/2} / (2\pi)^{p/2} \right] 
\cdot \sup \{ |f(x_1 + u) - f(x_2 + u)| : |x_1 - y| \leq \Theta \}
\]

\[
S_n = X_1 + \cdots + X_n
\]

and \( c_1, c_2 \) are universal constants (which may depend on the dimension \( p \)).

The idea is to apply this result to the functions

\[
f_{\theta, b}(y) = g_\theta(y) \mathbb{1}[g_\theta(y) < b]
\]

where

\[
g_\theta(y) = \exp\{y^T(I - \frac{1}{2}(\Theta)^{-1/2} A(\Theta) \frac{1}{2} (\Theta)^{-1/2})y/2\}
\]

It is clear that for fixed \( b \),

\[
\sup_{\theta \in \Theta} M(f_{\theta, b}) < \infty
\]

and

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\[ \limsup_{\varepsilon \downarrow 0} \omega(f_{\varepsilon \theta}, b; \Theta) = 0, \]

and that

\[ \lim_{b \to \infty} \int_{\theta \in K} \int_{b \to \infty} \omega(y) e^{-|y|^2/2} dy/(2\pi)^{p/2} = (\text{det } A(\theta) y(\theta))^{-1/2} \]

uniformly for \( \theta \in K \). Thus to prove (4.7), it suffices to show that for any \( \varepsilon > 0 \) there is a \( b \) so large that

\[ \sup_{\theta \in K} 1 \bigg\{ \text{if } (s_\theta(\theta)^{-1/2}(s_n - n \theta) n^{-1/2} > b) \]

\[ \cdot \, s_\theta(\theta)^{-1/2}(s_n - n \theta) n^{-1/2} < \varepsilon. \]

Let

\[ \delta = 1 \wedge \inf \{ x^T A(\theta)x / x^T y(\theta)^{-1} x : \theta \in K, |x| = 1 \} \]

since \( K \) is compact, \( \delta > 0 \). Then for each \( \theta \in K \) there is a polyhedron \( R(\theta) \) such that for every \( y \in R(\theta) \)

\[ y^T y(\theta)^{-1} - A(\theta) y \leq 2 \]

and

\[ y^T y(\theta)^{-1} y > 2(1 - \delta/2)^{-1}. \]

This follows from the definition of \( \delta \) by piecing together patches of hyperplanes along the level surface \( \{ y \in \mathbb{R}^p : y^T y(\theta)^{-1} - A(\theta)y = 2 \} \) (cf. Figures 4.1 and 4.2). Furthermore, since \( y(\theta) \) and \( A(\theta) \) are continuous in \( \theta \), \( R(\theta) \) may be chosen "continuously" in \( \theta \):
in particular, it may be assumed that there is a finite integer \( m \) such that for each \( \theta \in K \), \( R(\theta) \) has no more than \( m \) distinct faces.

Each polyhedron \( R(\theta) \) separates \( \mathbb{R}^p \) into a bounded component and an unbounded component, which will be denoted \( R^{\text{INT}}(\theta) \) and \( R^{\text{EXT}}(\theta) \). Now Theorem 1 and a crude bound on the tail of the cumulative normal distribution function imply that for \( b < a < c \) a \( n \), \( \theta \in K \), and sufficiently large \( n \)

\[
P_\theta \left( (S_n - n\mu_\theta n^{-1/2} a^{-1} \in R^{\text{EXT}}(\theta)) \right) \leq 2m \cdot \exp\{-a^2/(1-\delta/2)\}.
\]

But
\[(4.10) \quad E_\theta \mathbb{1}_{B(n, \theta)} \{ g_\theta(\mathbb{1}_n) - 1/2(s_n' - n\mu_\theta)n^{-1/2} \geq b \} \]
\[
\quad \cdot g_\theta(\mathbb{1}_n) - 1/2(s_n' - n\mu_\theta)n^{-1/2} \]
\[
\leq \sum_{k=0}^\infty P_\theta \{ (s_n' - n\mu_\theta)n^{-1/2} \leq (\log n / b)(1 - \delta/4)^{-k/2} \}
\]
\[
\leq a_n \}
\]
\[
\quad \cdot \max \{ g_\theta(\mathbb{1}_n) - 1/2 y \} : \]
\[
y \in (\log n / b)(1 - \delta/4)^{-k/2} \}
\]
\[
y \notin (\log n / b)(1 - \delta/4)^{-k+1/2} \}
\]
\[
\leq 2m \sum_{k=0}^\infty \exp \{ (\log b)[(1 - \delta/4)^{-k} - (1 - \delta/4)^{-k+1}] \}
\]

for sufficiently large $n$, and all $\theta \in K$. The series on RHS (4.10) can be made arbitrarily small by choosing $b$ large; this proves (4.9), and thus (4.7). //
5. Expansion of likelihood Functions

Let N be a smooth, compact, r-dimensional submanifold of \( \Gamma \), and let \( f(\cdot) \) be a smooth, strictly positive probability density on N (with respect to the "volume element" measure \( \sigma(\cdot) \)). Define

\[
Q(A) = \int_N P_{\hat{\theta}(y)}(A)f(y)\sigma(dy);
\]

thus \( Q \) is a probability measure on the \( \sigma \)-algebra \( \mathcal{A}(X_1, X_2, \ldots) \). Furthermore, the measures \( P_{\hat{\theta}} \) and \( Q \), when restricted to the \( \sigma \)-algebras \( \mathcal{A}(X_1, \ldots, X_n) \) (these restricted measures will be denoted \( P_{\hat{\theta}}^{(n)} \) and \( Q^{(n)} \) respectively), are mutually absolutely continuous, and

\[
dP_{\hat{\theta}}^{(n)} / dQ^{(n)} = \left[ \int_N e^{\hat{\theta}(y)T_n - n\psi(\hat{\theta}(y))}f(y)\sigma(dy) \right]^{-1}.
\]

The objective of this section is the derivation of a more tractable expression for \( dP_{\hat{\theta}}^{(n)} / dQ^{(n)} \) when \( S_n/n \) is near \( N \), as \( n \to \infty \).

