



# IOPS ANNUAL REPORT 2012

Activities from January 2012 to December 2012  
2011 Financial Statements





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## Foreword

*The International Organisation of Pension Supervisors (IOPS) is an independent international body representing institutions involved in the supervision of private pension arrangements. The Organisation currently has over 70 Members and Observers representing supervisory bodies from around 60 countries and territories worldwide - from Australia to Zambia - covering all levels of economic development and bringing together all types of pension and supervisory systems.*

*The IOPS was formed in July 2004. The major goal of the IOPS is to improve the quality and effectiveness of the supervision of private pension systems throughout the world, thereby enhancing their development and operational efficiency, and allowing for the provision of a secure source of retirement income in as many countries as possible.*

*The aims and purposes of IOPS can be summarised as:*

- serving as the standard-setting body on pension supervisory matters (and regulatory issues related to pension supervision), taking into account the variety of different private pension systems;*
- promoting international co-operation on pension supervision and facilitating contact between pension supervisors and other relevant parties, including policy makers, researchers and the private sector;*
- providing a worldwide forum for policy dialogue and exchange of information on pension supervision;*
- participating in the work of relevant international bodies in the area of pensions, including joint activities to improve statistical collection and analysis;*
- promoting, conducting and facilitating the distribution and communication of research, and collecting information in co-operation with relevant international bodies.*

## Report from the President of IOPS



**Ross Jones**  
President of IOPS

### HIGHLIGHTS

In 2012 IOPS has expanded its cooperation with individual members and also with external organisations which have an interest in pension supervision. In March our meeting was hosted by the UK Pensions Regulator. We were able to hear first hand about the developments and reforms taking place in the UK. We were particularly fortunate to hear from Pensions Minister Steve Webb who has a long standing interest in pensions and is responsible for implementing the new UK reforms.

We held a meeting in Macedonia with the IAIS Pensions Coordination Group. The IOPS and the IAIS developed a joint program and invited representatives from countries in the CEE region. The Macedonian pensions authority MAPAS recently introduced risk based supervision so it was a good opportunity to discuss the practical implications for supervisors and the supervised arising from the introduction of risk based supervision.

During the IOPS/OECD meetings in Paris in June we held a session with Netspar on the topic of retirement savings adequacy, an issue important to many members as populations age and attention gradually shifts from the accumulation phase to the retirement phase.

The AGM was held this year in Chile, hosted by the Superintendencia de Pensiones and attracted considerable interest from the region. We followed this with an event in Sao Paulo with the Brazilian pension industry association ABRAPP.

I would like to thank all of those that took part in our events, and, in particular, our hosting authorities for their initiative in requesting such events. Having taken part in these workshops myself, I can report that participants appreciate this outreach work undertaken by the IOPS and the opportunity to engage with and learn from the experience of their counterparts around the world.

In respect of the subjects approached by the IOPS team, as always, we have tried to find innovative topics, especially in areas where little or no work has been done. Such subjects are covered in the papers on intermediaries and consumer protection. Work has also been started to address an important topic – that of stress tests and especially the challenging issue of how these apply to DC pensions. We hope that more such interesting subjects for our members will be tackled in the future.

As well as telling other institutions what to do, IOPS Members have been working to put their own houses in order with projects looking again at the structure and approach of supervisory organisations and our on-going work on governance of supervisory authorities

## MEMBERS

The IOPS has maintained its membership base during 2012, which consists of around 70 Members and Observers. New members joining during the year include the Financial Services Commission of Gibraltar, the Financial Supervisory Authority of Iceland and the Capital Market Development Authority of Maldives.

Our goal for 2013 is to extend our contacts thereby identifying potential new members. A range of pension supervisory authorities continue to express interest in our Organisation. We would be delighted to welcome these and other interested parties as members of our Organisation and we will work with such countries to see if their valuable input into our work can be achieved.

The IOPS is very grateful to its members who have encouraged other pension supervisory authorities to join the Organisation – indeed our best source of recruitment is through our membership. I would therefore like to encourage all members to get in touch with their contacts in their regions and help work towards our goal of extending our coverage during 2013.

