Choquet regularization for reinforcement learning

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Abstract

We propose Choquet regularizers to measure and manage the level of exploration for reinforcement learning (RL), and reformulate the continuous-time entropy-regularized RL problem of Wang et al. (2020a) in which we replace the differential entropy used for regularization with a Choquet regularizer. We derive the Hamilton–Jacobi–Bellman equation of the problem, and solve it explicitly in the linear–quadratic (LQ) case via maximizing statically a mean–variance constrained Choquet regularizer. Under the LQ setting, we derive explicit optimal distributions for several specific Choquet regularizers, and conversely identify the Choquet regularizers that generate a number of broadly used exploratory samplers such as ε-greedy, exponential, uniform and Gaussian.

Keywords: Reinforcement learning, Choquet integrals, continuous time, exploration, regularizers, quantile, linear–quadratic control.

1 Introduction

Reinforcement learning (RL) is one of the most active and fast developing subareas in machine learning. The foundation of RL is “trial and error” – to strategically explore different action plans in order to find the best plan as efficiently and economically as possible. A key question to this inherent exploratory approach for RL is to seek a proper tradeoff between exploration and exploitation, for which one needs to first quantify the level of exploration. Because exploration is typically captured by randomization in the RL study, entropy has been employed to measure the magnitude of the randomness and hence that of the exploration – a uniform distribution representing a completely blind search has the maximum entropy while a Dirac mass signifying no exploration at all.

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has the minimum entropy. Discrete-time entropy-regularized (or “softmax”) RL formulation has been proposed which introduces a weighted entropy value of the exploration as a regularization term into the objective function \cite{Ziebart2008, Nachum2017, Haarnoja2018}. For continuous-time RL, Wang et al. \cite{Wang2020a} formulate an entropy-regularized, distribution-valued stochastic control problem for diffusion processes, and derive theoretically the Gibbs (or Boltzmann) measure as the optimal distribution for exploration which specializes to Gaussian when the problem is linear–quadratic (LQ). Wang and Zhou \cite{Wang2020} and Gao et al. \cite{Gao2022} apply the results of Wang et al. \cite{Wang2020a} to a continuous-time entropy-regularized Markowitz’s mean–variance portfolio selection problem and a Langevin diffusion for simulated annealing, respectively. Guo et al. \cite{Guo2020} analyze both quantitatively and qualitatively the impact of entropy regularization for mean-field games with learning in a finite time horizon. There have been recently many other developments along this direction of RL in continuous time; see Tang et al. \cite{Tang2021}; Mou et al. \cite{Mou2021}; Jia and Zhou \cite{Jia2022a, Jia2022b} and the references therein.

While the entropy is a reasonable metric to quantify the information gain of exploring the environment and entropy regularization can indeed explain some broadly used exploration distributions such as Gaussian, there are two closely related open questions:

1. Distributions other than Gaussian, such as exponential or uniform, are also widely used for exploration in RL. What regularizer(s) can theoretically justify the use of a given class of exploratory distributions?

2. What are the optimal exploratory distributions for regularizers other than the entropy?

In this paper, we study these two questions in the setting of continuous-time diffusion processes, by introducing a new class of regularizers borrowing from the literature of risk metrics. Risk metrics, roughly speaking, include risk measures and variability measures, which are two separate and active research streams in the general area of risk management. Value-at-risk (VaR), expected shortfall (ES) and various coherent or convex risk measures, introduced by Artzner et al. \cite{Artzner1999}, Föllmer and Schied \cite{Follmer2002}, and Delbaen \cite{Delbaen2002}, are popular examples of risk measures. Variance, the Gini deviation, interquantile range and deviation measures of Rockafellar et al. \cite{Rockafellar2006} are instances of variability measures. There has been a rich body of study on risk metrics in the past two decades; see Föllmer and Schied \cite{Follmer2016} and the references therein.

We introduce what we call \textit{Choquet regularizers}, which belong to the class of the signed Choquet integrals recently studied by Wang et al. \cite{Wang2020c} in the context of risk management. A signed Choquet integral in general gives rise to a nonlinear and non-monotone expectation in which the state of nature is weighted by a probability weighting or distortion function in calculating the
expectation. It includes as special cases Yaari’s dual utility (Yaari, 1987) and distortion risk measures (Kusuoka, 2001 and Acerbi, 2002), which are commonly used monotone functionals, and appears in rank-dependent utility (RDU) theory; see Quiggin (1982), Gilboa and Schmeidler (1989), Tversky and Kahneman (1992) and De Waegenaere and Wakker (2001) in the related literature of behavioral economic theory.

There are several reasons to use Choquet regularizers for RL due to a number of theoretical and practical advantages. First, they satisfy several “good” properties such as quantile additivity, normalization, concavity, and consistency with convex order (mean-preserving spreads) that facilitate analysis as regularizers. Second, Choquet regularizers are non-monotone. In order to measure exploration, monotonicity is irrelevant, in contrast to assessing risk or wealth. For instance, a degenerate distribution should be associated with no-exploration regardless of its position, in which case non-monotone mappings should be used. Moreover, the use of Choquet regularizers is closely connected to distributionally robust optimization (DRO) where a Wasserstein distance naturally induces a special class of Choquet regularizers, whereas DRO itself is an important approach for learning and for correcting the inherent flaws suffered by classical model-based estimation and optimization. Finally, as we will see later in the paper, for any given location–scale class of distributions, there exists a common Choquet regularizer such that the corresponding regularized continuous-time LQ control for RL has optimal distributions in that class.

We take the same continuous-time exploratory stochastic control problem as in Wang et al. (2020a), except that the entropy regularizer is replaced with a Choquet regularizer. In the general case we derive the Hamilton-Jacobi-Bellman (HJB) equation. However, in sharp contrast to Wang et al. (2020a), solving the HJB equation and thus obtaining the optimal distributional policies via verification theorem remain a significant open question. To obtain explicit solutions, we focus on the LQ case. The form of the LQ-specialized HJB equation suggests that the problem boils down to a static optimization in which the given Choquet regularizer is to be maximized over distributions with given mean and variance. It turns out this last problem has been solved explicitly by Liu et al. (2020). The optimal distributions form a location–scale family, whose shape depends on the choices of the Choquet regularizer. The solutions to the static problem are then employed to solve the original LQ-based HJB equation explicitly and to derive the optimal samplers for exploration under the given Choquet regularizer. As expected, optimal distributions are no longer necessarily Gaussian as in Wang et al. (2020a), and are now dictated by the choice of Choquet regularizers. However, the following feature of the entropy-regularized solutions revealed in Wang et al. (2020a) remains intact: the means of the optimal distributions are linear in the current state and independent of the exploration, whereas the variances are determined by the exploration but irrespective of the current state. Along an opposite line of inquiry, we are able to identify a proper Choquet regularizer
in order to interpret a given exploratory distribution. Specifically, we derive the regularizers that
generate some common exploration measures including \( \varepsilon \)-greedy, three-point, exponential, uniform
and Gaussian.

The rest of the paper is organized as follows. We introduce Choquet regularizers in Section 2,
and present their basic properties as well as an axiomatic characterization based on existing results
of Wang et al. (2020b,c). In Section 3, we formulate the continuous-time Choquet-regularized RL
control problem and derive the HJB equation. We then motivate a mean–variance constrained
Choquet regularizer maximization problem for LQ control. This problem is studied in details
in Section 4, including discussions on some special regularizers arising from problems in finance,
optimization, and risk management. In Section 5, we return to the exploratory LQ control problem
and solve it completely. We also present examples linking specific exploratory distributions with
the corresponding Choquet regularizers. Finally, Section 6 concludes the paper.

2 Choquet regularizers

Throughout the paper, \((\Omega, \mathcal{F}, \mathbb{P})\) is an atomless probability space. With a slight abuse of
notation, let \(\mathcal{M}\) denote both the set of (probability) distribution functions of real random variables
and the set of Borel probability measures on \(\mathbb{R}\), with the obvious identity \(\Pi(x) \equiv \Pi([-\infty, x])\) for
\(x \in \mathbb{R}\) and \(\Pi \in \mathcal{M}\). We denote by \(\mathcal{M}^p, p \in [1, \infty)\), the set of distribution functions or probability
measures with finite \(p\)-th moment. For a random variable \(X\) and a distribution \(\Pi\), we write \(X \sim \Pi\)
if the distribution of \(X\) is \(\Pi\) under \(\mathbb{P}\), and \(X \overset{d}{=} Y\) if two random variables \(X\) and \(Y\) have the same
distribution. We denote by \(\mu\) and \(\sigma^2\) the mean and variance functional on \(\mathcal{M}^2\), respectively; that
is, \(\mu(\Pi)\) is the mean of \(\Pi\) and \(\sigma^2(\Pi)\) the variance of \(\Pi\) for \(\Pi \in \mathcal{M}^2\).

Given a function \(h : [0, 1] \rightarrow \mathbb{R}\) of bounded variation with \(h(0) = 0\), the functional \(I_h\) on \(\mathcal{M}\) is
defined as

\[
I_h(\Pi) \equiv \int h \circ \Pi([x, \infty)) \, dx := \int_{-\infty}^{0} [h \circ \Pi([x, \infty)) - h(1)] \, dx + \int_{0}^{\infty} h \circ \Pi([x, \infty)) \, dx, \quad \Pi \in \mathcal{M},
\]

assuming that (1) is well defined (which could take the value \(\infty\)). The function \(h\) is called a
distortion function, and the functional \(I_h\) is called a signed Choquet integral by Wang et al. (2020c).
If \(h(x) \equiv x\) then \(I_h\) reduces to the mean functional; thus, \(I_h\) is a nonlinear generalization of the
mean/expections. If \(h\) is increasing and satisfies \(h(0) = 1 - h(1) = 0\), then \(I_h\) is called an increasing
Choquet integral, which include as special cases the two most important risk measures used in
current banking and insurance regulation, VaR and ES.\(^1\)

\(^1\)This functional \(I_h\) is termed differently in different fields. For example, it is known as Yaari’s dual utility (Yaari,
1987) in decision theory, distorted premium principles (Denneberg, 1994 and Wang et al., 1997) in insurance and
Next, we define the *Choquet regularizer*, a main object of this paper. We are particularly interested in a subclass of signed Choquet integrals, where $h$ satisfies the following properties:

(i) $h$ is concave;
(ii) $h(1) = h(0) = 0$.

Let us briefly explain the interpretations and implications of the above two conditions. Condition (i) is equivalent to several other properties, and in particular, to that $I_h$ is a concave mapping and to that $I_h$ is consistent with *convex order*; see Theorem 3 of Wang et al. (2020c) for this claim and several other equivalent properties. Here, concavity of $I_h$ means

$$I_h(\lambda \Pi_1 + (1 - \lambda) \Pi_2) \geq \lambda I_h(\Pi_1) + (1 - \lambda) I_h(\Pi_2),$$

for all $\Pi_1, \Pi_2 \in \mathcal{M}$ and $\lambda \in [0, 1]$, and consistency with convex order means

$$I_h(\Pi_1) \leq I_h(\Pi_2),$$

for all $\Pi_1, \Pi_2 \in \mathcal{M}$ with $\Pi_1 \preceq_{cx} \Pi_2$.