It will be convenient to have some notation available for various matrices which will occur. Recall that the tangent space \( TN(y) \) to \( N \) at \( y \) is the vector subspace of \( \mathbb{R}^p \) defined by

\[
TN(y) = \{ v \in \mathbb{R}^p : \exists \text{ smooth } g: [-1,1] \to N \text{ with } g(0) = y \text{ and } g'(0) = v \};
\]

thus \( TN(y) \) is an \( r \)-dimensional vector space, for every \( y \in N \). Let \( P_{TN(y)} \) denote the orthogonal projection operator from \( \mathbb{R}^p \) to \( TN(y) \), and let

\[
H_1(y) = \{\hat{\theta}(y)\}^{-1} P_{TN(y)} H_2(y)^{-1} P_{TN(y)} \{\hat{\theta}(y)\}^{-1}
\]

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\begin{equation}
H_2(y) = P_{TN}(y) \hat{(\theta(y))}^{-1} P_{TN}(y) \uparrow TN(y).
\end{equation}

Note that $H_2(y)$ considered as an operator on $TN(y)$ is invertible, since $\hat{(\theta(y))}$ is invertible; furthermore, since $TN(y)$ is vector-space isomorphic to $\mathbb{R}^r$, $H_2(y)$ may be interpreted as an operator on $\mathbb{R}^r$, and det $H_2(y)$ is then unambiguously defined.

**PROPOSITION 1.** Suppose $y_1 \in N$, and
\begin{equation}
S_n/n = y_1 + hn^{-1/2}
\end{equation}
where $|h| < \delta n^{-1/7}$. Then as $n \to \infty$
\begin{equation}
\frac{dP_0^{(n)}}{dQ(n)} \sim e^{-n\phi(S_n/n)} f(y_1)^{-1} (n/2\pi)^{r/2} \cdot \exp\{h^T(\hat{\theta}(y_1))^{-1} - H_1(y_1)\} h/2 \cdot \det(H_2(y_1))^{1/2}.
\end{equation}

This relation holds uniformly for $y_1 \in N$ and $|(S_n/n) - y_1| < \delta n^{1/7-1/2}$, for every $\delta > 0$.

The proof is a relatively straightforward exercise in the use of Laplace's method. The basic idea is that for large $n$ the only part of $N$ which contributes to the integral in (5.2) is a small patch around $y_1$ (essentially of radius $n^{1/7-1/2} \log n$), and that the integral over this patch is approximately equal to the integral over the tangent space at $y_1$. Because $N$ is compact, all of the errors are uniformly small.
Since the relation (5.7) is crucial to all that follows, the argument will be given in detail. Taylor's Theorem yields

\begin{equation}
\hat{y}(y)^T x - \psi(\hat{y}(y)) - \phi(x) = (y-y_1)^T \frac{1}{\psi'(y_1)} (x-y_1)
- \frac{1}{2} (y-y_1)^T \frac{1}{\psi''(y_1)} (y-y_1)
- \frac{1}{2} (x-y_1)^T \frac{1}{\psi'(y_1)} (x-y_1)
+ o(|y_1-y|^3) + o(|x-y_1|^3)
\end{equation}

by way of the identities

\begin{equation}
y_1 = \nabla_y \psi(\hat{y}(y_1))
\end{equation}

\begin{equation}
\hat{y}(y_1) = \nabla_y \phi(y_1)
\end{equation}

\begin{equation}
\psi'(y_1) = \nabla_y^2 \psi(\hat{y}(y_1))
\end{equation}

\begin{equation}
\psi''(y_1)^{-1} = \nabla_y^2 \phi(y_1)
\end{equation}

Because $N$ is compact, the remainder terms in (5.5) are uniformly small, i.e., there exist $C, \delta^* > 0$ such that whenever $y_1, y \in N, |y-y_1| < \delta^*$, and $|x-y_1| < \delta^*$,

\begin{equation}
0(|x-y_1|^3) < C|x-y_1|^3
0(|y-y_1|^3) < C|y-y_1|^3
\end{equation}
Relation (5.8) may now be used to integrate over the set of $y \in N$ which are within $n^{1/7-1/2} \log n$ of $y_1$. If $x \in \Gamma$, and $|x - y_1| \leq \delta n^{1/7-1/2}$, then

$$f_N \exp\{n[\hat{\theta}(y)^T x - \psi(\hat{\theta}(y)) - \phi(x)]\}$$

$$1\{|y - y_1| \leq n^{1/7-1/2} \log n\} f(y) \sigma(dy)$$

$$\sim \exp\{-n(x - y_1)^T \frac{1}{2}[\hat{\theta}(y_1)]^{-1} (x - y_1)/2\} \cdot f(y_1)$$

$$\sim \exp\{-n(y - y_1)^T \frac{1}{2}[\hat{\theta}(y_1)]^{-1} (y - y_1)/2\} \cdot f(y_1)$$

$$\sim \exp\{-n(x - y_1)^T \frac{1}{2}[\hat{\theta}(y_1)]^{-1} (x - y_1)/2\} \cdot f(y_1)$$

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$$\sim \exp\{-n(x - y_1)^T \frac{1}{2}[\hat{\theta}(y_1)]^{-1} (x - y_1)/2\} \cdot f(y_1)$$

$$\sim \exp\{-n(x - y_1)^T \frac{1}{2}[\hat{\theta}(y_1)]^{-1} (x - y_1)/2\} \cdot f(y_1)$$

$$\sim \exp\{-n(x - y_1)^T \frac{1}{2}[\hat{\theta}(y_1)]^{-1} (x - y_1)/2\} \cdot f(y_1)$$

where $m(dy)$ denotes the Lebesgue measure on $TN(y_1)$. Moreover, the last relation is valid uniformly for $y_1 \in N$ and $|x - y| \leq \delta n^{1/7-1/2}$, since the curvature form of $N$ at $y_1$ is uniformly bounded
(in operator norm) for $y_1 \in N$ (because $N$ is compact). The last integral may be evaluated exactly by completing the square, leaving

\[
\int_N \exp\{n[\hat{\theta}(y)^T x - \psi(\hat{\theta}(y)) - \phi(x)]\}
\]

\[
1\{|y - y_1| \leq n^{1/7-1/2} \log n\} f(y)\sigma(dy)
\]

\[
- \exp\{-n(x - y_1)^T \frac{1}{2} (\hat{\theta}(y_1))^{-1} (x - y_1)/2\}
\]

\[
\cdot f(y_1) \cdot (2\pi/n)^{r/2} \cdot (\det H_2(y_1))^{-1/2}
\]

\[
\cdot \exp\{n(x - y_1)^T H_1(y_1)(x - y_1)/2\}
\]