Finally, I would like to convey our special thanks to Ms. Fiona Stewart, who left the IOPS Secretariat at the end of 2012. Fiona served in the Secretariat since the establishment of the Organisation and contributed with her excellent work and leadership to the fulfilment of the broad mission of the Organisation. I would also like to acknowledge our sincere thanks to Mr. Philip Diamond for the effort he has put into his work as IOPS Treasurer until the middle of this year. Consequently we would like to welcome Mr. Paul Cavelaars as the new IOPS Treasurer and wish him good luck in his new position.

## MEETINGS

The following meetings were held during 2012:

- Executive and Technical Committee meetings; 27 February – London, United Kingdom, 5-6 June – Paris, France; 22 October – Santiago, Chile
- Annual General Meeting, 23 October, Santiago, Chile
- 2<sup>nd</sup> IOPS Regional Workshop on Pension Supervision for CEE, CIS, Kuakas and Central Asia Regions, 10 May 2012, Skopje, Macedonia
- IOPS/IAIS PCG Joint Seminar on Cross-sectorial Issues, 11 May 2012, Skopje, Macedonia
- Risk-based Supervision Workshop, 26 October, Sao Paulo, Brazil



Ross Jones (IOPS), Julia Cillikova (IAIS PCG), Bulent Dervisi (MAPAS)



IOPS/IAIS PGC Macedonia



## AIMS

The Organisation successfully worked towards fulfilling a range of aims and objectives during 2011, including the following:

AIM	Achievement 2012
<b><i>Standard setting body on pension supervisory issues</i></b>	The latest draft on “IOPS Good Practices for Governance of Pension Supervisory Authorities” was presented and discussed in the IOPS meetings. Members are encouraged to make further comments.
<b><i>Worldwide forum for dialogue and exchange</i></b>	<p>The IOPS held two successful outreach meetings, for the CEE, CIS, Kuakas and Central Asia regions and for Brazil.</p> <p>A joint Global Forum was organised with the OECD.</p>
<b><i>Participate in work of relevant international bodies</i></b>	<p>Dialogue with the Financial Stability Board (FSB) regarding the contribution of the pension sector to financial system stability continued – the report “FSB principles for reducing reliance on Credit Rating Agencies” has been discussed at the IOPS/OECD meeting in Paris. The report summarizing IOPS members’ responses to the questionnaire on this topic was sent to the FSB.</p> <p>Coordination continues to be enhanced with the IAIS via their Pensions Coordination Group, including keeping the IOPS abreast of the revisions of the IAIS Insurance Core Principles. The IOPS/IAIS PCG joint seminar on cross-sectoral issue held in Skopje, Macedonia was a good opportunity for the two organisations to compare, discuss and learn from each other’s challenges.</p> <p>Regular updates on the IOPS Programme of Work were provided to our European counterparts - EIOPA, whilst the Latin American regional supervisory group – AIOS- held their annual meeting back to back with the IOPS events in Chile.</p>
<b><i>Promote, conduct, facilitate distribution and communication of research</i></b>	<p>The IOPS continued to update and add material to the website dedicated to the Toolkit on Risk-based Supervision, including a case study of the Macedonian system.</p> <p>The IOPS released 3 Working Papers during</p>

	<p>2012.</p> <p>The IOPS continued to build its electronic library on the IOPS website, providing research on pension supervision and related topics.</p> <p>Members also receive the leading academic pension journal, 'The Journal of Pension Economics and Finance' developed under the aegis of the IOPS and OECD. Proposals to further develop the scope and reach of the Journal are currently under discussion.</p> <p>The proceedings of the 2011 Cape Town Global Forum were published during 2012, highlighting pension issues and development in the African region.</p>
<p><b><i>Assist countries with less developed private pension arrangements</i></b></p>	<p>The IOPS continues to build its membership and contacts amongst countries with developing pension systems, and has welcomed representatives from many developing economies to its conferences and events.</p> <p>In addition to regional IOPS members, the CEE regional workshop was attended by delegates from Macao, China; Republic of Moldova and Kyrgyzstan.</p> <p>The IOPS Annual Meeting and Conference in Santiago saw widespread attendance from the Latin American region (including non-members from Dominican Republic, El Salvador and Uruguay).</p>
<p><b><i>Develop database of private pension and supervisory systems worldwide</i></b></p>	<p>The IOPS continues to work with its partners from the ISSA and the OECD to update and develop a comprehensive database of statistical and descriptive regulatory information covering private pension systems worldwide.</p>

## RELATIONS WITH OTHER ORGANISATIONS

The IOPS continued to work closely with other organisations during 2012.

