

Buy Side Risk Managers Forum release “Risk Principles for Asset Managers”

NEW YORK, February 26, 2008 - The Buy Side Risk Managers Forum (BSRF), (www.buysiderisk.org) announced today the release of “Risk Principles for Asset Managers.”

The group, which was chaired by **David Martin**, *Sr. Vice President/Chief Risk Officer* of Alliance Bernstein L.P. and **Kenneth Winston**, *Managing Director/Chief Risk Officer* of Morgan Stanley Investment Management, included senior risk officers from major buy-side firms as well as advisors, **Leslie Rahl** and **Barbara Lucas** of Capital Market Risk Advisors (CMRA.).

“Good risk management has never been more important. These Principles are especially timely in light of current events,” said David Martin. “As markets and risks evolve, risk management must evolve as well.” “Risk management is both quantitative and qualitative,” added Ken Winston. “These principles reflect a growing awareness that risk management involves more than measuring and monitoring risk to prevent unanticipated loss. It serves a far broader purpose – optimizing the relationship between risk and reward.” While these principles are intended to provide useful guidance to asset managers, they are not intended to be prescriptive. One size clearly fits no one.

The Principles are the product of a collaborative effort by a working group composed of representatives of many of the largest asset management companies. Input was also obtained from regulators and other market participants. “We are delighted to be able to introduce this important document at such a critical time in the financial markets”, said Barbara Lucas, a partner at CMRA. “We believe that it should provide an important framework for best practice in risk management and that the discussion of risk governance and valuation are particularly critical in today’s market environment,” added Leslie Rahl, founder and President of CMRA.

The Principles address a wide range of risk management issues, including risk governance, investment risk management, and operational risk management. Key governance principles include creating organizational checks and balances through segregation of functions and independent control groups, the need for formal exception and escalation policies, the importance of the role of senior management in creating a risk conscious culture as well as the need for risk to be everyone’s responsibility.

With respect to investment risk management, the Principles highlight the importance of measuring and monitoring various aspects of investment performance and risk utilizing a combination of metrics as opposed to a single metric. As has been vividly demonstrated by current events, and as is detailed in the Principles, measuring and monitoring liquidity, concentration and leverage risk is critical. Significant emphasis is also placed on the importance of using fair, consistent and well-documented valuation methodologies and stress-testing assumptions as well as the importance of tracking and managing issuer and counterparty credit risk.

The Principles also address the importance of measuring and monitoring operational risk, identifying and controlling model risk, having adequate systems, backup and disaster recovery and effective records management and systems security.

A copy of the document is attached.

For more information, please contact Leslie Rahl at 212 404 6101 or leslie@cmra.com or Barbara Lucas at 212 404 6126 or barbara@cmra.com

Buy Side Risk Managers Forum (www.buysiderisk.org)

The Buy Side Risk Managers Forum was formed in 2003 to bring together heads of risk management or chief risk officers at traditional buy side - asset or investment management - companies. The group currently includes large retail, institutional, and high net worth asset managers. The group explores and defines issues of interest to buy side firms, looking to find or delineate best practices in the industry. A particular focus is on finding where risk management practiced by other kinds of institutions such as banks, broker-dealers, insurance companies, and hedge funds may overlap - and where it may differ - from the practice at buy side firms.

Capital Market Risk Advisors (www.cmra.com)

Capital Market Risk Advisors, Inc., (CMRA) is a pre-eminent financial advisory firm specializing in risk management, risk diagnosis, financial forensics and risk governance. Partners Leslie Rahl and Barbara Lucas are capital markets veterans with over seventy years combined experience advising asset managers, hedge funds/funds of funds, commercial banks, investment banks, derivatives companies and institutional investors.

In addition to Co-chairs David Martin and Kenneth Winston, the working group included:

Mark C. Abbott, PRM

Managing Director, Quantitative Risk Management
Guardian Life

Sarah Collins

Sr. Risk Management Officer
The Dreyfus Corporation

Bennett Golub

Managing Director and Head of Risk and Quantitative Analysis
BlackRock, Inc.

Philip Hausken

Vice President, Head of Risk and Compliance
Northern Trust Global Investments

Jacques Longerstaey

Managing Director, Head of Risk Management
Putnam Investments

Barbara Lucas

Partner
Capital Market Risk Advisors

Thomas Madden

Vice Chairman
Federated Investment Advisory Companies

Erwin Martens

Executive Vice President, Risk Management
TIAA-CREF

Charles Massare, Jr.

Partner, Director of Quantitative Research & Risk Management
Lord, Abnett & Co. LLC

Leslie Rahl

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Abe Riazati

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Jacob Rosengarten

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Goldman Sachs Asset Management

Theresa Schnepf

Managing Director, Risk Management
JP Morgan Asset Management

Mike Thorfinnson

Chief Operating Officer and Chief Risk Officer
TD Asset Management

Terry Watson

Global Risk Director
Barclays Global Investors

Abraham L. Wons

Director, Operational Risk Management
Wellington Management Company