Note that since $|x - y_1| < \delta n^{-1/2 + 1/7}$ the last quantity is never smaller than $\exp\{-C' n^{2/7}\}$. Thus to complete the proof of (5.7) it is sufficient to show that the integral over $\{y \in N : |y - y_1| > n^{1/7-1/2} \log n\}$ is of smaller order of magnitude.

Now the function

\[
u(y) = \hat{\theta}(y)^T x - \psi(\hat{\theta}(y)) - \phi(x)
\]

is a nonpositive function of $y \in \Gamma$ whose only zero is at $y = x$. The Taylor series expansion (5.8) for $u(y)$ shows that there exist constants $C^* > 0$ and $n_0$ such that for $n \geq n_0$,

\[|y_1 - y| > n^{1/7-1/2} \log n
\]

\[|x - y_1| \leq \delta n^{1/7-1/2}
\]

and

\[y_1 \in N
\]
\[(5.13) \quad \hat{\theta}(y)^T x - \psi(\hat{\theta}(y)) - \phi(x) \leq -C n^{-1/2} \log^2 n.\]

Consequently,

\[(5.14) \quad \int_N \exp\left\{n\langle \hat{\theta}(y) | x \rangle - \psi(\hat{\theta}(y)) - \phi(x) \rangle\right\}
\exp\left\{n^{1/2} \log n\right\} f(y)\sigma(dy)
\leq \exp\{-C n^{2/7} \log^2 n\}.\]

This completes the proof of (5.7). ///

Let
\[M_0 = \{x \in \mathbb{R}^p : \phi(x) < \epsilon_0 \text{ and } u^T x = 0 \forall u \in \Omega_0(0)\}.\]

Suppose that \(N\) is a smooth compact \(r\)-dimensional sub-manifold of \(M_0 \cap \Gamma_1\) with boundary, e.g.,
\[N = \{x \in M_0 \cap \Gamma_1 : \epsilon_1 \leq \phi_1(x) - \phi_0(x) \leq \epsilon_2 < \epsilon_0\}.\]

It is possible to mimic the preceding analysis to obtain asymptotic expressions for likelihood functions, but only when \(S_n/n\) is not too near the boundary \(\partial N\): near \(\partial N\), \(N\) is not well approximated by its tangent space, but instead by a half-space of its tangent space.

As before, let \(f(\cdot)\) be a smooth, strictly positive probability density on \(N\) with respect to the volume element measure \(\sigma(\cdot)\), and let
\[Q(A) = \int_N P_{\hat{\theta}(y)}(A) f(y)\sigma(dy)\].

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PROPOSITION 2. Suppose \( y_1 \in \mathbb{N} \) and

\[
S_n / n = y_1 + h n^{-1/2}, \quad \text{and} \quad \text{dist}(S_n / n, \emptyset N) > n^{1/7-1/2} \log n
\]

with \(|h| < \delta n^{1/7}\). Then as \( n \to \infty \),

\[
(5.16) \quad dP_0^{(n)} / dQ^{(n)} \sim e^{-n\phi(S_n / n)} f(y_1)^{-1}(n/2\pi)^{r/2}
\]

\[
\cdot \exp\{h^T(\hat{\phi}(y_1))^{-1} - H_1(y_1))h/2\}
\]

\[
\cdot \det(H_2(y_1))^{1/2}
\]

This may be rewritten as

\[
(5.17) \quad dP_0^{(n)} / dQ^{(n)} \sim e^{-\Lambda n} f(y_1)^{-1}(n/2\pi)^{r/2}
\]

\[
\cdot \exp\{h^T(\hat{\phi}(y_1))^{-1} - H_1(y_1))h/2\}
\]

\[
\cdot \exp[-h^T H_2(y_1)h/2]
\]

\[
\cdot (\det H_2(y_1))^{1/2}
\]

where

\[
(5.18) \quad H_3(y) = \nabla_y^2 \phi(y) - \nabla_y^2 \phi_1(y) + \nabla_y^2 \phi_0(y)
\]

Relations (5.16) and (5.17) are valid uniformly on the event

\[
\{\text{dist}(S_n / n, N) < \delta n^{1/7-1/2}, \text{dist}(S_n / n, \emptyset N) > n^{1/7-1/2} \log n\}
\]

Recall that \( \Lambda_n = n(\phi_1(S_n / n) - \phi_0(S_n / n)) \) is the log-generalized likelihood ratio statistic for testing \( H_0 \) v. \( H_1 \). It is worth noting
a consequence of (5.17): for each compact $K \subset N \setminus \emptyset N$ and each $\delta > 0$, there is a $C > 0$ such that

$$\text{dist}(S_n/n, K) < \delta n^{-1/2} \log n$$

implies

$$d\Phi_0^{(n)}/dQ^{(n)} \leq e^{-\frac{\lambda}{n}} \exp\{C \log^2 n\}.$$

(5.19)