- ***Financial Stability Board:*** Dialogue was continued with the Financial Stability Board (FSB) regarding the role of the pensions sector in financial system stability. In addition, a survey on the reliance of pension funds on credit rating agencies has been conducted among IOPS members. The report summarizing the responses was sent to the FSB.
- ***OECD:*** The IOPS continues to work closely with the OECD's Working Party on Private Pensions organising jointly research conferences, joint summer meetings and Global

Forums. This year, the summer joint seminar was held in Paris, France, while the Global Forum was held in Santiago, Chile. The OECD continues to provide Secretariat support to the IOPS via the partnership agreement signed by the two organisations in 2005 and renewed in 2011. The IOPS also contributed to the OECD Taskforce on Financial Consumer Protection and the Taskforce on Pension Statistics.

- **ISSA:** the joint regulatory database on complementary and private pensions is currently being developed and extended by the three organisations involved (IOPS, ISSA and OECD).
- **World Bank:** representatives continue to attend IOPS meetings and provide input and comments into IOPS projects. The representative of the World Bank announced the intention of this organization to explore the IOPS Principles in their FSAP assessments.
- **IAIS:** the two organisations continue to work closely via the IAIS Pensions Coordination Group to ensure that overlaps are avoided and synergies exploited, including on the occasion of the IOPS/IAIS PCG Joint seminar on cross-sectoral issues held in Skopje, Macedonia.
- **AIOS:** held their meetings back to back with the IOPS events in Chile
- **EIOPA:** the IOPS and EIOPA provide regular updates of each other's work. Also, EIOPA has applied for membership of IOPS.

## FUTURE MEETINGS

### 2013

- 28 February-1 March, Committee Meetings and seminar on CEE developments, Bucharest, Romania
- 3-5 June, Committee Meetings, Pairs, France (back to back with OECD WPPP)
- October/November (date tbc), Committee Meetings, AGM & OECD/IOPS Global Forum, Seoul, South Korea.



**Ross Jones**  
President of IOPS



## Report by the Chair of the Technical Committee

### **Solange Berstein**

Chair of the IOPS Technical Committee

The IOPS continued to build a substantial body of work during 2012, creating a busy year and full meeting agendas for the Technical Committee. Once again, the work of the Organisation was led by its members and I would like particularly to thank those who drafted, edited and supplied input for the Working Papers released this year.

I would like to encourage any members who have not yet joined a project team to do so. Contributions from all different types of pension and supervisory systems, in whatever stage of development, are always of interest to the Membership and can contribute greatly to the research and understanding to which our projects aspire.

Interesting presentations were given by members during the Technical Committee meetings on developments in their pension systems and supervisory approaches. The Tour d'Horizon has proved an enlightening part of the meetings, which we shall continue in future. Again, delegations who would like to present interesting aspects of their supervisory approach to other members are encouraged to do so. I would particularly like to thank Tim Jones and Mark Fawcett from NEST for participating in an excellent seminar on the UK developments in the pensions market and for giving valuable insight to IOPS members on the auto-enrolment system in the UK.

### **PROGRAMME OF WORK (POW) 2011-2012**

#### **PRINCIPLES AND GUIDELINES**

##### ***Good Practices for Governance of Pension Supervisory Authorities:***

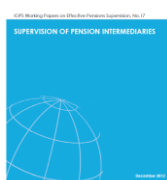
The IOPS is working on the Draft of Good Practices for Governance of Pension Supervisory Authorities. After receiving valuable comments from delegates in the meetings which took place throughout the year, the IOPS envisions the publication of the good practices in 2013. The final document will be of major interest to all members, being the first time the IOPS – or indeed any international financial organisation – has tackled such a complex and important topic.

#### **RESEARCH AND PUBLICATIONS**

During 2012, the IOPS continued to ensure that the work of its members reached a broader audience. The Organisation and its members have been pleased to respond to requests for information and research from a variety of sources.

Three Working Papers were released during 2012. The papers highlight a range of challenges to be met in the development of national pension supervisory systems. The IOPS Working Paper series reviews the nature and effectiveness of new and established pension supervisory systems, providing examples, experiences and lessons learnt for the benefit of IOPS members and the broader pension community. Abstracts of the three papers issued this year are included below. The IOPS welcomes submissions for the Working Paper series. Members who have papers covering relevant issues and who are interested in submitting them for inclusion in the series should contact the IOPS Secretariat.