If $\Pi_1 \preceq_{cx} \Pi_2$, then $\Pi_2$ is also called a *mean-preserving spread* of $\Pi_1$ (Rothschild and Stiglitz, 1970), which intuitively means that $\Pi_2$ is more spread-out (and hence “more random”) than $\Pi_1$. The above two properties do indeed suggest that $I_h(\Pi)$ serves as a measure of randomness for $\Pi$, since both a mixture and a mean-preserving spread introduce extra randomness; see e.g., Acciaio and Svindland (2013) for related discussions. Condition (ii), on the other hand, is equivalent to $I_h(\delta_c) = 0 \forall c \in \mathbb{R}$, where $\delta_c$ is the Dirac mass at $c$. That is, degenerate distributions do not have any randomness measured by $I_h$.

**Definition 1.** Let $\mathcal{H}$ be the set of $h : [0, 1] \to \mathbb{R}$ satisfying (i)-(ii). A functional $\Phi : \mathcal{M} \to (-\infty, \infty]$ is a *Choquet regularizer* if there exists $h \in \mathcal{H}$ such that $\Phi = I_h$, that is,

$$\Phi(\Pi) = \int_{\mathbb{R}} h \circ \Pi([x, \infty)) dx,$$

and this $\Phi$ will henceforth be denoted by $\Phi_h$.

To clarify on notation, we require $h \in \mathcal{H}$ for $\Phi_h$, while there is no such requirement for $I_h$. Moreover, we call $\Phi_h$ to be location invariant and scale homogeneous if $\Phi_h(\Pi') = \lambda \Phi_h(\Pi)$ where $\Pi'$ is the distribution of $\lambda X + c$ for $\lambda > 0$, $c \in \mathbb{R}$ and $X \sim \Pi$.

We summarize some useful properties of $\Phi_h$ in the following lemma.

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2Let $\Pi_1$ and $\Pi_2$ be two distribution functions with finite means. Then, $\Pi_1$ is smaller than $\Pi_2$ in *convex order*, denoted by $\Pi_1 \preceq_{cx} \Pi_2$, if $\mathbb{E}[f(\Pi_1)] \leq \mathbb{E}[f(\Pi_2)]$ for all convex functions $f$, provided that the two expectations exist. It is immediate that $\Pi_1 \preceq_{cx} \Pi_2$ implies $\mathbb{E}[\Pi_1] = \mathbb{E}[\Pi_2]$. distortion risk measures (Kusuoka, 2001 and Acerbi, 2002) in finance.
Lemma 1. For $h \in \mathcal{H}$, $\Phi_h$ is well defined, non-negative, and location invariant and scale homogeneous.

Proof. First, a concave $h$ with $h(0) = h(1)$ has to be first increasing and then decreasing on $[0, 1]$. Hence $h$ has bounded variation, and the two integrals in (1) are well defined. Moreover, (i) and (ii) imply $h \geq 0$, which further yields that both terms in (1) are non-negative. So $\Phi_h$ is well defined and non-negative. Location invariance and scale homogeneity follow from Proposition 2 (iii) and (iv) of Wang et al. (2020b).

Each property in Lemma 1 has a simple interpretation for a regularizer that measures the level of randomness, or the level of exploration in the RL context of this paper.

(a) Well-posedness: Any distribution for exploration can be measured.

(b) Non-negativity: Randomness is measured in non-negative values.

(c) Location invariance: The measurement of randomness does not depend on the location.

(d) Scale homogeneity: The measurement of randomness is linear in its scale.

For a distribution $\Pi \in \mathcal{M}$, let its left-quantile for $p \in (0, 1]$ be defined as

$$Q_{\Pi}(p) = \inf\{x \in \mathbb{R} : \Pi(x) \geq p\},$$

whereas its right-quantile function for $p \in [0, 1)$ be defined as

$$Q^{+}_{\Pi}(p) = \inf\{x \in \mathbb{R} : \Pi(x) > p\}.$$

It is useful to note that $\Phi_h$ admits a quantile representation as follows; see Lemma 1 of Wang et al. (2020b).

Lemma 2. For $h \in \mathcal{H}$ and $\Pi \in \mathcal{M}$,

(i) if $h$ is right-continuous, then $\Phi_h(\Pi) = \int_0^1 Q^{+}_{\Pi}(1-p)dh(p)$;

(ii) if $h$ is left-continuous, then $\Phi_h(\Pi) = \int_0^1 Q_{\Pi}(1-p)dh(p)$;

(iii) if $Q_{\Pi}$ is continuous, then $\Phi_h(\Pi) = \int_0^1 Q_{\Pi}(1-p)dh(p)$.

This property is technically important since functional properties of $I_h$ could be very difficult to analyze if one faces a quantity such as $\infty - \infty$. As an example, consider $h(x) = x$ leading to $I_h$ being the mean functional. In this case, $I_h$ is only well defined on some subsets of $\mathcal{M}$.
Choquet regularizers include, for instance, range, mean-median deviation, the Gini deviation, and inter-ES differences. Moreover, standard deviation can be written as the supremum of Choquet regularizers; see Examples 1, 3 and 4 of Wang et al. (2020c). Variance also has a related representation (Example 2.2 of Liu et al., 2020):

$$\sigma^2(\Pi) = \sup_{h \in H} \left\{ \Phi_h(\Pi) - \frac{1}{4}||h'||^2_2 \right\}, \quad \Pi \in \mathcal{M},$$

where $$||h'||^2_2 = \int_0^1 (h'(p))^2 dp$$ if $$h$$ is continuous with a.e. right-derivative $$h'$$, and $$||h'||^2_2 := \infty$$ if $$h$$ is not continuous.

Concave signed Choquet integrals are characterized by, e.g., Wang et al. (2020c), which is essentially a consequence of the seminal work of Yaari (1987) and Schmeidler (1989); see also Theorem 1 below. In what follows, we say that $$\Phi = \Phi_h$$ is quantile additive if for all $$\Pi_1, \Pi_2 \in \mathcal{M},$$

$$\Phi(\Pi_1 \oplus \Pi_2) = \Phi(\Pi_1) + \Phi(\Pi_2)$$

where the quantile function of $$\Pi_1 \oplus \Pi_2$$ is the sum of those of $$\Pi_1$$ and $$\Pi_2$$. In other words, $$Q_{\Pi_1 \oplus \Pi_2} = Q_{\Pi_1} + Q_{\Pi_2}$$. Moreover, we say that $$\Phi$$ is continuous at infinity if $$\lim_{M \to 1} \Phi((\Pi \land M) \lor (1 - M)) = \Phi(\Pi)$$, and $$\Phi$$ is uniform sup-continuity if for any $$\epsilon > 0$$, there exists $$\delta > 0$$, such that $$|\Phi(\Pi_1) - \Phi(\Pi_2)| < \epsilon$$ whenever $$\text{ess-sup} |\Pi_1 - \Pi_2| < \delta$$, where ess-sup is the essential supremum defined by $$\Pi^{-1}(1)$$.

We give the following simple characterization for our Choquet regularizers based on Theorems 1 and 3 of Wang et al. (2020b).

**Theorem 1.** A functional $$\Phi_h$$ is a Choquet regularizer in (2) if and only if it satisfies all of the following properties

(i) $$\Phi_h$$ is quantile additive;

(ii) $$\Phi_h$$ is concave or $$\preceq_{cx}$$-consistent;

(iii) $$\Phi_h \geq 0$$ and $$\Phi_h(\delta_c) = 0$$ for all $$c \in \mathbb{R}$$;

(iv) $$\Phi_h$$ is continuous at infinity and uniformly sup-continuous.

Note that Theorems 1 and 3 of Wang et al. (2020b) are stated in terms of a risk measure defined on the space of real random variables, say $$\mathcal{X}'$$, while here $$\Phi_h$$ is defined on $$\mathcal{M}$$. To use these results, we can define $$\rho : \mathcal{X}' \to \mathbb{R}$$ by $$\rho(X) = \Phi_h(\Pi)$$ where $$X \sim \Pi$$, which is automatically law-invariant. On the other hand, Theorem 1 in Wang et al. (2020b) requires an extra continuity condition to imply that $$h$$ has bounded variation on $$[0, 1]$$, which is guaranteed here by condition 4.

4Law-invariance means that $$\rho(X) = \rho(Y)$$ for $$X \equiv Y$$. 


(iii). In fact, condition (i) is equivalent to comonotonic additivity of $\rho$. Continuity at infinity and uniform sup-continuity of $\rho$ can be defined in parallel to those of $\Phi_h$. Finally, $h(1) = h(0) = 0$ is equivalent to $\Phi_h(\delta_c) = 0$ for all $c \in \mathbb{R}$. Theorem 1 hence follows directly from Theorems 1 and 3 of Wang et al. (2020b).

**Remark 1.** If $h$ is not constantly 0, Choquet regularizers belong to the class of *generalized deviation measures* in Rockafellar et al. (2006) and Grechuk et al. (2009). Moreover, Choquet regularizers can be used to construct law-invariant generalized deviation measures. Indeed, combining characterization of generalized deviation measures in Proposition 2.2 of Grechuk et al. (2009) and the quantile representation of signed Choquet integrals in Lemma 2, all law-invariant generalized deviation measures can be represented as a supremum of some Choquet regularizers of the type (2). This includes standard deviation and mean absolute deviation as special cases.

We conclude this section by comparing the Choquet regularization with the differential entropy regularization, the latter having been used for exploration–exploitation balance in RL; see Wang et al. (2020a); Wang and Zhou (2020); Guo et al. (2020). For an absolutely continuous $\Pi$, we define DE, Shannon’s differential entropy, as

$$DE(\Pi) := - \int_{\mathbb{R}} \Pi'(x) \log(\Pi'(x)) dx.$$  \hspace{1cm} (3)

Sunoj and Sankaran (2012) show that (3) admits a different quantile representation

$$DE(\Pi) = \int_0^1 \log(Q^r_\Pi(p)) dp.$$  \hspace{1cm} (4)

It is clear that DE is location invariant, but not scale homogeneous. It is not quantile additive either. Therefore, DE is *not* a Choquet regularizer.

### 3 Exploratory control with Choquet regularizers

In this section, we first introduce an exploratory stochastic control problem for RL in continuous time and spaces which was originally proposed in Wang et al. (2020a), and then reformulate it with Choquet regularizers.

Let $\mathbb{F} = \{\mathcal{F}_t\}_{t \geq 0}$ be a filtration defined on $(\Omega, \mathcal{F}, \mathbb{P})$ along with an $\{\mathcal{F}_t\}_{t \geq 0}$-adapted Brownian motion $W = \{W_t\}_{t \geq 0}$, the filtered probability space satisfying the usual assumptions of completeness and right continuity. All stochastic processes introduced below are supposed to be adapted processes.

