

**FINANCE INNOVATION, THE GLOBAL FINANCIAL SERVICES CLUSTER
LAUNCHES ITS 2008 ACTION PLAN**

RISKS MANAGEMENT AND FINANCIAL RESEARCH CENTER

Press Release

Paris, January 29, 2008 – **FINANCE INNOVATION, the global financial services cluster, whose launch was announced on July 5, 2007 by Christine Lagarde, the French Minister of Finance, held its first General Meeting on January 29, 2008 under the chairmanship of Jean Laurent.**

Along with founding members AFG, CCIP, FBF, FFSA, NYSE Euronext, Paris EUROPLACE, the Greater Paris Region, and the City of Paris, **Finance Innovation gathers 160 industrial and research partners: issuers, banks, insurance companies, asset management firms, financial services SMEs, universities, and research centers.**

Jean Laurent, Chairman of Finance Innovation, underlines "the importance and vision of the cluster approach, especially in the current context of weak markets and doubts about certain financial products. Since 2003, with the creation of the Europlace Institute of Finance (EIF, Institut Europlace de Finance), and today with the FINANCE INNOVATION, the global financial services cluster, the Paris financial center has decided to emphasize research growth, particularly the market risks and the development of next-generation products simpler for users, more transparent, and convenient to access."

Given its significant contribution to GDP (4.5%) and to employment (700,000 jobs), Jean Laurent adds that "the development of the financial services industry is vital for the French economy. The financial services industry plays a major part in companies growth, and helps to retain worldclass decision-making centers."

Since its inception, over 20 industrial and research projects have already been set up by Finance Innovation which follows five directions

* **Develop Research and Financial Innovation:** the main priority of Finance Innovation is to develop financial research to address market risks and the design of tomorrow's financial products, to offer new approaches, namely

- **Over a dozen research chairs have been set up at the initiative of the French Banking Federation (FBF, Fédération Bancaire Française), the Risk Foundation (Fondation du Risque), the Europlace Institute of Finance (EIF, Institut Europlace de Finance), and the Natixis Foundation (Fondation Natixis).**

- **Another project concerns the implementation of the Financial Innovation Center (CIF, Centre d'Innovation Financière), a specific back-office platform customized for Research Chairs. This Center will provide various services: a financing structure, IT systems support, a bridge between researchers and professionals, and a conduit to streamline the research results as well as the capacity to generate industrial projects.**

- **On March 27-28, Finance Innovation and the Europlace Institute of Finance (EIF) will organize the first International Research Forum with over 200 renowned international financial researchers.**

The theme of this forum will tackle the risks embedded in structured products and credit derivatives.

*** Develop a European cluster for financial education in partnership with schools and universities :** FINANCE INNOVATION wishes to foster and speed up initiatives with regard to financial education in the field of risk management of derivatives and structured products. This involves the implementation of the European Institute of Regulation which will encourage ongoing contacts between professionals and regulators. Education in finance is also necessary to convince European regulatory bodies towards greater agreement and deeper understanding of the best mix between financial innovation and investor protection.

*** Encourage the financing and innovation of SMEs:** This involves the creation of two funds:
An early stage fund designed to fund young and innovative firms in the financial services sector
A fund dedicated to finance projects for other industrial competitiveness clusters in France

In addition, other entrepreneurial projects from the financial services sector are currently under review : "Securit Ease" with SNB Finances, a platform for trade receivables securitization of SMEs; Credinext (Pricing Partners) and CRIS (Zeliade), platforms for the valuation of complex products; Paris-MHM (OTC Conseil), a platform for the assessment of long-term risk; Alpha Value, a platform for analyzing mid-caps; Metnext, a platform for weather and climate indices; and Immorisk (IEIF), a platform for property risk indices.

*** Paris as a benchmark for European financial information:**
This involves the creation of a search engine dedicated to European saving flows supported by OEE, the European Savings Institute and the AFG, the French Asset Management Association. In the same vein, AFG supports the creation of an exhaustive database to list all existing European mutual funds.

*** Increase the contribution of the financial services sector to social and environmental innovation:**
This involves the implementation of two research chairs, one on SRI initiated by AFG, IDEI (Toulouse) and the Ecole Polytechnique, and the other on "Finance and Sustainable Development" initiated by Calyon , EDF and the University of Paris-Dauphine.

The total cost for all of these above mentioned projects is estimated at around €40 million, with €30 million (i.e., 75%) financed by the private sector. The cluster corporate management requires an annual budget of €700k, which includes €100k of government funds.

The Finance Innovation cluster will strengthen its actions within Paris EUROPLACE to improve the image of the Paris financial center and its international status in terms of financial research and innovation.

Contacts:

Joëlle Durieux
General Secretary
Finance Innovation
Tel: +33 1 49 27 11 09
joelle.durieux@finance-innovation.org
www.finance-innovation.org

Arnaud de Bresson
Managing Director
Finance Innovation
Tel: +33 1 49 27 11 44
bresson@paris-europlace.com
www.paris-europlace.net