IOPS Working Papers present preliminary results and analysis, are often developed with the input and assistance of Technical Committee members, and are circulated to encourage discussion and comment. They represent the views of the authors and may not represent the opinion of the IOPS members as a whole.



### **WORKING PAPER NO. 16: Structure of Pension Supervisory Authorities and their Approaches to Risk-Based Supervision**

**Abstract:** Following the global financial crisis (GFC) of recent years, the IOPS has decided to return to the topics of supervisory structures and approaches, and to examine whether the GFC has had an impact on pension supervision. This paper looks at the effect of the GFC on risk-based supervision, before going on to examine the potential impact on the external and internal structure of pension supervisory authorities.

### **WORKING PAPER NO. 17: Supervision of Pension Intermediaries**



**Abstract:** The goal of the paper is first to establish how private pensions are distributed in different IOPS member countries, and how pension intermediaries involved in the advice and sales process are regulated and supervised. The paper identifies common approaches and challenges encountered by IOPS members in their jurisdictions, and looks at different regulatory mechanisms and supervisory tools which have been used to overcome these issues.

The paper is structured as follows, after an **Introductory Section** discussing the importance and unique features of pension intermediation, **Section I** explores how pension intermediation is structured in different types of pension system. **Section II** moves onto looking at the challenges encountered with selling pensions in mandatory and voluntary systems, and discusses the various tools and solutions which can be used to overcome these challenges. **Section III** provides conclusions of the topics analysed



### **WORKING PAPER NO. 18: Supervising Default Investment Funds**

**Abstract:** This paper aims to address how to ensure that default funds are well designed, in the sense of suitable for the members who are placed in them, and how to identify the factors that need to be considered in designing a default investment option. The goal of the paper is to identify factors that should be addressed in determining the composition of investment governance, strategy and asset allocation and charges of a default option, in particular when this is left to the discretion of the trustee/ governing board of the fund.

The paper does **not** intend to investigate the design of a model default portfolio with quantitative settings.

## IOPS CONFERENCE PROCEEDINGS

OECD/IOPS Global Forum on Private Pensions

*How to build adequate, long-term pension savings: lessons for and from developing pension systems!*

25-26 October 2011: Cape Town, South Africa



- **2011 Cape Town OECD/IOPS Global Forum On Private Pensions – Conference Proceedings**

- The papers presented at the 2011 OECD/IOPS Global Forum were published, including papers on: Evaluation of Retirement Systems of Countries within the Southern African Development Community
- The Economy of the Possible: Pensions and Informality in Latin America
- The Economics of the Welfare State
- Promoting Longer Term Investment by Institutional Investors: Selected issues and Policies
- Why Stewardship is Proving Elusive for Institutional Investors
- Pension Funds Investment In Infrastructure: A Survey
- Pension Funds Investment in Infrastructure: Policy Actions
- The Role of Pension Funds in Financing Green Growth Initiatives

## PROJECTS

In addition to the projects outlined above, which were completed during 2012 and issued as publications, the IOPS continued work on the following projects during 2012, which are expected to reach completion during the coming years:

- **Pension Fund Costs and Fees:** This paper builds on and updates previous IOPS work. As the subject of costs borne by the members in a DC environment is always a significant topic for the supervising authorities, this paper provides historical trends of costs in different countries, the reasons behind different trends incurred as well as updating the charge ratio figures according to new structures of costs in IOPS Member countries.
- **Stress Testing Pension Funds:** The issue of stress testing has become increasingly important across financial sectors, particularly since the global economic and financial crisis. When the issue of stress testing is raised in relation to pensions, the topic which most immediately comes to mind is stress testing the solvency of pension funds and their ability to meet any promised payouts or returns. The present paper also tries to give an insight into what types of stress tests could be put in practice for DC pension plans.

## OTHER

Further information is being added regularly to the IOPS Toolkit website. In 2012, Macedonia provided a case study.

