

Dear editor,

An earlier version of this model was submitted to SIAM Journal of Financial Mathematics in 2012. It was entitled "A No-arbitrage Model of Liquidity in Financial Markets involving Brownian sheets". It was rejected but the editor encouraged us to resubmit. The main criticism at that time were: 1) lack of rigor 2) insufficient explanation why a Brownian sheet is useful. We tried to address these concerns. David German was a co-author in that previous submission.

I would suggest the following referees for this paper (besides the authors listed in the reference section):

- 1) Thorsten Rheinlaender, University of Vienna
- 2) Robert Dalang, EPFL.

Thank you for processing our paper.

Best regards,

Henry Schellhorn