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5A random vector $(X_1, \ldots, X_n)$ is called *comonotonic* if there exists a random variable $Z \in X$ and increasing functions $f_1, \ldots, f_n$ on $\mathbb{R}$ such that $X_i = f_i(Z)$ almost surely for all $i = 1, \ldots, n$. Comonotonic-additivity means that $\rho(X + Y) = \rho(X) + \rho(Y)$ if $X$ and $Y$ are comonotonic.
in this space.

The classical stochastic control problem is to control the state dynamic described by a stochastic differential equation (SDE)

$$dX^u_t = b(X^u_t, u_t) \, dt + \xi(X^u_t, u_t) \, dW_t, \quad t > 0; \quad X^u_0 = x \in \mathbb{R},$$

(5)

where $u = \{u_t\}_{t \geq 0}$ is the control process taking value in a given action space $U$. Throughout this paper, for ease of notation we assume that the state and Brownian motion are scalar-valued processes. Moreover, we suppose that the control is also one-dimensional, which is however an essential assumption because the Choquet regularizer to be involved is defined only for distributions on $\mathbb{R}$.\(^6\)

Similarly to Wang et al. (2020a), we give the “exploratory” version of the state dynamic (5) when the control is randomized, motivated by repetitive learning in RL. The control process is now randomized, leading to a distributional or exploratory control process $\Pi = \{\Pi_t\}_{t \geq 0}$, where $\Pi_t \in \mathcal{M}(U)$ is the probability distribution function for control at time $t$, with $\mathcal{M}(U)$ being the set of distribution functions on $U$. For a given such distributional control $\Pi$, the exploratory version of the state dynamic is

$$dX^\Pi_t = \tilde{b}(X^\Pi_t, \Pi_t) \, dt + \tilde{\xi}(X^\Pi_t, \Pi_t) \, dW_t, \quad t > 0; \quad X^\Pi_0 = x \in \mathbb{R},$$

(6)

where the coefficients $\tilde{b}(\cdot, \cdot)$ and $\tilde{\xi}(\cdot, \cdot)$ are defined as

$$\tilde{b}(y, \Pi) = \int_U b(y, u) d\Pi(u), \quad y \in \mathbb{R}, \quad \Pi \in \mathcal{M}(U),$$

(7)

and

$$\tilde{\xi}(y, \Pi) = \sqrt{\int_U \xi^2(y, u) d\Pi(u), \quad y \in \mathbb{R}, \quad \Pi \in \mathcal{M}(U).}$$

(8)

The “exploratory state process” $\{X_t^\Pi\}_{t \geq 0}$ describes the average of the state processes under (infinitely) many different classical control processes sampled from the exploratory control $\Pi = \{\Pi_t\}_{t \geq 0}$.

Define the exploratory reward as

$$\tilde{r}(y, \Pi) = \int_U r(y, u) d\Pi(u), \quad y \in \mathbb{R}, \quad \Pi \in \mathcal{M}(U),$$

(9)

where $r$ is the reward function. Further, we use a Choquet regularizer $\Phi_h$ to measure the level of exploration, and the aim of the exploratory control is to achieve the maximum expected total

\(^6\)See Section 6 for a discussion about how we may extend the notion of Choquet regularizer to multi-dimensions.
discounted and regularized exploratory reward represented by the optimal value function

\[ V(x) = \sup_{\Pi \in \mathcal{A}(x)} \mathbb{E}_x \left[ \int_0^\infty e^{-\rho t} \left( \tilde{r}(X^\Pi_t, u) + \lambda \Phi_h(\Pi) \right) dt \right], \quad (10) \]

where \( \rho > 0 \) is a given discount rate, \( \lambda > 0 \) is the temperature parameter representing the weight being put on exploration, \( \mathcal{A}(x) \) is the set of admissible distributional controls (which may in general depend on \( x \)), and \( \mathbb{E}_x \) represents the conditional expectation given \( X^\Pi_0 = x \).

The precise definition of \( \mathcal{A}(x) \) depends on the specific dynamic model under consideration and the specific problems one wants to solve, which may vary from case to case. We will define \( \mathcal{A}(x) \) precisely later for the linear–quadratic (LQ) control case, which will be the main focus of the paper. Note that (10) is called a regularized relaxed stochastic control problem in Wang et al. (2020a), and we refer to Wang et al. (2020a) and Wang and Zhou (2020) for more details on the motivation of (6)-(10).

Controls in \( \mathcal{A}(x) \) are measure (distribution function)-valued stochastic adapted processes, which are open-loop controls in the control terminology. A more important notion in RL is the feedback (control) policy. Specifically, a deterministic mapping \( \Pi(\cdot; \cdot) \) is called a feedback policy if i) \( \Pi(\cdot; x) \) is a distribution function for each \( x \in \mathbb{R} \); ii) the following SDE (which is the system dynamic after the feedback law \( \Pi(\cdot; \cdot) \) is applied)

\[ dX_t = \tilde{b}(X_t, \Pi(\cdot; X_t)) dt + \tilde{\xi}(X^\Pi_t, \Pi(\cdot; X_t)) dW_t, \quad t > 0; \quad X_0 = x \in \mathbb{R} \]

has a unique strong solution \( \{X_t\}_{t \geq 0} \); and iii) the open-loop control \( \Pi = \{\Pi_t\}_{t \geq 0} \in \mathcal{A}(x) \) where \( \Pi_t := \Pi(\cdot; X_t) \). In this case, the resulting open-loop control \( \Pi \) is said to be generated from the feedback policy \( \Pi(\cdot; \cdot) \) with respect to the initial state \( x \).

On the other hand, for a continuous \( h \in \mathcal{H} \), we have

\[ \Phi_h(\Pi) = \int_0^1 Q_{\Pi}(1 - p) dh(p) = \int_U uh'(1 - \Pi(u)) d\Pi(u). \]

We present the general procedure for solving the optimization problem (10), following Wang et al. (2020a). Applying the classical Bellman principle of optimality, we deduce that the optimal value function \( V \) satisfies the Hamilton-Jacobi-Bellman (HJB) equation

\[ \rho v(x) = \max_{\Pi \in \mathcal{M}(U)} \left( \tilde{r}(x, \Pi) + \lambda \int_U uh'(1 - \Pi(u)) d\Pi(u) + \frac{1}{2} \xi^2(x, \Pi)v''(x) + \tilde{b}(x, \Pi)v'(x) \right), \quad (11) \]
or equivalently,

$$\rho v(x) = \max_{\Pi \in \mathcal{M}(U)} \int_U \left( r(x, u) + \lambda u h'(1 - \Pi(u)) + \frac{1}{2} \xi^2(x, u)v''(x) + b(x, u)v'(x) \right) d\Pi(u),$$

where $v$ denotes the generic unknown solution of the equation. The verification theorem then yields that the following policy

$$\Pi^*(x) := \arg \max_{\Pi \in \mathcal{M}(U)} \int_U \left( r(x, u) + \lambda u h'(1 - \Pi(u)) + \frac{1}{2} \xi^2(x, u)v''(x) + b(x, u)v'(x) \right) d\Pi(u)$$

(12)
is an optimal policy if it generates an admissible open-loop control for any $x$.

When the regularizer is the entropy, Wang et al. (2020a) solve the associated HJB equation explicitly to get the Gibbs (or Boltzmann) measure as the optimal sampler for exploration, which specializes to Gaussian in the LQ case. Solving (11) and/or (12) generally for Choquet regularizers remain a (significant) open question, and in this paper we focus on the LQ setting to study how different regularizers may generate the optimal policy distributions. Specifically, we consider

$$b(x, u) = Ax + Bu \quad \text{and} \quad \xi(x, u) = Cx + Du, \ x, u \in \mathbb{R},$$

(13)

where $A, B, C, D \in \mathbb{R}$, and

$$r(x, u) = -\left( \frac{M}{2} x^2 + Rxu + \frac{N}{2} u^2 + Px + Lu \right), \ x, u \in \mathbb{R},$$

(14)

where $M \geq 0$, $N > 0$, and $R, P, L \in \mathbb{R}$. Moreover, as in standard LQ theory we assume henceforth that $U = \mathbb{R}$ and thus write $\mathcal{M} = \mathcal{M}(U)$ and $\mathcal{M}^2 = \mathcal{M}^2(U)$.

Fix an initial state $x \in \mathbb{R}$. For each open-loop control $\Pi \in \mathcal{A}(x)$, denote its mean and variance processes $\{\mu_t\}_{t \geq 0}$ and $\{\sigma^2_t\}_{t \geq 0}$ by

$$\mu_t \equiv \mu(\Pi_t) = \int_U ud\Pi_t(u) \quad \text{and} \quad \sigma^2_t \equiv \sigma^2(\Pi_t) = \int_U u^2 d\Pi_t(u) - \mu^2_t.$$

By (7) and (8), we have

$$\tilde{b}(x, \Pi) = Ax + B\mu(\Pi) \quad \text{and} \quad \tilde{\xi}(x, \Pi) = \sqrt{C^2 x^2 + 2CDx\mu(\Pi) + D^2[\mu^2(\Pi) + \sigma^2(\Pi)]}. \quad (15)$$

Thus, the state dynamic $X^\Pi$ in (6) is given by

$$dX^\Pi_t = (AX^\Pi_t + B\mu_t)dt + \sqrt{(C X^\Pi_t + D\mu_t)^2 + D^2\sigma^2_t} dW_t, \quad X^\Pi_0 = x \in \mathbb{R},$$

(16)
which implies that the state process only depends on the mean process \( \{ \mu_t \}_{t \geq 0} \) and the variance process \( \{ \sigma^2_t \}_{t \geq 0} \) of a given distributional control \( \{ \Pi_t \}_{t \geq 0} \). Let \( \mathcal{B} \) be the Borel algebra on \( \mathbb{R} \). A control process \( \Pi \) is said to be admissible, denoted by \( \Pi \in \mathcal{A}(x) \), if (i) for each \( t \geq 0 \), \( \Pi_t \in \mathcal{M} \) a.s.; (ii) for each \( A \in \mathcal{B} \), \( \{ \Pi_t(A), t \geq 0 \} \) is \( \mathcal{F}_t \)-progressively measurable; (iii) for each \( t \geq 0 \), \( \mathbb{E}[\int_0^t (\mu_s^2 + \sigma_s^2) ds] < \infty \); (iv) with \( \{ X^\Pi_t \}_{t \geq 0} \) solving (6), \( \lim_{T \to \infty} e^{-\rho T} \mathbb{E}[(X^\Pi_T)^2] = 0 \); (v) with \( \{ X^\Pi_t \}_{t \geq 0} \) solving (6), \( \mathbb{E}[\int_0^\infty e^{-\rho t} |\tilde{r}(X^\Pi_t, \Pi_t) + \lambda \Phi_h(\Pi_t)| dt] < \infty \).