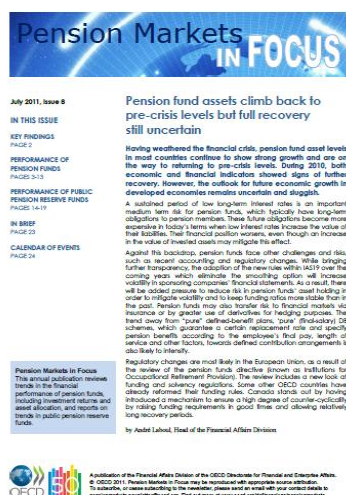


Macedonia Risk-based Supervision Case Study is currently being reviewed and will be shortly made available on [www.iopstoolkit.org/casestudies](http://www.iopstoolkit.org/casestudies).

Work on updating of the joint ISSA/IOPS/OECD regulatory database continued during 2012. Most Members have sent revised profiles which were published on the ISSA web-site:

[www.issa.int/Observatory/Country-Profiles](http://www.issa.int/Observatory/Country-Profiles), while the remainder are on the process of updating their profiles in conjunction with the IOPS Secretariat.

A broad range of IOPS Members provide statistical information for the OECD Global Pension Statistics Project, with statistical data on the pension systems of IOPS Members now available via the IOPS website. Selected statistics for IOPS Members are also available via the OECD's Pensions Markets in Focus publication.



OECD Pension Markets in Focus - available via <http://www.oecd.org/daf/financialmarketsinsuranceandpensions/privatepensions/48438405.pdf>

Overviews of the pension systems in almost all IOPS Member countries are being drafted and are also available on the website, and a research section has been added, providing background information and papers by research topic and by country. Members are invited to provide recent reports on their pension systems for inclusion in the research database.

**Solange Berstein**  
Chair of the IOPS Technical Committee





## Report of the Secretariat

**André Laboul**  
Secretary General of IOPS

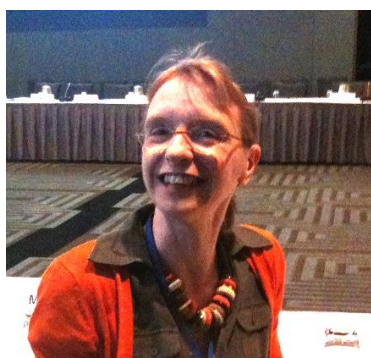
The IOPS Secretariat provided a wide range of support to the IOPS membership during the year. In addition to supporting the membership base, servicing the Executives and organising meetings, the Secretariat has, on the request of the Executive Committee, continued in an increased analytical role, which will be developed further in the coming years. In addition to drafting papers and guidelines, increased editorial and analytical support was provided to project teams, which resulted in the publication of further papers in the IOPS Working Paper series.

In 2012 IOPS received a new secondee, Liviu Ionescu, provided by a member authority. I would like to thank CSSPP, the Romanian authority, for their generous and kind support of the Organisation. The practical supervisory experience of the secondee proved highly valuable for the Secretariat. I hope that such an arrangement can be repeated in the future.



**Liviu Ionescu**, IOPS secondee

I would also wish to echo the words of thanks expressed by Mr. Ross Jones, the IOPS President, and reiterate sincere gratitude on behalf of the IOPS and the OECD to Fiona Stewart for the excellent work, energy and enthusiasm that she put into her service to the two Organisations. We wish Fiona much success in her new position with the World Bank.



**Fiona Stewart**, (former) IOPS Secretariat



## MAIN TASKS COMPLETED DURING 2012

### DOCUMENTS

The Secretariat drafted three Working Papers: Working Paper No. 16 Structure of Pension Supervisory Authorities and their Approaches to Risk-based Supervision; Working Paper No. 17 Supervision of Pension Intermediaries; Working Paper No. 18 Supervising Default Investment Funds. In addition the Secretariat continues to work on the issues of pension fund costs and stress testing, along with project leaders Costa Rica and Mexico.

The 'Good Practices for Governance of Pension Supervisory Authorities' continue to be revised. A public consultation will be held in 2013 and a final draft of the good practices will be presented to the Governing Members at the 2013 AGM for approval.

As with the Global Forum held in previous years, the papers presented at the 2012 event in Santiago are currently being gathered to be released as a publication in 2013.

The Secretariat was closely involved with and assisted the work of various other project teams, helping to fulfil the intended 2012-2013 Programme of Work of the organization. The Secretariat further assisted in the collection and dissemination of documents for the major IOPS projects undertaken during 2012.

Building of the on-line electronic research library continued during 2012 – including a series of video interviews on relevant supervisory topics. The library includes country profiles providing an overview of the pension system and internationally comparative statistics for the vast majority of the IOPS membership. The IOPS Secretariat, along with our OECD colleagues, has also taken on the role of updating the joint ISSA/OECD/IOPS regulatory database on complementary and private pensions.