The proof of (5.16) is essentially the same as the proof of (5.7), and (5.17) follows simply from (5.16): note that

$$n\phi(S_n/n) - n\phi_1(S_n/n)$$

$$= (1/2n)(S_n - ny_1)^T \left[ \nabla^2_y \phi(y_1) - \nabla^2_y \phi_1(y_1) \right](S_n - ny_1)$$

$$+ O(n^{-2}|S_n - ny_1|^3)$$

and

$$n\phi_0(S_n/n) = (1/2n)(S_n - ny_1)^T \nabla^2_y \phi_0(y_1)(S_n - ny_1) + O(n^{-2}|S_n - ny_1|^3)$$

since $\phi(y_1) = \phi_1(y_1)$, $\nabla_y \phi(y_1) = \nabla_y \phi_1(y_1) = \hat{\phi}(y_1)$, $\phi_0(y_1) = 0$, and $\nabla_y \phi_0(y_1) = 0$ for $y_1 \in M_0 \cap \Gamma_1$. That the $O(\cdot)$ terms are uniformly small follows from the compactness of $N$. ///
6. The Collapsing Argument

The limiting constants in the conclusion of Theorem 2 occur as integrals over certain submanifolds of the mean parameter space: this corresponds to the fact that the bulk of \( P_0 \{ \wedge_n X \geq n \in \epsilon \} \) and \( P_0 \{ T \leq a \in \epsilon_1^{-1} \} \) is accounted for by sample paths for which \( S_n / n \) and \( S_T / T \) are near the critical manifolds. The purpose of this section is to prove that the probabilities in question actually do shrink to integrals on the critical manifolds (hence the term "collapsing argument": it is not meant to suggest any structural deficiency in the proof itself).

Let

\[
T_a = \{ \inf n \geq a : \wedge_n > a \}
\]

\[
M_0 = \{ x \in M_0 (0) : \phi (x) < \epsilon_0 \}
\]

\[
N_\epsilon = \{ x \in M_0 \cap \Gamma_1 : \phi (x) = \phi_1 (x) = \epsilon \} ;
\]

\[
\tilde{N}_\epsilon = \{ x \in M_0 : \phi (x) = \epsilon \} .
\]

**PROPOSITION 1.** Assume that \( 0 < \epsilon, \epsilon_2 < \epsilon_0 \) and \( 0 < \epsilon_1 < \epsilon < \epsilon_2 \). Then for every \( \delta, k > 0 \)

\[
(6.1) \quad P_0 \{ \wedge_n X \geq n \in \epsilon; \text{dist}(S_n / n, N_\epsilon) > \delta n^{-1/2} \log n \} = o(n^{-k} e^{-n \epsilon}) \quad \text{as } n \to \infty,
\]

and
\[ P_0 \left( T_a \leq a \varepsilon_1^{-1}; \text{dist}(S_n/T, N_a/T) > \delta a^{-1/2} \log a \right) = o(a^{-k} e^{-a}) \]

as \( a \to \infty \).

The proof will proceed by a series of crude estimates based on a likelihood ratio identity. The first step is to show that only those sample paths for which the sample means \( S_n/n \) fall in a certain compact subset of \( \mathbb{R}^P \) are of any consequence.

**Lemma 1.** There is a compact set \( K \subset \Gamma \) such that \( x \in K \) implies \( \phi(x) < \varepsilon_0 \); also

\[ \{ x \in \Gamma : \phi(x) \leq \max(\varepsilon, \varepsilon_2) \} \subset K^0 \]

and

\[ P_0 \{ \exists n \geq m : S_n/n \notin K \} = o(e^{-m\varepsilon_3}) \]

as \( m \to \infty \), for some \( \varepsilon_3 > \max(\varepsilon, \varepsilon_2) \).

**Proof:** Choose \( \varepsilon_3, \varepsilon_4 \) so that

\[ \max(\varepsilon, \varepsilon_2) < \varepsilon_3 < \varepsilon_4 < \varepsilon_0 . \]

Then the sets

\[ K_3 = \{ x \in \Gamma : \phi(x) \leq \varepsilon_3 \} \]

\[ K_4 = \{ x \in \Gamma : \phi(x) \leq \varepsilon_4 \} \]

are compact (this is the reason for condition I on \( \varepsilon_0 \)), and \( K_3 \) is contained in the interior of \( K_4 \). Thus there is a compact \( K \) contained
in the interior of $K_4$ and containing $K_3$ in its interior, whose boundary $\partial K$ is a polyhedron (i.e., $K$ is the intersection of finitely many half-spaces). The existence of $K$ may be deduced from the finite-dimensional Krein-Milman Theorem, the compactness of $\partial K_4$, and the convexity of $\phi$.

![Figure 6.1](image)

Now Chernoff's large deviation theorem for random variables (cf. [4]) gives exponential bounds for $P_0\{S_n/t \notin H\}$ where $H$ is any half-space; since $K$ is the intersection of finitely many half-spaces, and since

$$P_0\{\exists n \geq m : S_n/t \notin K\} \leq \sum_{n=m}^{\infty} P\{S_n/t \notin K\},$$

(6.4) follows easily. ///

Let $f(\cdot)$ be a smooth probability density on $\Gamma$ (with respect to Lebesgue measure on $\mathbb{R}^D$) which is strictly positive on $K$. Define
\[(6.5) \quad Q(A) = \int_{\mathcal{X}} P_0^y(A) f(y) dy ; \]

then \(Q^{(n)}\) and \(P_0^{(n)}\) (the restrictions of \(P_0\) and \(Q\) to the \(\sigma\)-algebra \(\mathcal{H}(X_1, \ldots, X_n)\)) are mutually absolutely continuous, and

\[(6.6) \quad \frac{dP_0^{(n)}}{dQ^{(n)}} = \left[ \int_{\mathcal{X}} e^{-n\psi(y)} f(y) dy \right]^{-1} \left[ \int_{\mathcal{X}} e^{\hat{\theta}(y)^T S_n - n\psi(y)} f(y) dy \right]. \]

**Lemma 2.** There is a constant \(C > 0\) such that

\[(6.7) \quad [dP_0^{(n)} / dQ^{(n)}] 1\{S_n / n \in K\} \leq C \cdot n^{2p} e^{-n\phi(S_n / n)} .\]

