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Preservation of risk in capital markets

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# Preservation of risk in capital markets

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**Abstract:** We model the capital market as a cooperative game. In this context, we formulate a property for solution concepts called preservation of risk. It may be viewed as a certain no-arbitrage-principle. In particular, we prove that the Shapley value is the only efficient solution concept that satisfies preservation of risk. Moreover, we derive an economic interpretation of the potential of the Shapley value. Finally, we relate our theoretical findings to the real world phenomenon called cornering the market.

**Keywords:** risk allocation; potential; coalition formation process; Shapley value; arbitrage; cornering the market

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