In the above, condition (iii) is to ensure that for any \( \Pi \in \mathcal{A}(x) \), both the drift and volatility terms of (6) satisfy a global Lipschitz condition and a linear growth condition in the state variable and, hence, the SDE (6) admits a unique strong solution \( X^\Pi \). Condition (iv) is used to ensure that dynamic programming and verification theorem are applicable, as will be evident in the sequel. Finally, the reward is finite under condition (v).

By (9) and (14), we have

\[
\tilde{r}(x, \Pi) = -\frac{M}{2} x^2 - R x \mu(\Pi) - \frac{N}{2} [\mu^2(\Pi) + \sigma^2(\Pi)] - P x - L \mu(\Pi).
\]

(17)

Thus, plugging (15) and (17) back into (11), we can derive the HJB equation for LQ control as

\[
\rho v(x) = \max_{\Pi \in \mathcal{M}^2} \left\{ - R x \mu(\Pi) - \frac{N}{2} [\mu^2(\Pi) + \sigma^2(\Pi)] - L \mu(\Pi) + \lambda \Phi_h(\Pi) + CD x \mu(\Pi) v''(x) \
+ \frac{1}{2} D^2 [\mu^2(\Pi) + \sigma^2(\Pi)] v''(x) + B \mu(\Pi) v'(x) \right\} + A x v'(x) - \frac{M}{2} x^2 - P x + \frac{1}{2} C^2 x^2 v''(x).
\]

(18)

To analyze and solve this equation, we need to study the maximization problem therein. Denote by \( \varphi(x, \Pi) \) the term inside the max operator above. Observe that \( \varphi(x, \Pi) \) depends on \( \Pi \) via only its mean \( \mu(\Pi) \) and variance \( \sigma^2(\Pi) \), except for the term \( \Phi_h(\Pi) \), which motivates us to write

\[
\max_{\Pi \in \mathcal{M}^2} \varphi(x, \Pi) = \max_{m \in \mathbb{R}, s > 0} \max_{\Pi \in \mathcal{M}^2, \mu(\Pi) = m, \sigma^2(\Pi) = s^2} \varphi(x, \Pi).
\]

(19)

The inner maximization problem is in turn equivalent to

\[
\max_{\Pi \in \mathcal{M}^2} \Phi_h(\Pi) \quad \text{subject to} \quad \mu(\Pi) = m \text{ and } \sigma^2(\Pi) = s^2.
\]

(20)

This is a static optimization problem, which holds the key to solve the HJB equation (18) and thus to our exploratory problem with Choquet regularizers. It is interesting to note that when the regularizer is the entropy, the optimal solution to the above problem is Gaussian, which is indeed the essential reason behind the Gaussian exploration derived in Wang et al. (2020a). More specifically, for LQ control any regularized payoff function depends only on the mean and variance processes of the distributional control, and the Gaussian distribution maximizes the entropy when
the mean and variance are fixed. The natural question in our setting is what distribution with
given mean and variance maximizes a Choque regularizer, which is exactly the problem (20). The
next section is devoted to solving explicitly this maximization problem (20) of “mean–variance
constrained Choquet regularizers” with a variety of specific Choquet regularizers.

4 Maximizing mean–variance constrained Choquet regularizers

4.1 General results

For given $h \in \mathcal{H}$, $m \in \mathbb{R}$ and $s > 0$, we consider the problem (20), which has been motivated
by the exploratory control for RL as discussed in the previous section. Note that since $\Phi_h$ is
location-invariant and scalable, (20) is equivalent to the following problem

$$
s \max_{\Pi \in \mathcal{M}^2} \Phi_h(\Pi) \quad \text{subject to } \mu(\Pi) = 0 \text{ and } \sigma^2(\Pi) = 1.
$$

In what follows, $h'$ represents the right-derivative of $h$, which exists on $[0, 1)$ since $h$ is concave on
$[0, 1]$.

It turns out that a general solution to (20) has been given by Theorem 3.1 of Liu et al. (2020).

**Lemma 3.** If $h$ is continuous and not constantly zero, then a maximizer $\Pi^*$ to (20) has the following
quantile function

$$
Q_{\Pi^*}(p) = m + s \frac{h'(1 - p)}{||h'||_2}, \quad \text{a.e. } p \in (0, 1),
$$

and the maximum value of (20) is $\Phi_h(\Pi^*) = s ||h'||_2$.

In the context of RL, an interesting question arises: Given a distribution used for exploration,
what is the regularizer that leads to that distribution? This is a practically important question that
can provide interpretability to some widely used samplers for exploration in practice. Theoretically,
answering this question is in some sense a converse of Lemma 3 at least in the LQ setting.

In what follows, we denote by $\mathcal{M}^2(m, s^2)$ the set of $\Pi \in \mathcal{M}^2$ satisfying $\mu(\Pi) = m \in \mathbb{R}$ and
$\sigma^2(\Pi) = s^2 > 0$. Also, recall that given a distribution $\Pi$ the location-scale family of $\Pi$ is the set of
all distributions $\Pi_{a,b}$ parameterized by $a \in \mathbb{R}$ and $b > 0$ such that $\Pi_{a,b}(x) = \Pi((x - a)/b)$ for all
$x \in \mathbb{R}$.

**Proposition 1.** Let $\Pi \in \mathcal{M}^2(m, s^2)$ be given, where $m \in \mathbb{R}$ and $s > 0$. Then $\Pi$ maximizes $\Phi_h$
as well as $\Phi_{\lambda h}$ for any $\lambda > 0$ over $\mathcal{M}^2(m, s^2)$ for a continuous $h \in \mathcal{H}$ specified by

$$
h'(p) = Q_{\Pi}(1 - p) - m, \quad \text{a.e. } p \in (0, 1).
$$
Moreover, any \( \hat{\Pi} \) in the location-scale family of \( \Pi \) also maximizes \( \Phi_h \) over \( M^2(\mu(\hat{\Pi}), \sigma^2(\hat{\Pi})) \).

**Proof.** By Lemma 3, given a continuous \( h \in \mathcal{H} \), we have
\[
h'(p) = \frac{||h'||^2_s}{s} (Q_\Pi(1 - p) - m), \quad \text{a.e. } p \in (0, 1),
\]
where \( \Pi \) maximizes \( \Phi_h \) over \( M^2(m, s^2) \). Since \( \Phi_{\lambda h}(\Pi) = \lambda \Phi_h(\Pi) \) for any \( \lambda > 0 \), \( \Pi \) that maximizes \( \Phi_h \) also maximizes \( \Phi_{\lambda h} \), which means that a positive constant multiplier in \( \Phi_h \) does not affect problem (20). Hence, \( \Pi \) maximizes \( \Phi_h \) over \( M^2(m, s^2) \) with \( h'(p) = Q_\Pi(1 - p) - m \) for \( p \in (0, 1) \) a.e. Moreover, if \( \hat{\Pi} \) is in the location-scale family of \( \Pi \), then we have \( \hat{\Pi}(x) = \Pi((x - a)/b) \) for some \( a \in \mathbb{R} \) and \( b > 0 \) for all \( x \in \mathbb{R} \), which implies that
\[
h'(p) = Q_\Pi(1 - p) - m = (Q_{\hat{\Pi}}(1 - p) - a)/b - m \quad \text{for } p \in (0, 1) \text{ a.e.}
\]
Since \( \mu(\hat{\Pi}) = a + bm \), it follows that \( \hat{\Pi} \) maximizes \( \Phi_h \) over \( M^2(\mu(\hat{\Pi}), \sigma^2(\hat{\Pi})) \). \( \square \)

A simple but important implication from Proposition 1 is that every non-degenerate distribution with finite first and second moments is the optimizer of some \( \Phi_h \) in (20) over \( M^2(m, s^2) \) for some \( m \in \mathbb{R} \) and \( s > 0 \). Therefore, any distribution used for static exploration can be interpreted by certain suitable Choquet regularizer \( \Phi_h \). Moreover, there is a common distortion function \( h \), which is explicitly specified by Proposition 1, for any given location-scale family, in the sense that any distribution function \( \Pi \) belonging to this location-scale family maximizes \( \Phi_h \) over \( M^2(\mu(\Pi), \sigma^2(\Pi)) \). In other words, a single \( \Phi_h \) can serve as the same regularizer for a whole location-scale family of distributions.

**Remark 2.** We may also consider optimization of a general functional \( I_h \) in which \( h \) is not necessarily concave, such as an inverse S-shaped distortion function.\(^7\) This problem is solvable in the setting of (20) by replacing \( h \) with its concave envelope; see Pesenti et al. (2020). However, a non-concave \( h \) implies that \( I_h \) does not satisfy the \( \preceq_{\text{cx}} \)-consistency (see Theorem 1). This is not desirable for an exploration regularizer, and hence we will not pursue it in this paper.

In the following subsections, we present specific examples applying the above general results, involving several samplers commonly used in RL for exploration, as well as measures commonly used in finance and operations research for evaluating distribution variability.

\(^7\)A function is called inverse S-shaped (S-shaped) if there exists a point \( p^* \in (0, 1) \) such that \( h \) is concave (convex) on \([0, p^*)\) and is convex (concave) on \((p^*, 1]\). Inverse S-shaped distortion functions are common in behavioral decision theory; see e.g. Tversky and Kahneman (1992).
4.2 Some common exploratory distributions

We first present some examples with simple distributions which have been widely used for exploration in the RL literature.

**Example 1** (Bang–bang exploration). Let $\Pi$ be a Bernoulli distribution with $\Pi(\{0\}) = 1 - \varepsilon \in (0, 1)$ and $\Pi(\{1\}) = \varepsilon$. In this case, the RL agent explores only two states 0 and 1, which is called a bang–bang exploration. In particular, in the classical two-armed bandit problem, 0 is the currently more promising arm and 1 is the other arm. Proposition 1 gives

$$h'(p) = \mathbb{1}_{\{p < \varepsilon\}} - \varepsilon, \quad \text{a.e. } p \in (0, 1),$$

and thus $h(p) = p \wedge \varepsilon - \varepsilon p$. The corresponding regularizer $\Phi_h$ is given by, using the quantile representation in Lemma 2,

$$\Phi_h(\Pi) = \int_{0}^{\varepsilon} Q_{\Pi}(1 - p) dp - \varepsilon \int_{0}^{1} Q_{\Pi}(1 - p) dp = \varepsilon (\mu_{\varepsilon}(\Pi) - \mu(\Pi)),$$

where $\mu_{\varepsilon}(\Pi)$ is the $\varepsilon$-tail mean defined by

$$\mu_{\varepsilon}(\Pi) := \frac{1}{\varepsilon} \int_{0}^{\varepsilon} Q_{\Pi}(1 - p) dp.$$

Since a constant multiplier in $\Phi_h$ does not affect problem (20), a Bernoulli distribution with parameter $\varepsilon$ maximizes $\Phi_h = \mu_{\varepsilon} - \mu$. Note that the tail mean corresponds to ES in risk management with an axiomatic foundation laid out in Wang and Zitikis (2021). The difference between an ES and the mean, $\mu_{\varepsilon} - \mu$, is a primary example of the generalized deviation measures in Rockafellar et al. (2006, Example 3), which has an axiomatic characterization similar to ES.

