

Department of Mathematics, ETH Zürich

Risk Measures and Capital Requirements

Bachelor Thesis

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Abstract

We show that the space of bounded measurable functions on a given measurable space is a Banach lattice. We interpret it as the space of financial positions of a financial institution. We discuss general risk measures in the context of acceptance sets allowing for capital injections to be invested in a pre-specified eligible asset with everywhere non-negative and non-zero payoff. We provide also a variety of examples, in particular we characterize when risk measures based on VaR- and TVaR-acceptance are finitely valued.