**Proof.** To obtain an upper bound for (6.6), one may replace the domain of integration \(\Gamma\) by a \(p\)-dimensional cube of side \(1/n^2\) centered at \(S_n / n\). Since \(K\) is compact and \(f(\cdot)\) has a strictly positive minimum on \(K\), (6.7) follows routinely. ///

To prove Proposition 1 it now suffices to show that there is a constant \(\beta > 0\) such that if \(x \in K\), \(\epsilon_1 \leq b \leq \epsilon_2\), and

\[(6.8) \quad \phi_1(x) - \phi_0(x) \geq b \]

and

\[(6.9) \quad \text{dist}(x, N_b) > \delta n^{-1/2} \log n , \]

then

\[(6.10) \quad \phi(x) \geq \beta n^{-1} \log^2 n + b . \]

For then Lemma 2 would imply
\[(6.11) \quad P_{0} \{ A_{n} > n \varepsilon; \operatorname{dist}(S_{n}/n, N_{\varepsilon}) > \delta n^{-1/2} \log n; S_{n}/n \in \mathbb{K} \} \]
\[\leq C n^{2p} \int_{\{\cdot\}} e^{-n \varepsilon} e^{-\beta \log^{2} n} dQ \]
and
\[(6.12) \quad P_{0} \{ T_{a} < a \varepsilon_{1}^{-1}; \operatorname{dist}(S_{n}/T, N_{a}/T) > \delta n^{-1/2} \log n; S_{n}/T \in \mathbb{K} \} \]
\[\leq C(a \varepsilon_{1}^{-1})^{2p} \int_{\{\cdot\}} e^{-a \varepsilon_{1}} e^{-\beta \log^{2}(a \varepsilon_{1}^{-1})} dQ . \]

**Lemma 3.** For every \( \delta > 0 \) there exist \( \gamma > 0 \) and \( \beta > 0 \) such that if \( x \in \mathbb{K} \) and \( \varepsilon < \gamma \)
\[(6.13) \quad \operatorname{dist}(x, \Gamma_{1}) > \delta \varepsilon \]
implies
\[(6.14) \quad \phi(x) - \phi_{1}(x) > \beta \varepsilon^{2} . \]

**Proof.** First recall that \( \phi - \phi_{1} \) is a non-negative function of \( x \in \Gamma \)
which is zero only for \( x \in \Gamma_{\perp} \): consequently, it suffices to consider only those \( x \in \mathbb{K} \) for which
\[(6.15) \quad \operatorname{dist}(x, \Gamma_{1}) < \eta , \]
where \( \eta \) is a small positive number of our choosing. Now \( \eta \) may be chosen so small that for \( x \in \mathbb{K} \) satisfying (6.15) \( x \in U_{\perp} \) and the MLE map \( \hat{\theta}_{1} \) is submersive in a neighborhood of \( x \) (cf. Lemma 1, Section 3), and also small enough that for \( x \in \mathbb{K} \) satisfying (6.15) the two-term Taylor
series for $(\phi - \phi_1)$ around $\mu_{\hat{\theta}_1}(x)$ is accurate enough that

\[(6.16) \quad \phi(x) - \phi_1(x) \geq \phi(\mu_{\hat{\theta}_1}(x)) - \phi_1(\mu_{\hat{\theta}_1}(x))
\]

\[\quad + (x - \mu_{\hat{\theta}_1}(x))^T \nabla(\phi - \phi_1)(\mu_{\hat{\theta}_1}(x)) \]

\[\quad + \frac{1}{4}(x - \mu_{\hat{\theta}_1}(x))^T \nabla^2(\phi - \phi_1)(\mu_{\hat{\theta}_1}(x))(x - \mu_{\hat{\theta}_1}(x)) \cdot \]

Since $\mu_{\hat{\theta}_1}(x) \in \Gamma_1$ it follows from Lemma 1 of Section 3 that

\[\phi(\mu_{\hat{\theta}_1}(x)) = \phi_1(\mu_{\hat{\theta}_1}(x)) \]

and

\[\nabla \phi(\mu_{\hat{\theta}_1}(x)) = \nabla \phi_1(\mu_{\hat{\theta}_1}(x)) = \hat{\theta}(x) . \]

Thus to prove (6.14) it suffices to show that for $x \in K$ satisfying (6.15) there exists a $\beta > 0$ such that

\[(6.15) \quad (x - \mu_{\hat{\theta}_1}(x))^T \nabla^2(\phi - \phi_1)(\mu_{\hat{\theta}_1}(x))(x - \mu_{\hat{\theta}_1}(x)) \geq \beta \text{dist}(x, \Gamma_1)^2 . \]

Notice first that $x - \mu_{\hat{\theta}_1}(x) \in \mathcal{T}_{\hat{\theta}_1}(\Gamma_1)$, and recall that

\[\nabla^2 \phi_1(\mu_{\hat{\theta}_1}(x)) \uparrow \mathcal{T}_{\hat{\theta}_1}(\Gamma_1) = 0 \text{ (this is (3.14) of Lemma 1, Section 3).} \]

Thus by the compactness of $K$ and the fact that

\[\nabla^2 \phi(y) = \mathbb{I}(\hat{\theta}(y))^{-1} \text{ is everywhere P.D., there exists a } \beta > 0 \text{ such that whenever } x \in K \text{ satisfies (6.15),}
\]

\[(6.17) \quad (x - \mu_{\hat{\theta}_1}(x))^T \nabla^2(\phi - \phi_1)(\mu_{\hat{\theta}_1}(x))(x - \mu_{\hat{\theta}_1}(x)) \geq \beta |x - \mu_{\hat{\theta}_1}(x)|^2 . \]

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Since $\mu(x) \in \Gamma_1$, it is clear that

\[(6.18) \quad |x - \mu(x)| > \text{dist}(x, \Gamma_1).\]

This proves (6.14). ///

**Lemma 4.** For each $\delta > 0$ there exist $\gamma > 0$, $\delta^* > 0$, and $\beta > 0$ such that if $x \in K$, $\xi \leq \gamma$, and

\[(6.19) \quad \text{dist}(x, M_0) > \delta \xi\]

but

\[(6.20) \quad \text{dist}(x, \Gamma_1) < \delta^*,\]

then

\[(6.21) \quad \phi_0(x) \geq \beta \xi^2.\]

**Proof.** $\phi_0(x)$ is a convex non-negative function of $x \in K$ which is zero iff $x \in M_0$. Thus it suffices to consider only those $x \in K$ for which $\text{dist}(x, M_0) < \eta$: here $\eta > 0$ is a constant of our choosing.