**Example 2** ($\varepsilon$-greedy exploration). Let $\Pi$ be a discrete distribution with $\Pi(\{0\}) = 1 - \varepsilon \in (0, 1)$ and $\Pi(\{j\}) = \varepsilon/(2n)$ for $j \in \{-n, \ldots, -1, 1, \ldots, n\}$. In this case, the RL agent explores $2n + 1$ states where 0 is the currently most “exploitative” state and $\{-n, \ldots, -1, 1, \ldots, n\}$ represent the other states surrounding 0. From Proposition 1, we have

$$h'(p) = \sum_{i=1}^{n} (n - i + 1) \mathbb{1}_{\{(i-1)\varepsilon \leq p < \frac{i}{2n}\}} - \sum_{i=n+1}^{2n} (i - n) \mathbb{1}_{\{(i-1)\varepsilon + 1 - \varepsilon \leq p < \frac{i}{2n} + 1 - \varepsilon\}}, \quad \text{a.e. } p \in (0, 1); \quad (23)$$

and thus $h$ is a piece-wise linear function. An example of $h$ in (23) is plotted in Figure 1. Using
the quantile representation in Lemma 2, the corresponding regularizer $\Phi_h$ is given by

$$\Phi_h(\Pi) = \varepsilon \left( \sum_{i=1}^{n} \mu_+^\varepsilon (i, \Pi) - \sum_{i=n+1}^{2n} \mu_-^\varepsilon (i, \Pi) \right),$$

where $\mu_+^\varepsilon (i, \Pi)$ and $\mu_-^\varepsilon (i, \Pi)$ are defined by

$$\mu_+^\varepsilon (i, \Pi) := \frac{n-i+1}{\varepsilon} \int_{\frac{i-1}{2n}}^{\frac{i}{2n}} Q_\Pi(1-p)dp \quad \text{for} \quad i = 1, \ldots, n,$$

(24)

and

$$\mu_-^\varepsilon (i, \Pi) := \frac{i-n}{\varepsilon} \int_{\frac{i-1}{2n}+(1-\varepsilon)}^{\frac{i}{2n}+(1-\varepsilon)} Q_\Pi(1-p)dp \quad \text{for} \quad i = n+1, \ldots, 2n.$$

(25)

This example is related to the $\varepsilon$-greedy strategy in multi-armed bandit problem, where $\varepsilon$ signifies the probability of exploring. To be specific, the $\varepsilon$-greedy exploration is to select the current best arm with probability $1-\varepsilon$, and the other $2n$ arms uniformly with probability $\varepsilon/(2n)$. It is worth noting that ES is also used as a criterion in the multi-armed bandit problem with exploration; see Chang et al. (2020) and Benac and Godin (2021).

**Example 3** (Exponential exploration). Let $\Pi$ be an exponential distribution with mean 1. It follows from Proposition 1 that

$$h'(p) = -\log(p) - 1, \quad \text{a.e.} \ p \in (0, 1),$$

Figure 1: The plots of $h$ (left panel) and $h'$ (right panel) in Example 2 corresponding to a discrete distribution $\Pi$ where $n = 5$ and $\varepsilon = 0.4$. The plots illustrate the behavior of the function $h(p)$ and its derivative $h'(p)$ for a discrete distribution with specified parameters.
and thus \( h(p) = -p \log(p) \). The corresponding Choquet regularizer \( \Phi_h \) is given by
\[
\Phi_h(\Pi) = -\int_0^1 Q_\Pi(1 - p)(\log(p) + 1)dp =: \text{CRE}(\Pi), \quad \Pi \in \mathcal{M},
\]
where
\[
\text{CRE}(\Pi) := -\int_0^\infty \Pi([x, \infty)) \log(\Pi([x, \infty)))dx,
\]
which is called the cumulative residual entropy (CRE) and studied by Rao et al. (2004) and Hu and Chen (2020). Toomaj et al. (2017) argue that CRE can be viewed as a measure of dispersion or variability. Thus, the exponential exploration can be interpreted by the CRE regularizer.

**Remark 3.** To provide some parametric flexibility for CRE, Psarrakos and Navarro (2013) introduce the generalized cumulative residual entropy (GCRE) given by
\[
\text{GCRE}_n(\Pi) := \frac{1}{n!} \int_0^\infty \Pi([x, \infty)) (-\log(\Pi([x, \infty))))^n dx, \quad n \in \mathbb{N}_+.
\]
Clearly, \( \text{GCRE}_1(\Pi) = \text{CRE}(\Pi) \). From Lemma 2, it follows
\[
\text{GCRE}_n(\Pi) = \int_0^1 Q_\Pi(1 - p)dh_{1,n}(p),
\]
where
\[
h_{1,n}(p) = \frac{1}{n!} p(-\log(p))^n, \quad \text{a.e. } p \in (0, 1).
\]
It is easy to see that \( h_{1,n}(0) = h_{1,n}(1) = 0 \), and \( h''_{1,n}(p) = (-\log(p))^{n-2}(\log(p) + n - 1)/(p(n-1)!)) \) which is negative if and only if \( 0 < p < e^1/n \). This means that \( h_{1,n} \) is not concave on \( (0, 1) \) for \( n > 1 \). Therefore, \( \text{GCRE}_n \) is not a Choquet regularizer for \( n > 1 \).

**Example 4 (Gaussian exploration).** If \( \Pi \) is a Gaussian distribution, then Proposition 1 gives
\[
h'(p) = z(1 - p), \quad \text{a.e. } p \in (0, 1),
\]
where \( z \) is the quantile function of a standard normal distribution.\(^8\) This gives \( h(p) = \int_0^p z(1 - s)ds \), which is plotted in Figure 2. The corresponding regularizer \( \Phi_h \) is given by
\[
\Phi_h(\Pi) = \int_0^1 Q_\Pi(1 - p)z(1 - p)dp = \int_0^1 Q_\Pi(p)z(p)dp, \quad \Pi \in \mathcal{M}.
\]
Thus, any Gaussian distribution maximizes the regularize \( \Phi_h \) given by \( \Phi_h(\Pi) = \int_0^1 Q_\Pi(p)z(p)dp \).

---

\(^8\) In statistics, the quantile of a standard normal distribution corresponding to a test statistic is often referred to as a z-score – hence the notation \( z \).
This example also indicates that there are multiple regularizers (including the above regularizer and differential entropy) that induce Gaussian exploration.

**4.3 The inter-ES difference as a Choquet regularizer**

We look at a regularizer based on ES. For $\Pi \in \mathcal{M}$, ES at level $p$ is defined as

$$ES_p(\Pi) := \frac{1}{1-p} \int_0^1 Q_{\Pi}(r)dr, \quad p \in (0,1),$$

and the left-ES is defined as

$$ES^-_p(\Pi) := \frac{1}{p} \int_0^p Q_{\Pi}(r)dr, \quad p \in (0,1).$$

For $\alpha \in (0,1)$, let

$$h_\alpha(p) := \frac{p}{1-\alpha} \wedge 1 + \frac{\alpha-p}{1-\alpha} \wedge 0, \quad p \in [0,1].$$

Define $\Phi_{h_\alpha} = IER_\alpha$ by

$$IER_\alpha(\Pi) := ES_\alpha(\Pi) - ES^-_{1-\alpha}(\Pi),$$

which is known as the inter-ES difference. Here, we assume $\alpha \in [1/2,1)$. The inter-ES difference is a relatively new notion: it appears in Example 4 of Wang et al. (2020c) as a signed Choquet integral. In a recent work by Bellini et al. (2022), various properties are studied to underline the special role the inter-ES difference plays among other variability measures.
Proposition 2. Suppose that $\alpha \in \left[\frac{1}{2}, 1\right)$. For $m \in \mathbb{R}$ and $s^2 > 0$, the optimization problem

$$\max_{\Pi \in \mathcal{M}^2} \text{IER}_\alpha(\Pi) \quad \text{subject to } \mu(\Pi) = m \text{ and } \sigma^2(\Pi) = s^2$$

is solved by a three-point distribution $\Pi^*$ with its quantile function uniquely specified as

$$Q_{\Pi^*}(p) = m + \frac{s}{\sqrt{2(1 - \alpha)}} \left[\mathbb{1}_{\{p > \alpha\}} - \mathbb{1}_{\{p \leq 1 - \alpha\}}\right], \quad \text{a.e. } p \in (0, 1). \quad (28)$$

Proof. Note that for $\Phi_h = \text{IER}_\alpha$, we have

$$h'(p) = \frac{1}{1 - \alpha} \mathbb{1}_{\{p < 1 - \alpha\}} - \frac{1}{1 - \alpha} \mathbb{1}_{\{p > \alpha\}}$$

for $\alpha \in [1/2, 1)$. By (21), we can show that a maximizer $\Pi^*$ satisfies (28), which is a three-point distribution. \qed

So the inter-ES difference regularizer encourages exploration at three points. One of them is the mean $m$ corresponding to the best single-point exploitation without exploration, while the other two spots are symmetric to $m$ capturing the exploration part.

Remark 4. For $\alpha \in [1/2, 1)$, if we take the function $h_\alpha(p) = \mathbb{1}_{[1-\alpha, \alpha]}(p)$, $p \in [0, 1]$, the inter-quantile difference $\Phi_{h_\alpha} := \text{IQR}_\alpha$ is given by

$$\text{IQR}_\alpha(\Pi) := Q_\Pi^+(-\alpha) - Q_\Pi(1 - \alpha),$$

which is a classical measure of statistical dispersion widely used in e.g., box plots. Unlike the inter-ES difference, the distortion function $h_\alpha$ for IQR$_\alpha$ is not concave. However, the concave envelopes of $h$ is given by $h^*(p) = p/(1 - \alpha) \wedge 1 + ((\alpha - p)/(1 - \alpha)) \wedge 0$, $p \in [0, 1]$, which is exactly (27). According to Theorem 1 in Pesenti et al. (2020), we have $\sup_{\Pi \in \mathcal{M}^2} \text{IQR}_\alpha(\Pi) = \sup_{\Pi \in \mathcal{M}^2} \text{IER}_\alpha(\Pi)$ and the maximizer is obtained by $\Pi^*$ which satisfies (28). Thus, the optimization problem is still solvable even if $h$ is not concave.

