

## Allocating Systemic Risk in a Regulatory Perspective

### Abstract

The paper proposes an axiomatic approach for allocating aggregate risk among individual entities. It is shown that a risk allocations system should obey two axioms. The allocations satisfying these axioms are called coherent risk contributions and are characterized. In the paper the contribution of each entity is decomposed into a systemic part, an unsystemic part and, possibly, a cross effect. Consequences in terms of regulation are discussed.

**Keywords :** Risk Measure, Allocation, Regulation, Coherent Risk Contribution, Systemic Risk, Procyclical Effect.