Recall that $M_0$ and $\Gamma_1$ intersect transversally whenever they intersect (this by condition III in the definition of $\xi_0$). By Lemma 2 of Section 3 there exist $\delta^* > 0$, $\eta > 0$ small enough that if $x \in K$ satisfies (6.20) and

\[(6.22) \quad \text{dist}(x, M_0) < \eta,\]

then

\[(6.23) \quad \text{dist}(x, M_0 \cap \Gamma_1) < \eta^*.\]
Here \( \eta^* > 0 \) has been chosen small enough that if \( x \in K \) satisfies (6.23), then \( x \in U_0 \) and the MLE map \( \hat{\theta}_0 \) is a smooth submersion in a neighborhood of \( x \), and in addition the two-term Taylor series for \( \phi_0 \) around \( \frac{\mathbb{P}}{\mathbb{T}_0(0)} \perp (x) \) is accurate enough that

\[
\phi_0(\mathbb{P}x) + (x - \mathbb{P}x)^T \nabla \phi_0(\mathbb{P}x) + (1/4)(x - \mathbb{P}x)^T \nabla^2 \phi_0(\mathbb{P}x)(x - \mathbb{P}x) = (1/4)(x - \mathbb{P}x)^T \nabla^2 \phi_0(\mathbb{P}x)(x - \mathbb{P}x) \leq \phi_0(x)
\]

(\( \mathbb{P} = \frac{\mathbb{P}}{\mathbb{T}_0(0)} \) denotes the orthogonal projection onto \( \mathbb{T}_0(0) \)).

By Lemma 1 of Section 3 \( \nabla^2 \phi_0(y) \) is strictly P.D. on \( \mathbb{T}_0(0) \) for any \( y \) such that \( \hat{\theta}_0(y) = 0 \); since \( x - \mathbb{P}x \in \mathbb{T}_0(0) \) the lemma follows from (6.18) and an obvious compactness argument. ///

**Lemma 5.** For every \( \delta > 0 \) there exist \( \delta^* > 0, \beta > 0, \) and \( \gamma > 0 \) such that if \( \varepsilon \leq \gamma \), and \( x \in \Gamma \) satisfies

\[
\text{dist}(x, M_0 \cap \Gamma_1) < \delta^* \varepsilon ,
\]

(6.25)

\[
\text{dist}(x, N_b) > \delta \varepsilon
\]

(6.26)

and

\[
\phi(x) > b ,
\]

(6.27)

then

\[
\phi(x) > b + \beta \varepsilon .
\]

(6.28)

Here \( N_b = \{ y \in M_0 \cap \Gamma_1 : \phi(y) = b \} \), and (6.28) holds for all \( b \) such that \( \varepsilon_1 \leq b \leq \varepsilon_2 \) (for the same \( \beta \)).

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PROOF. It follows from Lemma 2 of Section 3 together with condition III in the definition of \( \epsilon_0 \) that there exist \( \delta^*, \beta^* \), and \( \gamma \) such that if \( x \in \Gamma \) satisfies (6.19)-(6.20), then

\[
(6.29) \quad \text{dist}(x, \{y \in \Gamma : \phi(y) = b\}) > \beta^* \epsilon.
\]

If \( x \) also satisfies (6.27), then

\[
(6.30) \quad \text{dist}(x, \{y \in \Gamma : \phi(y) \leq b\}) > \beta^* \epsilon.
\]

Relation (6.28) follows directly, since \( \nabla \phi \) is nonzero on the level surface \( \{y \in \Gamma : \phi(y) = b\} \). That it holds uniformly for \( \epsilon_1 \leq b \leq \epsilon_2 \) follows from an easy compactness argument. ///

It now follows from Lemmas 3-5 that if \( x \in K \) satisfies (6.8)-(6.9), then it satisfies (6.10) (since \( \phi \geq \phi_1 \geq \phi_0 \geq 0 \)). This proves Proposition 1. ///
7. Proof of Theorem 2

The proof of Theorem 2 will be based on the likelihood ratio identity

\[
P_0(A) = \int_M [E_0(y) \frac{1_A}{\mathcal{L}_T}] \sigma_M(dy)/\sigma(M)
\]

where

\[
M = M(\varepsilon_5, \varepsilon_6; 0) = \{y \in \Gamma_1 \cap M_0(0) : \varepsilon_5 \leq \phi_1(y) - \phi_0(y) \leq \varepsilon_6\},
\]

\[
0 < \varepsilon_5 < \varepsilon_1 < \varepsilon_2 < \varepsilon_6 < \varepsilon_0,
\]

\[
\mathcal{L}_T = d(P_0 \upharpoonright \mathcal{F}_T)/d(Q \upharpoonright \mathcal{F}_T),
\]

and

\[
Q(B) = \int_M P_0^\mathcal{F}(y)(B)\sigma_M(dy)/\sigma(M).
\]

Recall that $M$ is a compact manifold-with-boundary, so its total surface area $\sigma(M)$ is finite. The relation (6.1) holds for all events $A \in \mathcal{F}_T$ (\mathcal{F}_T is the "stopped" sigma algebra of events $A$ for which $A \cap \{T \leq n\} \in \mathcal{F}(X_1, \ldots, X_n)$ for every $n$) and (7.5) holds for all $B \in \mathcal{F}(X_1, X_2, \ldots)$.