4.4 The $L^1$-Wasserstein distance to Dirac measures as a Choquet regularizer

Let $W : \mathcal{M} \times \mathcal{M} \to \mathbb{R}_+$ be a statistical distance between two distributions, such as a Wasserstein distance. Since an exploration is essentially to move away from degenerate (Dirac) distributions, a natural way to encourage exploration is to use $W(\Pi, \delta_x)$, where $\delta_x$ is the Dirac measure at $x \in \mathbb{R}$, as a regularizer. Moreover, to remove the location dependence, we modify the regularizer to be $\min_{x \in \mathbb{R}} W(\Pi, \delta_x)$. For any statistical distance satisfying $W(\Pi, \hat{\Pi}) = 0$ if and only if $\Pi = \hat{\Pi}$, it is
clear that \( \min_{x \in \mathbb{R}} W(\Pi, \delta_x) = 0 \) if and only if \( \Pi \) itself is a Dirac measure (hence deterministic).

The use of Wasserstein distance to model distributional uncertainty in other settings naturally gives rise to a regularization term, yielding a theoretical justification for its use in practice; see for example Pflug and Wozabal (2007), Esfahani and Kuhn (2017) and Blanchet et al. (2021) that formulate different models with distributional robustness based on Wasserstein distances.

We focus on the case where \( W \) is the Wasserstein \( L^1 \) distance, defined as

\[
W_1(\Pi, \hat{\Pi}) := \int_0^1 |Q_\Pi(p) - Q_{\hat{\Pi}}(p)| dp.
\]

In this case, \( W_1(\Pi, \delta_x) \) is the \( L^1 \) distance between \( x \) and \( X \sim \Pi \), and it is well known via \( L^1 \) loss minimization that the minimizers of \( \min_{x \in \mathbb{R}} W_1(\Pi, \delta_x) \) are the medians of \( \Pi \) (unique if \( Q_\Pi \) is continuous):

\[
\arg \min_{x \in \mathbb{R}} W_1(\Pi, \delta_x) = [Q_\Pi(1/2), Q_{\Pi}^+(1/2)].
\]

Moreover, for a median of \( \Pi \), \( x^* \in [Q_\Pi(1/2), Q_{\Pi}^+(1/2)] \), we have that \( W_1(\Pi, \delta_{x^*}) \) is the mean-median deviation; namely

\[
\min_{x \in \mathbb{R}} W_1(\Pi, \delta_x) = W_1(\Pi, \delta_{x^*}) = \int_0^{1/2} (x^* - Q_\Pi(p)) dp + \int_{1/2}^1 (Q_\Pi(p) - x^*) dp = \int_{1/2}^1 Q_\Pi(p) dp - \int_0^{1/2} Q_\Pi(p) dp.
\]

This in turn shows that \( \arg \min_{x \in \mathbb{R}} W_1(\Pi, \delta_x) \) belongs to the class of Choquet regularizers.

**Proposition 3.** For \( m \in \mathbb{R} \) and \( s^2 > 0 \), the optimization problem

\[
\max_{\Pi \in \mathcal{M}^2} \min_{x \in \mathbb{R}} W_1(\Pi, \delta_x) \quad \text{subject to} \quad \mu(\Pi) = m \text{ and } \sigma^2(\Pi) = s^2,
\]

is solved by a unique \( \Pi^* \) with the quantile function specified as

\[
Q_{\Pi^*}(p) = m + s \mathbb{1}_{\{p > 1/2\}} - s \mathbb{1}_{\{p \leq 1/2\}}, \quad \text{a.e. } p \in (0, 1). \tag{29}
\]

**Proof.** Applying Lemma 2 to get \( \min_{x \in \mathbb{R}} W_1(\Pi, \delta_x) = \Phi_h(\Pi) \) with \( h'(p) = 1 \) for \( p < 1/2 \) and \( h'(p) = -1 \) for \( p \geq 1/2 \). Using (21) in Lemma 3 yields (29), which implies a symmetric two-point distribution. \(\square\)

As \( \Phi_h(\Pi) = \min_{x \in \mathbb{R}} W_1(\Pi, \delta_x) \) induces a symmetric exploration around the mean, we call it
a symmetric Wasserstein regularizer with \( h(p) = p \mathbb{1}_{\{p < 1/2\}} + (1 - p) \mathbb{1}_{\{p \geq 1/2\}} \). Next, let us discuss two-point asymmetric exploration. Suppose that two directions are not symmetric, and we would like to regularize in a way to encourage more exploration in a certain direction. Take a constant \( \alpha \in (0, 1) \), and choose \( W \) as an asymmetric Wasserstein distance

\[
W_1^\alpha(\Pi, \tilde{\Pi}) = \int_0^1 (\alpha(Q_\Pi(p) - Q_{\tilde{\Pi}}(p))) + (1 - \alpha)(Q_\Pi(p) - Q_{\tilde{\Pi}}(p))d\mu(p).
\]

The corresponding minimizers are the \( \alpha \)-quantiles

\[
\arg \min_{x \in \mathbb{R}} W_1^\alpha(\Pi, \delta_x) = [Q_\Pi(\alpha), Q_{\tilde{\Pi}}(\alpha)],
\]

and for \( x^* \in [Q_\Pi(\alpha), Q_{\tilde{\Pi}}(\alpha)] \), we have

\[
\min_{x \in \mathbb{R}} W_1^\alpha(\Pi, \delta_x) = W_1^\alpha(\Pi, \delta_{x^*}) = \int_0^\alpha (1 - \alpha)(x^* - Q_\Pi(p))d\mu(p) + \int_\alpha^1 \alpha(Q_\Pi(p) - x^*)d\mu(p).
\]

We call \( \Phi_h(\Pi) = \min_{x \in \mathbb{R}} W_1^\alpha(\Pi, \delta_x) \) an asymmetric Wasserstein regularizer with \( h(p) = \alpha p \mathbb{1}_{\{p < 1 - \alpha\}} + (1 - \alpha)(1 - p) \mathbb{1}_{\{p \geq 1 - \alpha\}} \).

**Proposition 4.** For \( m \in \mathbb{R} \) and \( s^2 > 0 \), the optimization problem

\[
\max_{\Pi \in \mathcal{M}^2} \min_{x \in \mathbb{R}} W_1^\alpha(\Pi, \delta_x) \quad \text{subject to } \mu(\Pi) = m \text{ and } \sigma^2(\Pi) = s^2
\]

has a unique maximizer \( \Pi^* \) with the quantile function uniquely specified as

\[
Q_{\Pi^*}(p) = m + s \left( \frac{\alpha}{1 - \alpha} \right)^{1/2} \mathbb{1}_{\{p > \alpha\}} - s \left( \frac{1 - \alpha}{\alpha} \right)^{1/2} \mathbb{1}_{\{p \leq \alpha\}}, \quad \text{a.e. } p \in (0, 1).
\]

**Proof.** For \( \Phi_h(\Pi) = \min_{x \in \mathbb{R}} W_1^\alpha(\Pi, \delta_x) \), we have

\[
h'(p) = \alpha \text{ for } p < 1 - \alpha \text{ and } h'(p) = -1 + \alpha \text{ for } p \geq 1 - \alpha.
\]

Using (21), the optimization problem has a solution \( \Pi^* \) satisfying (30), which is an asymmetric two-point distribution. \( \square \)

To recap, the Wasserstein \( L^1 \) regularization encourages possibly asymmetric (with respect to the mean) two-point exploration, which is an instance of the bang-bang exploration in Example 1.
4.5 The Gini mean difference or maxiance as a Choquet regularizer

By letting $h(p) = p - p^2$, $p \in [0, 1]$, we consider the regularizer $\Phi_\sigma := \Phi_h$ given by

$$\Phi_\sigma(\Pi) = \int_\mathbb{R} \left( \Pi([x, \infty)) - \Pi^2([x, \infty)) \right) dx.$$ 

There are two ways to represent $\Phi_\sigma(\Pi)$ in terms of two iid copies $X_1$ and $X_2$ from the distribution $\Pi$. First, $\Phi_\sigma$ can be rewritten as

$$\Phi_\sigma(\Pi) = \frac{1}{2} \mathbb{E}[|X_1 - X_2|],$$

which is the Gini mean difference (e.g., Furman et al., 2017; sometimes without the factor 1/2). Alternatively, $\Phi_\sigma$ can be represented as

$$\Phi_\sigma(\Pi) = \mathbb{E}[\max\{X_1, X_2\}] - \mu(\Pi),$$

which is called the maxiance by Eeckhoudt and Laeven (2022). The two representations are identical as seen from the following equality

$$\mathbb{E}[\max\{X_1, X_2\}] - \mu(\Pi) = \mathbb{E} \left[ \max\{X_1, X_2\} - \frac{1}{2}(X_1 + X_2) \right]$$

$$= \mathbb{E} \left[ \max\{X_1, X_2\} - \frac{1}{2}(\max\{X_1, X_2\} + \min\{X_1, X_2\}) \right]$$

$$= \frac{1}{2} \mathbb{E} [\max\{X_1, X_2\} - \min\{X_1, X_2\}] = \frac{1}{2} \mathbb{E}[|X_1 - X_2|].$$

As argued by Eeckhoudt and Laeven (2022), the maxiance can be seen as the dual version of the variance, due to the following identities

$$\sigma^2(\Pi) = \int_\mathbb{R} (x - \mu(\Pi))^2 d\Pi, \quad \Phi_\sigma(\Pi) = \int_\mathbb{R} (x - \mu(\Pi)) d\Pi^2.$$

Moreover, the maxiance can be used to approximate a local index of absolute risk aversion in Yaari (1987)’s dual theory of choice under risk, which is similar to the role of variance in the classic expected utility theory.

We now show that the maxiance regularizer $\Phi_\sigma$ leads to a uniform distribution for exploration.

**Proposition 5.** For $m \in \mathbb{R}$ and $s^2 > 0$, the optimization problem

$$\max_{\Pi \in \mathcal{M}^2} \Phi_\sigma(\Pi) \quad \text{subject to } \mu(\Pi) = m \text{ and } \sigma^2(\Pi) = s^2$$

has a unique maximizer $\Pi^* = U[m - \sqrt{3}s, m + \sqrt{3}s]$. 

22
Proof. Note that for $\Phi_h = \Phi_\sigma$, we have $h'(p) = 1 - 2p$. It follows from (21) that a maximizer $\Pi^*$ is a uniform distribution. By matching the moments in (31), we obtain $\Pi^* = U[m - \sqrt{3}s, m + \sqrt{3}s]$. The uniqueness statement is guaranteed by e.g. Theorem 2 of Pesenti et al. (2020).

Proposition 5 provides a foundation for a uniformly distributed exploration strategy on $\mathbb{R}$. Note that this is different from the result of uniform distributions maximizing entropy on a fixed, given bounded region: here in our setting the region is not fixed, since we allow $\Pi$ to be chosen from arbitrary distributions on $\mathbb{R}$, and thus the bounded region $[m - \sqrt{3}s, m + \sqrt{3}s]$ is endogenously derived rather than exogenously given.

