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SPRINGING IN!



Michel G. Mailia

It's often said that in Canada there are two seasons – winter and construction. As the latter season begins here, I'm happy to say that we continue to lay the foundations for further success at GRI.

This quarter, we're pleased to welcome La Caisse de Dépôt et Placement du Québec as a new GRI member. We are also proud that we have been able to bring the prestigious Society of Financial Econometrics (SoFIE) conference to Canada for the first time, in partnership with the Rotman School of Management at the University of Toronto. Elsewhere in this newsletter you'll find information about our 2014 conference and our first GRI Forum for senior executives.

At the back of this newsletter we've included a list of upcoming events, including our next workshops and forums planned for the fall of this year. GRI members and other interested parties can find more information about these events by consulting the "GRI-o-Scope" section of our website at www.globalrisksinstitute.org/gri-o-scope.

With best wishes from the GRI team for a happy and active summer.

Michel G. Mailia
President and CEO, GRI

/ RESEARCH

UOFT AND GRI BRING SOFIE TO CANADA

The University of Toronto's Rotman School of Management and the Global Risk Institute in Financial Services (GRI) welcomed the 7th Annual Conference of the Society for Financial Econometrics (SoFIE) to Toronto between June 11 and 13, 2014.

The SoFIE conference is the world's foremost gathering for financial econometrics. The Society for Financial Econometrics (SoFIE) is a global network of academics and practitioners dedicated to sharing research and ideas in the fast-growing field of financial econometrics. It is an independent non-profit membership organization, housed at New York University and founded by Nobel Laureate Professor Robert Engle, who attended this year's conference in Toronto. SoFIE is committed to promoting and expanding research and education by organizing and sponsoring conferences, programs and activities at the intersection of finance and econometrics, including links to macroeconomic fundamentals.

Speakers at the three-day conference included Peter Christoffersen, Professor of Finance, Rotman School of Management and Bank of Canada fellow; Prof. Eric

Renault, President of SoFIE; Prof. Eric Ghysels, Secretary-General of SoFIE and Mr. Jean Bovin, Associate Deputy Minister of Finance, Canada and Canada's Finance Deputy at the G7, G20 and Financial Stability Board.

Professor Catherine Lubochinsky, Managing Director of Research at GRI, said: "SoFIE's decision to come to Toronto shows this city's international academic reputation. Experts from across Asia, Europe, North America and South America gathered to discuss the latest developments in econometrics as they relate to financial practice in areas such as asset management, high frequency trading and systemic risk."

For the SoFIE conference 2014 presentations, please visit:
<http://inside.rotman.utoronto.ca/gri/>

/ MEMBERSHIP

LA CAISSE JOINS GRI

Following the announcement in November 2013 that the Business Development Bank of Canada (BDC) and CMHC had joined GRI, we were pleased to be joined earlier this year by two major Québec-based financial institutions in Desjardins and National Bank.

Now the number of GRI members in Québec has increased further with the news that La Caisse de Dépôt et Placement du Québec has joined us. Created in 1965, La Caisse is now one of the largest institutional fund managers in Canada and North America. The leading private equity investor in Canada, it is also one of the 10 largest real estate asset managers in the world, with the mission to achieve an optimal return on the deposits of its clients, or depositors, while contributing to Québec's economic development.

James Wood, Managing Director of Member Relations & Communications at GRI commented, "We're pleased to welcome La Caisse to the growing number of GRI members based in Québec. In common with several of our other members, we hope to be able to help La Caisse with the risks they face as an internationally-focused investing institution, as well as the risks they are dealing with domestically."

/ EDUCATION

GRI FORUMS LAUNCHED

GRI held its first forum for CROs in downtown Toronto on April 3, 2014. Entitled, "Ethical Risk and Risk Culture", this forum included participants from a broad cross-section of GRI's members to discuss the identification and management of ethical risk issues, including the creation of a healthy risk culture.