According to Proposition 1 of Section 6,

\[
P_0\{T_a \leq a^{-1}; \text{dist}(S_T, M(\varepsilon_1, \varepsilon_2; 0)) > \delta \cdot a^{-1/2} \log a\} = o(a^{-k} e^{-a})
\]

as $a \to \infty$, for all $k, \delta > 0$. Consequently, it suffices to show that

\[
P_0(A) \sim \text{RHS (3.22)}
\]

for the event
(7.8) \[ A = \{ T \leq a^{-1} \xi_1^{-1} \mid a^{-1/2} \log a \geq \text{dist}(S_{T/T}, M(\xi_1, \xi_2; 0)) \} \]

The plan of the proof, then, will be to evaluate (7.1) for \( A \) defined in (7.8) by exploiting the asymptotic formula for \( 1_A L_T \) provided by Proposition 2 of Section 5.

NOTE: Throughout the rest of this section, \( A \) will be the event defined by (7.8).

The manifold \( M \) divides neatly into three zones, in each of which the integrand behaves differently. These are

(7.9) \[ M_1 = \{ y \in M : \xi_1 + a^{-1/2} + \eta \leq \phi_1(y) - \phi_0(y) \leq \xi_2 - a^{-1/2} + \eta \} \]

\[ M_2 = \{ y \in M : \phi_1(y) - \phi_0(y) \leq \xi_1 + a^{-1/2} + \eta \} \text{ or } \phi_1(y) - \phi_0(y) \geq \xi_2 - a^{-1/2} + \eta \]

\[ \cap \{ y \in M : \text{dist}(y, M(\xi_1, \xi_2; 0)) < a^{-1/2} + \eta \} \]

\[ M_3 = \{ y \in M : \text{dist}(y, M(\xi_1, \xi_2; 0)) \geq a^{-1/2} + \eta \} \]

where \( 0 < \eta < 1/32 \) is some fixed constant. It is clear that \( M_1 \uparrow M(\xi_1, \xi_2; 0) \circ \) and that \( M_2 \uparrow \emptyset M(\xi_1, \xi_2; 0) \) (thus \( \sigma(M_2) \uparrow 0 \) as \( a \to \infty \)).

It will develop that \( f_{M_1} \sim \text{RHS (3.22)} \) and that \( f_{M_2} \) and \( f_{M_3} \) are of smaller order of magnitude.

For \( y \in M \), define
(7.10) \[ n_1 = n_1(a, y) = \left( a/(\phi_1(y) - \phi_0(y)) - a^{1/2} + \eta \right) \]

\[ n_2 = n_2(a, y) = \left( a/(\phi_1(y) - \phi_0(y)) - a^{1/2} + \eta/2 \right) \]

\[ n_3 = n_3(a, y) = \left( a/(\phi_1(y) - \phi_0(y)) + a^{1/2} + \eta/2 \right) \]

and

(7.11) \[ \zeta_n(y) = (S_n - ny)^T(\hat{\Theta}(y)^{-1} - H_1(y) - H_3(y))(S_n - ny)/2n \]

where \( H_1(y) \) and \( H_3(y) \) are as in (3.26) and (3.28).

**Lemma 1.** As \( a \to \infty \),

(7.12) \[ \max_{y \in M} P_{\hat{\Theta}(y)} \{ |S_n - ny| > C a^{1/2} + \beta \}, \text{ some } n \in [a^{-1/2}, a^{1/2}] \}

\[ = o(e^{-a^\beta}) \]

(7.13) \[ \max_{y \in M_1} P_{\hat{\Theta}(y)} \{ T_a \not\in [n_2(a, y), n_3(a, y)] \} = o(e^{-a^{n/4}}) \]

(7.14) \[ \max_{y \in M} P_{\hat{\Theta}(y)} \{ |\zeta_n(y) - \zeta_n^{(y)}| > C/\log a \}, \text{ some } n \in [n_2, n_3] \}

\[ = o(e^{-a^{1/16}}) \]

and

(7.15) \[ \max_{y \in M} P_{\hat{\Theta}(y)} \{ |(S_n/n) - (S_{n_1}/n_1)| > C a^{-1/2} \log a \} = o(e^{-a^{1/32}}) \]

for all \( C > 0 \), \( 0 < \beta < 1/6 \).
This is a routine consequence of Corollary 1, Section 4; the proof is left to the reader.

Next define events

\[(7.16) \quad A^*_y = \{ | (S_{n_1} / n_1 - y) < a^{-1/2} + \eta | \} \]

\[\quad \quad \quad A^{**}_y = \{ | (S_{n_1} / n_1 - (S_T / T) | < a^{-1/2} \log a \} \]

\[\quad \quad \quad \cap \{ | \zeta_{n_1} (y) - \zeta_T (y) | < 1/\log a \} \]

\[\quad \quad \quad A^{**}_y = A^*_y \cap \{ T_a \in [n_2 (a, y), n_3 (a, y)] \} . \]

By Proposition 2, Section 5

\[(7.17) \quad L_T^{1/2} \Lambda_A^{1/2} A^*_y \sim e^{\Lambda_T} \exp [\zeta_{n_1} (y)] (T / 2\pi)^{(q_1 - q_0) / 2}
\]

\[\quad \quad \quad \cdot (\det H_2 (y))^{1/2} \sigma (M) \Lambda_A^{1/2} A^*_y \]

and

\[(7.18) \quad L_T^{1/2} \Lambda_A^{1/2} A^{**}_y \sim e^{\Lambda_T} \exp [\zeta_{n_1} (y)] \sigma (M) \Lambda_A^{1/2} A^{**}_y \]

\[\quad \quad \quad \cdot (a / 2\pi (\phi_1 (y) - \phi_0 (y)))^{(q_1 - q_0) / 2}
\]

\[\quad \quad \quad \cdot (\det H_2 (y))^{1/2} ; \]

Furthermore, these relations are valid uniformly for \( y \in M \) and uniformly on the events \( A_y \cap A_y^* \), and \( A_y \cap A_y^{**} \), respectively.
LEMMA 2. As $a \to \infty$,

\begin{equation}
\begin{aligned}
P_{\hat{\theta}}(y)[|E_{\hat{\theta}}(y)[1_A 1_{A_{n_1}}^{**} e^{-(\Lambda_T - a)}|_{n_1}(a, y)] - \nu(y)| > \epsilon] \to 0
\end{aligned}
\end{equation}

for every $\epsilon > 0$ and every $y \in \mathcal{M}(\epsilon_1, \epsilon_2; 0)$ such that the random variable

$$
(\phi_1(y) - \phi_0(y)) + (x_1 - y)^T \nabla(\phi_1 - \phi_0)(y)
$$

has a nonlattice distribution when $x_1 \sim P_{\hat{\theta}}(y)$ (cf. Lemma 4, Section 3).