Remark 5. The inequality
\[
\sigma(\Pi) \geq \sqrt{3}\Phi_\sigma(\Pi) \quad \text{for all } \Pi \in \mathcal{M}^2
\]
is known as Glasser’s inequality (Glasser 1962). For the uniform distribution $\Pi^*$ in Proposition 5 with $\sigma(\Pi^*) = s$, we have $\Phi_\sigma(\Pi^*) = \sqrt{3}s/3$ by Lemma 3. Thus, $\Pi^*$ attains the sharp bound of Glasser’s inequality, which holds naturally since $\Pi^*$ maximizes $\Phi_\sigma$ for a fixed $\sigma^2$.

5 Solving the exploratory stochastic LQ control problem

We are now ready to solve the exploratory stochastic LQ control problem presented in Section 3. Let
\[
W(x, \Pi) = \mathbb{E}_x \left[ \int_0^\infty e^{-\rho t} \left( \tilde{r}(X^\Pi_t, \Pi_t) + \lambda \Phi_h(\Pi_t) \right) dt \right], \quad x \in \mathbb{R}, \quad \Pi \in \mathcal{A}(x). \tag{32}
\]
We have the following result based on Lemma 3.

Proposition 6. Let a continuous $h \in \mathcal{H}$ be given. For any $\Pi = \{\Pi_t\}_{t \geq 0} \in \mathcal{A}(x)$ with mean process $\{\mu_t\}_{t \geq 0}$ and variance process $\{\sigma_t^2\}_{t \geq 0}$, there exists $\Pi^* = \{\Pi^*_t\}_{t \geq 0} \in \mathcal{A}(x)$ given by
\[
Q_{\Pi^*_t}(p) = \mu_t + \sigma_t \frac{h'(1 - p)}{||h'||_2}, \quad \text{a.e. } p \in (0, 1), \quad t \geq 0, \tag{33}
\]
which has the same mean and variance processes satisfying $W(x, \Pi^*) \geq W(x, \Pi)$.

Proof. It follows from (16) and (17) that the term $\mathbb{E}_x \left[ \int_0^\infty e^{-\rho t} \tilde{r}(X^\Pi_t, \Pi_t) dt \right]$ in (32) only depends on the mean process $\{\mu_t\}_{t \geq 0}$ and variance process $\{\sigma_t^2\}_{t \geq 0}$ of $\{\Pi_t\}_{t \geq 0}$. Thus, for any fixed $t \geq 0$, choose $\Pi^*_t$ with mean $\mu_t$ and variance $\sigma_t^2$ that maximizes $\Phi_h(\Pi)$. Form Lemma 3, it follows that $\Pi^*_t$ satisfies (33) and the maximum value is $\Phi_h(\Pi_t) = \sigma_t ||h'||_2$. Clearly, the strategy $\Pi^* = \{\Pi^*_t\}_{t \geq 0} \in \mathcal{A}(x)$ is the desired one. \qed

Proposition 6 indicates that the control problem (10) in the LQ setting is maximized within a location–scale family of distributions, which is determined only by $h$. 

23
We go back to the HJB equation (18). It follows from (19)-(20) along with Lemma 3 that (18) is equivalent to

$$\rho(x) = \max_{\mu \in \mathbb{R}, \sigma > 0} \left[ -Rx\mu - \frac{N}{2} \left( \mu^2 + \sigma^2 \right) - L\mu + \lambda\sigma \left\| h' \right\|_2^2 + CDx\mu v''(x) + \frac{1}{2} D^2 \left( \mu^2 + \sigma^2 \right) v''(x) + B\mu v'(x) \right] + Axv'(x) - \frac{M}{2} x^2 - Px + \frac{1}{2} C^2 x^2 v''(x). $$

(34)

Applying the first-order conditions, we get the maximizers

$$\mu^*(x) = \frac{CDxv''(x) + Bv'(x) - Rx - L}{N - D^2v''(x)} \quad \text{and} \quad (\sigma^*)^2 = \frac{\lambda^2 \left\| h' \right\|_2^2}{(N - D^2v''(x))^2}$$

of the max operator in (34), which in turn leads to the optimal distributional policy $\Pi^*(\cdot; x)$ prescribed by Lemma 3.

Bringing the above expressions of $\mu^*(x)$ and $\sigma^*(x)$ back into (34), we can further write the HJB equation as

$$\rho(x) = \frac{[CDxv''(x) + Bv'(x) - Rx - L]^2 + \lambda^2 \left\| h' \right\|_2^2}{2[N - D^2v''(x)]} + \frac{1}{2} \left\{ C^2v''(x) - M \right\} x^2 + [Av'(x) - P]x. $$

(35)

We now solve this equation explicitly. Denote

$$\Delta = [\rho - (2A + C^2)]N + 2(B + CD)R - D^2 M.$$

Under the assumptions that $\rho > 2A + C^2$ and $MN > R^2$, a smooth solution to (35) is given by

$$v(x) = \frac{1}{2} k_2 x^2 + k_1 x + k_0,$$

where

$$k_2 = \frac{\Delta - \sqrt{\Delta^2 - 4[(B + CD)^2 + (\rho - (2A + C^2))D^2][R^2 - MN]}}{2[(B + CD)^2 + D^2(\rho - (2A + C^2))]},$$

(36)

$$k_1 = \frac{P \left( N - k_2 D^2 \right) - LR}{k_2 B(B + CD) + (A - \rho) \left( N - k_2 D^2 \right) - BR},$$

(37)

and

$$k_0 = \frac{(k_1 B - L)^2 + \lambda^2 \left\| h' \right\|_2^2}{2\rho (N - D^2k_2)}.$$

(38)

We can verify easily that $k_2 < 0$. Hence, $v$ is concave, a property that is essential for $v$ to be actually the value function. Next, we state the main result of this section, whose proof follows.
essentially the same lines of that of Theorem 4 in Wang et al. (2020a), thanks to the analysis above and the results obtained. We omit the details here.

**Theorem 2.** Consider the LQ control specified by (13)–(14), where we assume $M \geq 0$, $N > 0$, $MN > R^2$ and $\rho > 2A + C^2 + \max \left( \frac{D^2R^2 - 2NR(B + CD)}{N}, 0 \right)$.

Then the value function in (10) is given by

$$V(x) = \frac{1}{2}k_2x^2 + k_1x + k_0, \quad x \in \mathbb{R},$$

where $k_2$, $k_1$ and $k_0$ are as in (36)-(38), respectively. The optimal feedback policy has the distribution function $\Pi^*(\cdot; x)$ whose quantile function is

$$Q_{\Pi^*(\cdot; x)}(p) = \frac{(k_2(B + CD) - R)x + k_1B - L}{N - k_2D^2} + \frac{\lambda h'(1 - p)}{N - k_2D^2}, \quad a.e. \ p \in (0, 1), \quad x \in \mathbb{R}, \quad (39)$$

with the mean and variance given by

$$\mu^*(x) = \frac{(k_2(B + CD) - R)x + k_1B - L}{N - k_2D^2} \quad \text{and} \quad (\sigma^*(x))^2 = \frac{\lambda^2 \|h'\|^2}{(N - k_2D^2)^2}, \quad x \in \mathbb{R}. \quad (40)$$

Finally, the associated optimal state process $\{X_t^*\}_{t \geq 0}$ with $X_0^* = x$ under $\Pi^*(\cdot; \cdot)$ is the unique solution of the SDE

$$dX_t^* = \left[ \left( A + \frac{B(k_2(B + CD) - R)}{N - k_2D^2} \right) X_t^* + \frac{B(k_1B - L)}{N - k_2D^2} \right] dt$$

$$+ \sqrt{\left[ \left( C + \frac{D(k_2(B + CD) - R)}{N - k_2D^2} \right) X_t^* + \frac{D(k_1B - L)}{N - k_2D^2} \right]^2 + \frac{D^2\lambda^2 \|h'\|^2}{(N - k_2D^2)^2}} dW_t.$$ 

Some remarks are in order. First of all, (39) implies that for any Choquet regularizer, the optimal exploratory distribution in the regularized LQ problem is uniquely determined by $h'$. Note that $h'(x)$ is the “probability weight” put on $x$ when calculating the (nonlinear) Choquet expectation; see e.g. Quiggin (1982) and Gilboa and Schmeidler (1989). Second, we can see from (40) that the mean of the optimal distribution does not depend on the exploration represented by $h$ and $\lambda$, and only the variance does. In particular, the mean is exactly the same as the one in Wang et al. (2020a) when the differential entropy is used as a regularizer, which is also identical to the optimal control of the classical, non-exploratory LQ problem. Third, the mean of the exploration distributions is a linear function of the state, while its variance is independent of the state.

---

\[^{10}\text{The constraint on } \rho \text{ is used not only to ensure } k_2 < 0 \text{ but also to show } \lim_{T \to \infty} e^{-\rho T} \mathbb{E}[X_T^2] = 0; \text{ see the proof of Theorem 4 in Wang et al. (2020a) for more details.}\]
These observations are intuitive in the context of RL. Different $h$’s correspond to different Choquet regularizers; hence they will certainly affect the way and the level of exploration. Also, the more weight put on the level of exploration, the more spread out the exploration becomes around the current position. Furthermore, the second and third observations above show a perfect separation between exploitation and exploration, as the former is captured by the mean and the latter by the variance of the optimal exploration distributions. This property is also consistent with the LQ case studied in Wang et al. (2020a) and Wang and Zhou (2020) even though a different type of regularizer is applied therein.

Next, we investigate optimal exploration samplers under the LQ framework for some concrete choices of $h$ studied in Section 4. For convenience, we denote

$$\tilde{\sigma}^*(x) := \frac{\sigma^*(x)}{\|h^{'}\|^2_2} \equiv \frac{\lambda}{N - D^2k_2}. $$

Theorem 2 yields that the mean of the optimal distribution is independent of $h$; so we will specify only its quantile function and variance for each $h$ discussed below. Recall that the expressions of $\mu^*(x)$ and $(\sigma^*(x))^2$ for a general $h$ are given by (40).