The forum focused on assessing the ethical exposures faced by financial institutions and the risk culture within those institutions. By providing participants with tools to better understand and act on these exposures, the forum provided them with the ability to build appropriate long-term risk cultures in their organizations.

David Finnie, GRI Managing Director, Education, said: "GRI Forums are small, focused discussion groups that deal with topical risk issues in financial services. We bring together topic experts and industry practitioners, policy makers and regulators to discuss critical risk topics and share insights derived from corporate experience. Our intention is to use the comments received by participants at this first

forum to inform the design of future forums, continuously improving the value our members can derive from GRI."

GRI has scheduled three additional forums as follows:

June 26

*Model Risk Management –
Are Best Practices Good Enough?*

Sept 11

*Dealing with an Evolving Cyber
Security Landscape*

October 23

*Risk Appetite Statements –
Linking Strategy, Risk and Execution*

Those interested in obtaining more information about these forums should click on the "Education" menu in the Member Area of our website.

GRI CONFERENCE 2014

SEPTEMBER 19, 2014

CLUB SAINT-JAMES, MONTRÉAL, QUÉBEC

GRI is pleased to announce that its 2014 conference will take place in Montréal, Québec, at the prestigious Club Saint-James on September 19 this year. This year's conference will discuss the theme of "Finance and the Real Economy: Making Risk Sharing More Effective".

The current slow-growth environment presents a number of significant challenges to policymakers and financial services practitioners. A central issue is restarting the engines of growth in the real economy and in financial intermediation while maintaining financial stability. A related, more specific challenge is how to scale up the provision of debt and equity finance in support of greater long-term capital investment in real assets.

Our conference will focus on the role that effective risk transfers, the hallmark of a well-functioning financial sector, can play in addressing these challenges.

Specific questions our conference will consider include:

- Can the financial sector underpin a robust growth path in the real economy through more effective risk allocation?
- What are the key policy issues and stumbling blocks in this respect?

- Is growth in the real economy hampered by risk capacity or appetite constraints?

- Is capital investment constrained by risk coverage or protection gaps and do any of these gaps represent unexploited opportunities for long-term investors and financial intermediaries?

Our conference will examine a variety of risk sharing and redistribution mechanisms in insurance, retirement planning and asset management. One stream of our discussion will consider the behavioural and regulatory factors that influence the effectiveness and profitability of risk

transfer solutions from the perspective of different financial intermediaries, including insurers, reinsurers, asset managers, banks and pension funds. Another stream will discuss opportunities for building the capacity to take risks which support long-term investment in real assets through appropriate risk sharing arrangements.

Please visit the GRI website (www.globalriskinstitute.org/conference-2014) for further news about our conference over the summer months.

Our conference will examine a variety of risk sharing and redistribution mechanisms in insurance, retirement planning and asset management.



GRI CONFERENCE 2014: SAVE THE DATE!

Our conference takes place in Montréal on September 19. For more information on our conference, please visit: www.globalriskinstitute.org/conference-2014.



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In Financial Services**

GRI Members have full access to all of our research and education materials when they register for the Members area of our website: globalriskinstitute.org



UPCOMING EVENTS: JUNE-SEPTEMBER 2014.

All events are posted on our website.

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- JUN 26** GRI Forum: Model Risk Management – Are Best Practices Good Enough?
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- JUN 26** GRI Workshop: Illiquidity Premia in Equity Option Markets
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- JUL 21-25** Pacific Institute for the Mathematical Sciences (PIMS) Summer School (SPONSOR)
-
- JUL 28-30** PIMS Workshop on The Economics and Mathematics of Systemic Risk and the Financial Networks (SPONSOR)
-
- SEPT 11** GRI Forum: Dealing with an Evolving Cyber Security Landscape
-
- SEPT 12-14** Northern Finance Association Conference (SPONSOR)
-
- SEPT 19** GRI Annual Conference: Finance and the Real Economy: Making Risk Sharing More Effective
-
- SEPT 29-30** Board Risk Oversight and Insight Program: Finding Opportunity in Risk