The $\sigma$-algebra $\mathcal{F}_{n_1}$ is the one generated by $x_1, \ldots, x_{n_1}$. It should be noticed that the convergence indicated by (7.19) need not be uniform in $y$. Fortunately, the rv's are bounded.

Lemma 2 is very much related to the nonlinear renewal theorem of Lai and Siegmund [9]. Although the statement of their theorem does not imply Lemma 2, their proof does: in fact, they obtain an unconditional limit theorem by first proving a conditional statement, which in our case becomes

\begin{equation}
\begin{aligned}
E_{\hat{\theta}}(y)[e^{-(\Lambda_T - a)}|_{n_1} - \nu(y)] \to 0 \quad \text{A.S. (}P_{\hat{\theta}}(y)\text{)}
\end{aligned}
\end{equation}

Since $1_A 1_{A_{n_1}}^{**} \to 1$ (cf. Lemma 1) A.S. ($P_{\hat{\theta}}(y)$), (19) follows from this.

The key to evaluating $E_{\hat{\theta}}(y)[1_A 1_{A_{n_1}}^{**} L_T]$ is now provided by Corollary 2 of Section 4. This allows that uniformly for $y \in \mathcal{M}$,

\begin{equation}
\begin{aligned}
E_{\hat{\theta}}(y) 1_A \exp[\zeta_{n_1}(a, y)] \sim (\det \nabla(\hat{\theta}(y)) \cdot (H_1(y) + H_3(y)))^{-1/2}
\end{aligned}
\end{equation}
as $a \to \infty$. Consequently by (7.18), (7.19) and the Dominated
Convergence Theorem

\begin{equation}
\int_{M_1} e^{a E_\theta(y) [1_{A \cap A_y \cap A^{**}_y} L_T]} \sigma_M(dy)/\sigma_M(M)
\end{equation}

\[ \to C(\varepsilon_1, \varepsilon_2; 0) . \]

Recall from Proposition 2 of Section 5 (5.19) that

\begin{equation}
1_A L_T \leq e^{-^T \exp \{c \log^2 n\}}
\end{equation}

for some constant $C$. By Lemma 1

\[ \max_{y \in M_1} P_{\theta}(y) (A \setminus (A_y \cap A^{**}_y)) = o(e^{-a n^{1/4}}) ; \]

thus

\begin{equation}
\int_{M_1} e^{a E_\theta(y) [1_{A \cap A_y \cap A^{**}_y} L_T]} \sigma_M(dy)/\sigma_M(M)
\end{equation}

\[ \to 0 \text{ as } a \to \infty . \]

For $y \in M_2$, (7.17) and a compactness argument show that there
is a constant $C^{**} > 0$ such that

\[ e^{-a (q_1 - q_0)/2} L^T 1_{A \cap A_y \cap A^{**}_y} \leq C^{**} \exp \{\zeta \nu_1(y)\} 1_{A_y} \]

and (7.21) implies that there is a constant $C^{*} > 0$ such that

\[ \int_{M_1} e^{a E_\theta(y) [1_{A \cap A_y \cap A^{**}_y} L_T]} \sigma_M(dy)/\sigma_M(M) \]

\[ \to 0 \text{ as } a \to \infty . \]
This, (7.23), and the fact that

\[
\max_{y \in M_2} P^{\hat{\sigma}}(y) \left( A \setminus (A_y \cap A_y^*) \right) = o(e^{-a^n/4})
\]

imply

\[
(7.25) \quad \int_{M_2} a^{-(q_1-q_0)/2} e^{-a} E^{\hat{\theta}}(y) L_T 1_A \sigma_M(dy)/\sigma_M(M) \to 0 ,
\]

since \( \sigma_M(M_2) \to 0 \).

Finally, for \( y \in M_3 \),

\[
(7.26) \quad A \cap \{ |S_n/n - y| < a^{-1/2} + n/2 \} \text{ for all } n \in [a_{\epsilon_1}^{-1}, a_{\epsilon_1}^{-1}] = \phi .
\]

By Lemma 1

\[
\max_{y \in M_3} P^{\hat{\sigma}}(y) \{ |S_{n_1}/n_1 - y| > a^{-1/2} + n/2 \} \text{ for some } n \in [a_{\epsilon_1}^{-1}, a_{\epsilon_1}^{-1}] = o(e^{-a^n/4}) ;
\]

this (7.23), and (7.26) imply

\[
(7.27) \quad \int_{M_3} a^{-(q_1-q_0)/2} e^{a} E^{\hat{\theta}}(y)[1_{A_T} \sigma_M(dy)/\sigma_M(M) \to 0 .
\]

The relations (7.1), (7.22), (7.24), (7.25), and (7.27) prove

Theorem 2. ///

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<th>18. SUPPLEMENTARY NOTES</th>
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<tbody>
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<tr>
<th>19. KEY WORDS (Continue on reverse side if necessary and identify by block number)</th>
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<tbody>
<tr>
<td>Curved Exponential Family, Repeated Significance Test, Nonlinear Renewal Theory, Transversality.</td>
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<th>20. ABSTRACT (Continue on reverse side if necessary and identify by block number)</th>
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<tbody>
<tr>
<td>A class of repeated significance tests for curved hypotheses in multi-parameter exponential families is studied, and asymptotic formulae for the significance levels of such tests are obtained. Special attention is given the important case of comparing Bernoulli success probabilities.</td>
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