Finally, the Secretariat coordinated the production of numerous other documents, including through continued assistance to the Executive and Technical Committees in the preparation of the agendas for the committee meetings, the updated Programme of Work, the Annual Budget of the Organisation, President's and other reports, including the IOPS 2012 Annual Report.

### MEETINGS

The Secretariat played a key role in the organisation of the OECD/IOPS Global Forum on Private Pensions held in Santiago, Chile in October. Marketing of the conference by the Secretariat helped to ensure that this annual event continued to attract a wide ranging audience, and raised interest from potential new members in the Latin American region.

The Secretariat also organised the IOPS outreach events in the CEE, CIS, Kuakas and Central Asia regions and a workshop on risk-based supervision run as part of the ABRAPP annual conference in Brazil. IOPS regional members, other regional representatives, IOPS delegations and the IOPS President, and Secretariat took part in lively and extremely well received meetings, covering the practical topics of most relevance to the supervisory authorities in the area.

The Secretariat also engaged in the establishment, operation, preparation, and organisation of meetings for the Executive and Technical Committees (which met three times during the year) and for the Annual General Meeting of the Governing Membership.

Support was additionally provided for the Chairmen of the committees.



Mrs. Evelyn Matthei, Minister of Labour, Chile

## COOPERATION WITH OTHER INTERNATIONAL BODIES

The IOPS Secretariat continues to work closely with the OECD's Working Party on Private Pensions, including holding a joint academic forum with the OECD and Netspar in Paris in June on retirement adequacy.

The Secretariat represented the IOPS at the meeting of the OECD Task Force on Financial Consumer Protection and provided input into guidelines and work being developed on the topic.

Additionally, the Secretariat worked towards the extension of the joint ISSA/IOPS/OECD regulatory database on complementary and private pensions, adding new country profiles to the IOPS website.

The IOPS Secretariat continues to coordinate with the IAIS's Pensions Coordination Group and received input into various IOPS projects as well as held a joint meeting in Skopje, Macedonia.

The Secretariat was also in contact with the Secretariat of the FSB, with the objective of strengthening cooperation between the two bodies. This included providing feedback from IOPS Members on the FSB Principles for Reducing Reliance on Credit Rating Agencies.

The IOPS continues to work closely with our counterparts in Europe (EIOPA) and Latin America (AIOS).

## ADMINISTRATION AND OTHER

The Secretariat continued their work during 2012 to build the IOPS membership base, contacting and following up with potential members. The regional workshops in particular proved fertile ground for making new contacts.

Communication and record keeping in relation to existing members was also undertaken, with the Secretariat striving to ensure that delegates received documents in time to review them before meetings. Comments and suggestions from delegates in relation to the on-going projects and reports were also coordinated.

The Secretariat also organised the nomination and election of the IOPS Vice president and members of the Executive Committee.

Finally, the Secretariat continued to update and develop the IOPS website, as well as launching and regularly updating social networking groups for IOPS via the new Clearspace site.

I trust that this provides a satisfactory account of the grants provided by the IOPS to the OECD during 2012.



**André Laboul**  
Secretary General IOPS

## Executive Committee Members 2012- update

### IOPS President and Chair of Executive Committee

Mr. Ross Jones Deputy Chairman, Australian Prudential Regulatory Authority

### Vice-President

Dr. Edward Odundo Chief Executive, Retirement Benefits Authority, Kenya

### Elected in 2011 to serve until 2013

<b>Costa Rica</b>	Pensions Superintendence
<b>Egypt</b>	Egyptian Financial Supervisory Authority (EFSA)
<b>India</b>	Pension Fund Regulatory and Development Authority (PFRDA)
<b>Italy</b>	Pension Funds Supervision Commission (COVIP)
<b>Jordan</b>	Insurance Commission
<b>Romania</b>	Private Pension System Supervisory Commission

### Elected in 2010 to serve until 2012

<b>Hungary</b>	Hungarian Financial Services Authority (HFSA)
<b>Turkey</b>	Undersecretariat for Treasury
<b>South Africa</b>	Financial Services Board (FSB)

