



INVESTMENT UPDATE
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Launch of Global Institute in Risk Management Will Boost Ontario, Canada's Financial Sector Reputation

The Government of Ontario, the Government of Canada and financial sector leaders today announced plans to launch the Global Risk Institute in Financial Services (GRi) in Toronto. The institute will build on Canada's growing reputation in financial risk management.

With links to Canada's leading universities and recognized risk experts around the world, the institute will provide integrative applied research and education across multiple risk management disciplines. It will also help foster a sound understanding of risk by collaborating with regulators, risk experts, academics, policy makers and practitioners.

The federal and provincial governments are each providing \$10 million towards the institute's initial funding. In addition, private sector donors have made initial pledges of approximately \$2.5 million annually to the GRi. The donors include: AGF Management Limited, Bank of Montreal, Canadian Imperial Bank of Commerce, Canadian Institute of Actuaries, Canada Pension Plan Investment Board, Deloitte, Insurance Bureau of Canada, Intact Financial Corporation, Mackenzie Financial, Manulife Financial, Ontario Municipal Employees Retirement System, Ontario Teachers' Pension Plan, Royal Bank of Canada, Scotiabank, Sunlife Financial and TD Bank Financial Group.

The institute is the first initiative resulting from a comprehensive financial services sector strategy designed to attract new jobs and investment. The strategy, initiated by the Toronto Financial Services Alliance and unveiled in November 2009, will support the sector's competitiveness and growth, and will help make the Toronto region one of the top 10 financial centres in the world.

"Ontario's contribution will help us capitalize on our strong record in the financial services sector and our highly skilled and diverse workforce. The leadership provided by the institute will help ensure the financial services sector remains a growth engine for our province that will continue to create thousands of high-paying jobs and protect the interests of consumers and investors," said Dwight Duncan, Ontario Minister of Finance.

The Financial Services Leadership Council, a newly created body designed to oversee implementation of the strategy, includes the Chief Executive Officers of 15 major financial companies in Toronto and representatives from the governments of Canada, Ontario and the City of Toronto.

Council Chair Dominic D'Alessandro, the former Chief Executive Officer of Manulife Financial, said: "Running a successful global financial company requires professionals who can assess and manage risks on an integrated, enterprise-wide basis. The cross sector and cross professional collaboration fostered by the institute is designed to support that through the identification, creation and promotion of best practices needed by financial professionals."

Representatives from a number of universities were involved in the creation of the GRi plan including the Department of Economics at Queen's University, the University of Toronto's Rotman School of Management and Department of Mathematics (Risklab Toronto), the University of Western Ontario's Richard Ivey School of Business, and the University of Waterloo's Waterloo Research Institute in Insurance, Securities and Quantitative Finance (WatRISQ).



In addition, the GRI has garnered support from well-respected international associations, including the Alternative Investment Management Association's Canadian Chapter (AIMA Canada), CFA Institute and Toronto CFA Society, the Global Association of Risk Professionals (GARP), the International Association of Financial Engineers (IAFE) and the Professional Risk Managers' International Association (PRMIA).

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BACKGROUND: GLOBAL RISK INSTITUTE IN FINANCIAL SERVICES

The Global Risk Institute in Financial Services (GRI) is a collaborative effort between the Toronto Financial Services Alliance, a partnership of the City of Toronto and the financial services industry, and the governments of Canada and Ontario. The target launch date for the Institute is January 2011.

GRI will be an independent, not-for-profit entity with a board of directors and an advisory research council comprised of senior leaders from industry, regulators and the academic community.

GRI will be a world-class centre for research and training across multiple financial risk management and regulatory disciplines. Research conducted by GRI will form the basis for training and ongoing professional development of capital market practitioners and regulators. GRI is designed with an international/global focus. Its international presence will grow over time as it earns credibility on an international scale.

GRI will promote the Canada brand and advantage by building on the strong reputation of Canada's financial institutions and regulatory system and Toronto's status as a premier financial services centre. GRI will be headquartered in Toronto to leverage the city's sophisticated cluster of financial services companies.

GRI will perform five key functions: (i) developing leading-edge thinking; and practical, policy-relevant applied research in the area of financial risk management; (ii) providing consulting and advisory services to governments, regulators and industry; (iii) providing professional risk education to senior industry practitioners; (iv) partnering with academic institutions and professional organizations to train new graduates; and (v) hosting international forums and conferences.

The main beneficiaries of GRI's research will be the financial services practitioners and regulators, as well as policy makers. Research would be conducted by participating universities and consultants and disseminated by the Institute through publications and/or public events.

GRI will work in partnerships with universities, the financial services industry, regulators and central banks, as well as domestic (all levels) and international governments.

GRI will sponsor research projects that promote the theme of "Global and Integrative Risk Management" in the following areas:

- Risk characteristics and viability of various forms of risk management practices;
- Identification and management of agency issues in the risk management field;



- Effective governance and organization design of risk management;
- Integration across risk management fields;
- Relevant definitions, measurement, and management of stakeholder risk exposures;
- Design of optimal implementation strategies; and
- Potential areas of regulatory and/or legal reforms emanating from the foregoing.

Between July and December 2010, an Oversight Committee will manage the transition of GRi to a permanent organization, including the creation of GRi's legal structure, and the transition to a permanent board of directors. The Oversight Committee has representatives of major funding partners, including the Government of Canada, as well as other stakeholders (i.e., academics).

http://www.fin.gc.ca/n10/data/10-081_1-eng.asp