(i) Let $h(p) = (p \wedge \varepsilon - \varepsilon p)$, leading to $\Phi_h(\Pi) = \varepsilon(\mu_\varepsilon(\Pi) - \mu(\Pi))$; see Example 1. The optimal policy is $\varepsilon$-greedy, given as

$$\Pi^* (\{\mu^*(x) + (1 - \varepsilon)\tilde{\sigma}^*(x)\}) \equiv \Pi^* \left( \left\{ \frac{(k_2(B + CD) - R)x + k_1B - L + (1 - \varepsilon)\lambda}{N - k_2D^2} \right\} \right) = \varepsilon,$$

and

$$\Pi^* (\{\mu^*(x) - \varepsilon\tilde{\sigma}^*(x)\}) \equiv \Pi^* \left( \left\{ \frac{(k_2(B + CD) - R)x + k_1B - L - \varepsilon\lambda}{N - k_2D^2} \right\} \right) = 1 - \varepsilon.$$

At each state $x$, the control policy takes a more “promising” action at $\mu^*(x) - \varepsilon\tilde{\sigma}^*(x)$ with a large probability $1 - \varepsilon$, and tries an alternative action $\mu^*(x) + (1 - \varepsilon)\tilde{\sigma}^*(x)$ with probability $\varepsilon$.\(^\text{11}\) Since $\|h^{'}\|^2_2 = \varepsilon(1 - \varepsilon)$, the variance of $\Pi^*$ is

$$(\sigma^*(x))^2 = \frac{\varepsilon(1 - \varepsilon)\lambda^2}{(N - k_2D^2)^2}. $$

\(^\text{11}\)Precisely speaking, the policy presented here is not exactly the $\varepsilon$-greedy strategy in the classical two-arm bandit problem because the two “arms” in our setting depend on the current state $x$ and hence are dynamically changing over time. However, at any point of time one needs to explore only two action points.
(ii) Let $h(p)$ be specified by the discrete exploration in (23), leading to

$$
\Phi_h(\Pi) = \varepsilon \left( \sum_{i=1}^{n} \mu_+^i(i, \Pi) - \sum_{i=n+1}^{2n} \mu_-^i(i, \Pi) \right),
$$

where $\mu_+^i(i, \Pi)$ and $\mu_-^i(i, \Pi)$ are defined by (24) and (25); see Example 2. The optimal policy is a $(2n + 1)$-point distribution given as

$$
\Pi^* (\{\mu^*(x) + j\tilde{\sigma}^*(x)\}) \equiv \Pi^* \left( \left\{ \frac{(k_2(B + CD) - R)x + k_1B - L + j\lambda}{N - k_2D^2} \right\} \right) = \frac{\varepsilon}{2n},
$$

for $j \in \{-n, \ldots, -1, 1, \ldots, n\}$, and

$$
\Pi^* (\{\mu^*(x)\}) \equiv \Pi^* \left( \left\{ \frac{(k_2(B + CD) - R)x + k_1B - L}{N - k_2D^2} \right\} \right) = 1 - \varepsilon.
$$

Similarly, at each state $x$, the control policy takes a more “exploitative” action at $\mu^*(x)$ with a large probability $1 - \varepsilon$, and tries $2n$ alternative actions $\mu^*(x) + j\tilde{\sigma}^*(x)$ for $j \in \{-n, \ldots, -1, 1, \ldots, n\}$, each with probability $\varepsilon/(2n)$. Since $\|h'\|^2_2 = \varepsilon(n + 1)(2n + 1)/6$, the variance of $\Pi^*$ is given by

$$
(\sigma^*(x))^2 = \frac{\varepsilon(n + 1)(2n + 1)\lambda^2}{6(N - k_2D^2)^2}.
$$

(iii) Let $h(p) = -p \log(p)$, corresponding to $\Phi_h(\Pi) = \int_{0}^{\infty} \Pi([x, \infty)) \log(\Pi([x, \infty)))dx$; see Example 3. The optimal policy is a shifted-exponential distribution given as

$$
\Pi^*(u; x) = 1 - \exp \left\{ \frac{1}{\lambda} \left[ (k_2(B + CD) - R)x + k_1B - L \right] - 1 \right\} \exp \left\{ -\frac{1}{\lambda} (N - D^2k_2)u \right\}.
$$

Since $\|h'\|^2_2 = 1$, the variance of $\Pi^*$ is given by

$$
(\sigma^*(x))^2 = \frac{\lambda^2}{(N - k_2D^2)^2}.
$$

(iv) Let $h(p) = \int_{0}^{p} z(1 - s)ds$ where $z$ is the standard normal quantile function. We have $\Phi_h(\Pi) = \int_{0}^{1} Q_\Pi(p)z(p)dp$; see Example 4. The optimal policy is a normal distribution given by

$$
\Pi^*(\cdot; x) = N \left( \frac{(k_2(B + CD) - R)x + k_1B - L}{N - k_2D^2}, \frac{\lambda^2}{(N - k_2D^2)^2} \right),
$$

owing to the fact that $\|h'\|^2_2 = 1$. Recall that the optimal distribution is also Gaussian in Wang et al. (2020a) using the entropy regularizer. This is an example of different regularizers leading to the same class of exploration samplers. On the other hand, examining more closely
the Gaussian policy derived above and the one in Wang et al. (2020a, eq. (40)), we observe
that the means of the two are identical but the variance of the former is the square of that of the
latter. The reason of the discrepancy in variance is because the maximized mean–variance
constrained Choquet regularizer $\Phi_h(\Pi)$ is always linear in the given standard deviation $\sigma$
whereas the corresponding maximized entropy regularizer $D\, E(\Pi)$ is logarithmic in $\sigma$.

(v) Let $h(p) = p/(1 - \alpha) \land 1 + (\alpha - p)/(1 - \alpha) \land 0$ with $\alpha \in [1/2, 1)$. Then $\Phi_h(\Pi) = ES_\alpha(\Pi) - ES_{1-\alpha}(\Pi)$; see Section 4.3. The optimal policy is a three-point distribution given as

$$
\Pi^* \left( \left\{ \frac{(1 - \alpha)[(k_2(B + CD) - R)x + k_1B - L + \lambda]}{(1 - \alpha)(N - k_2D^2)} \right\} \right) = 1 - \alpha,
$$

$$
\Pi^* \left( \left\{ \frac{(k_2(B + CD) - R)x + k_1B - L}{N - k_2D^2} \right\} \right) = 2\alpha - 1,
$$

and

$$
\Pi^* \left( \left\{ \frac{(1 - \alpha)[(k_2(B + CD) - R)x + k_1B - L - \lambda]}{(1 - \alpha)(N - k_2D^2)} \right\} \right) = 1 - \alpha.
$$

Since $\|h'\|_2^2 = 2a/(1 - \alpha)^2$, the variance of $\Pi^*$ is given by

$$
(\sigma^*(x))^2 = \frac{2(1 - \alpha)\lambda^2}{(1 - \alpha)^2(N - k_2D^2)^2}.
$$

(vi) Let $h(p) = \alpha p \mathbb{1}_{\{p < 1-\alpha\}} + (1 - \alpha)(1 - p) \mathbb{1}_{\{p \geq 1-\alpha\}}$, with $\Phi_h(\Pi) = \min_{x \in \mathbb{R}} W_1(\Pi, \delta_x)$; see Section 4.4. The optimal feedback policy is an asymmetric two-point distribution given as

$$
\Pi^* \left( \left\{ \frac{(k_2(B + CD) - R)x + k_1B - L + \alpha \lambda}{N - k_2D^2} \right\} \right) = 1 - \alpha,
$$

and

$$
\Pi^* \left( \left\{ \frac{(k_2(B + CD) - R)x + k_1B - L - (1 - \alpha)\lambda}{N - k_2D^2} \right\} \right) = \alpha.
$$

Since $\|h'\|_2^2 = \alpha(1 - \alpha)$, the variance of $\Pi^*$ is given by

$$
(\sigma^*(x))^2 = \frac{\alpha(1 - \alpha)\lambda^2}{(N - k_2D^2)^2}.
$$

(vii) Let $h(p) = p - p^2$. Then $\Phi_h(\Pi) = \mathbb{E}[|X_1 - X_2|]/2$; see Section 4.5. The optimal policy is a uniform distribution given as

$$
\Pi^*(\cdot; x) = U \left[ \frac{(k_2(B + CD) - R)x + k_1B - L - \lambda}{N - k_2D^2}, \frac{(k_2(B + CD) - R)x + k_1B - L + \lambda}{N - k_2D^2} \right].
$$

28
Since $\|h'\|_2^2 = 1/3$, the variance of $\Pi^*$ is given by

$$(\sigma^*(x))^2 = \frac{\lambda^2}{3(N - k_2 D^2)^2}.$$  

Note here the uniform distribution is on a state-dependent bounded region centering around the mean $\mu^*(x)$, rather than on a pre-specified bounded region.

6 Conclusion

This paper develops a framework for continuous-time RL that can generate or indeed interpret/explain many broadly practiced distributions for exploration. The main contributions are conceptual/theoretical rather than algorithmic: Theorem 2 does not lead directly to an algorithm to compute optimal policies, because the expression (39) involves the model parameters which are unknown in the RL context. That said, our results do provide important guidance for devising RL algorithms. On one hand, Theorem 2 may imply a provable policy improvement theorem and hence result in a q-learning theory analogous to that in the entropy-regularized setting recently established by Jia and Zhou (2022b). On the other hand, the explicit form (39) can suggest special structure of function approximators for learning optimal distributions and thereby greatly reduce the number of parameters needed for function approximation.

Another conceptual contribution of the paper is that it establishes a link between risk metrics and RL. This paper is the first to do so, and the attempt is by no means comprehensive. The rich literature on decision theory and risk metrics is expected to further bring in new insights and directions into the RL study, not only related to regularization, but also in terms of motivating new objective functions and axiomatic approaches for learning.

The theory developed in this paper opens up several research directions. Here we comment on some. One is to develop the corresponding q-learning theory mentioned earlier. Another is to find the “best Choquet regularizer” in terms of efficiency of the resulting RL algorithms. Yet another problem is in financial application: to formulate a continuous-time mean–variance portfolio selection problem with a Choquet regularizer and compare the performance with its entropy counterpart solved in Wang and Zhou (2020).

Last but not least, the Choquet regularizers proposed in this paper are defined for distributions on $\mathbb{R}$, while many RL applications involve multi-dimensional action spaces. Because Choquet regularizers are characterized by quantile additivity as in Theorem 1 while quantile functions are not well defined for distributions on $\mathbb{R}^d$ with $d > 1$, it is very challenging to study Choquet regularizers in high dimensions. To overcome the difficulty, the first possible attempt is to minic (2) by defining,
for distributions $\Pi$ on $\mathbb{R}^d$, the functional

$$
\Phi_h^{\text{joint}}(\Pi) = \int_{\mathbb{R}^d} h \circ \Pi([x, \infty)) \, dx.
$$

This formulation requires some further conditions on $h \in \mathcal{H}$ to guarantee desirable properties, and it is unclear whether we can derive the corresponding optimizers in a form similar to Proposition 1. Another possible idea is to use

$$
\Phi_h^{\text{sum}}(\Pi) = \sum_{i=1}^d \int_{\mathbb{R}} h \circ \Pi_i([x, \infty)) \, dx \quad \text{or} \quad \Phi_h^{\text{prod}}(\Pi) = \prod_{i=1}^d \int_{\mathbb{R}} h \circ \Pi_i([x, \infty)) \, dx,
$$

where $\Pi_i$ is the $i$-th marginal distribution of $\Pi$. This formulation relies only on the marginal distributions of $\Pi$, allowing us to utilize the existing results for Choquet regularizers on $\mathbb{R}$. Either formulation mentioned above requires a thorough analysis in a future study.

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