**Ex Officio – Chair Technical Committee** Pensions Superintendence, Chile

**Ex Officio – Vice Chair Technical Committee** Mandatory Provident Fund Schemes Authority, Hong Kong

**Ex Officio – Treasurer** Central Bank of the Netherlands (DNB)

## IOPS Members and Observers 2012

### Governing Members

<b>Albania</b>	Financial Supervisory Authority
<b>Armenia</b>	Central Bank of Armenia
<b>Australia</b>	Australian Prudential Regulation Authority
<b>Austria</b>	Financial Market Authority
<b>Belgium</b>	Financial Services and Markets Authority (FSMA)
<b>Botswana</b>	Non-Bank Financial Institutions Regulatory Authority
<b>Brazil</b>	Superintendência Nacional de Previdência Complementar - PREVIC
<b>Bulgaria</b>	Financial Supervision Commission
<b>Cayman Islands</b>	Cayman Islands Monetary Authority
<b>Chile</b>	Pensions Superintendence
<b>China</b>	China Insurance Regulatory Commission
<b>Colombia</b>	Financial Superintendence of Colombia
<b>Costa Rica</b>	Pensions Superintendence of Costa Rica
<b>Czech Republic</b>	Czech National Bank
<b>Egypt</b>	Egyptian Financial Supervisory Authority
<b>France</b>	Prudential Supervisory Authority (ACP)
<b>Germany</b>	Federal Financial Supervisory Authority
<b>Ghana</b>	National Pensions Regulatory Authority
<b>Gibraltar</b>	Financial Services Commission
<b>Hungary</b>	Hungarian Financial Supervisory Authority
<b>Hong Kong</b>	Mandatory Provident Fund Schemes Authority (MPFA)
<b>Iceland</b>	Financial Supervisory Authority (FME)
<b>India</b>	Pension Fund Regulatory and Development Authority (PFRDA)
<b>Indonesia</b>	Capital Market and Financial Institutions Supervisory Agency
<b>Ireland</b>	Pensions Board
<b>Isle of Man</b>	Insurance and Pensions Authority
<b>Israel</b>	Ministry of Finance
<b>Italy</b>	Pension Funds Supervision Commission (COVIP)
<b>Jamaica</b>	Financial Services Commission
<b>Jordan</b>	Insurance Commission
<b>Kazakhstan</b>	National Bank of the Republic of Kazakhstan
<b>Kenya</b>	Retirement Benefits Authority (RBA)
<b>Korea</b>	Financial Services Commission / Financial Supervisory Service
<b>Kosovo</b>	Central Bank of the Republic of Kosovo
<b>Lesotho</b>	Central Bank of Lesotho
<b>Lichtenstein</b>	Financial Market Authority
<b>Luxembourg</b>	Financial Sector Supervisory Commission
<b>FYRO Macedonia</b>	Agency for Supervision of Fully Funded Pension Insurance (MAPAS)
<b>Malawi</b>	Reserve Bank of Malawi
<b>Maldives</b>	Capital Market Development Authority
<b>Malta</b>	Financial Services Authority
<b>Mauritius</b>	Financial Services Commission
<b>Mexico</b>	The National Commission for the Pension System (CONSAR)
<b>Namibia</b>	Namibia Financial Institutions Supervisory Authority
<b>Netherlands</b>	Central Bank of the Netherlands
<b>Nigeria</b>	National Pension Commission
<b>Norway</b>	Financial Supervisory Authority

<b>Pakistan</b>	Securities and Exchange Commission
<b>Palestinian Authority</b>	Capital Markets Authority
<b>Peru</b>	Superintendence of Banking, Insurance and Pension Funds Administrators
<b>Poland</b>	Polish Financial Supervision Authority
<b>Portugal</b>	Insurance and Pension Funds Supervisory Authority
<b>Romania</b>	Private Pension System Supervisory Commission
<b>Rwanda</b>	National Bank
<b>Serbia</b>	National Bank
<b>Slovakia</b>	National Bank
<b>South Africa</b>	Financial Services Board (FSB)
<b>Spain</b>	Ministry of Economy and Competitiveness
<b>Suriname</b>	Central Bank
<b>Swaziland</b>	Office of the Registrar of Insurance and Pension Retirement Funds
<b>Tanzania</b>	Social Security Regulatory Authority
<b>Thailand</b>	Securities and Exchange Commission
<b>Trinidad &amp; Tobago</b>	Central Bank
<b>Turkey</b>	Pension Monitoring Center
<b>Turkey</b>	Undersecretariat of the Treasury
<b>Ukraine</b>	National Commission for the State Regulation of Financial Services Markets
<b>United Kingdom</b>	The Pensions Regulator (TPR)
<b>Zambia</b>	Pensions and Insurance Authority

