

Nash Equilibrium

Definition

A **Nash equilibrium in mixed strategies** of an extensive game is a profile σ^* of mixed strategies with the property that for every player $i \in N$ we have

$$O(\sigma_i^*, \sigma_{-i}^*) \succeq_i O(\sigma_i, \sigma_{-i}^*) \text{ for every mixed strategy } \sigma_i \text{ of player } i.$$

A **Nash equilibrium in behavioural strategies** is defined analogously.

- Again, off the equilibrium path, Nash equilibrium allows lots of freedom.