#### Associate Members

<b>Panama</b>	Civil Servants' Pension and Saving Plan (SIACAP)
<b>South Africa</b>	National Department of Social Development
<b>International Association of Pension Supervisors (IAIS)</b>	
<b>International Social Security Association (ISSA)</b>	<i>Partnership Agreement</i>
<b>Organisation for Economic Co-operation and Development (OECD)</b>	<i>Partnership Agreement</i>
<b>World Bank</b>	

#### Observers

<b>American Council Life Insurers (ACLI)</b>	
<b>Pensions Europe</b>	
<b>Finnish Centre for Pensions</b>	
<b>International Actuaries Association (IAA)</b>	<i>Reciprocal Membership</i>

**Secretariat****Secretary General**

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**Philip Diamond**  
IOPS Treasurer

## Report of the Treasurer

### **SUBJECT:**

### **IOPS ACCOUNTS AS OF 31 DECEMBER 2011**

Dear Governing Members,

The Treasurer reports that during the year ended 31<sup>st</sup> December 2011 the International Organisation of Pensions Supervisors (IOPS) operated at a slight deficit this was in line with our desire to continue to unwind our surplus.

There was an increase in membership fees from €342,479 in 2010 to €362,459 in 2011 as a result of new membership. Membership fees and interest were the sole sources of income in 2011 with interest earned increasing slightly from €2,401 in 2010 to €2,880 in 2011.

On the cost side, the major expense incurred by the organisation during 2011 continued to be the Secretariat support provided by the OECD under the official partnership between the OECD and IOPS. The total spend on the Secretariat was €296,093. Conference and meeting expenses in 2011 were €62,800 a decline from €92,278 for 2010.

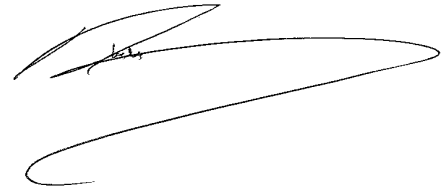
During 2011 the IOPS continue to develop a strong programme of work, held meetings of the Executive Committee and Technical Committee in Amman, Mexico City and Cape Town, and the AGM and joint OECD/IOPS Global Forum also took place in Cape Town. In addition we held two workshops in Abuja and Lima.

In recognition of the Organisation's non-profit status, funds built up as surplus during the initial 2004-2007 period continued to be drawn down for project work during 2011. At its 2007 meeting the Executive Committee adopted a reserving policy designed to hold a target 20% estimated membership fees as a contingency reserve, to cover uncertainties relating to the timing of receipt and levels of membership fee payments. In addition, at the same meeting the Executive Committee, it was agreed to build up an additional reserve amounting to €75,000 over three years to cover potential future event expenditure, such as costs relating to conference or regional workshop programs. In 2011 we drew down a further €25,000 from this additional reserve.

Our assets at the close of 2011 were €141,072. With an operating loss of €25,994 recorded over the 2011 year. This represented a decline in our operating loss of €73,949 in 2010. We finish the year and indeed my



term as Treasurer in a stable financial position. This will be my final year as Treasurer, after four years in post the position will be taken up by Paul Cavelaars of the Dutch National Bank (DNB)

A handwritten signature in black ink, consisting of a series of loops and curves, positioned above the printed name.

**Philip Diamond**  
Treasurer

The International Organisation of Pension Supervisors

Dated: **1 June 2012**

2011 Members Payments			
Albania	India	Norway	The World Bank
Armenia	Indonesia	Palestine	ACLI
Australia	Israel	Panama	Finland
Austria	Ireland	Peru	EFRP
Belgium	Isle of Man	Poland	South Africa (Ministry for Social Development)
Botswana	Italy	Portugal	
Bulgaria	Jamaica	Romania	
Brazil	Jordan	Rwanda	
Cayman Islands	Kazakhstan	Slovakia	
China	Kenya	South Africa	
Chile	Korea	Spain	
Colombia	Liechtenstein	Suriname	
Costa Rica	Malta	Swaziland	
Czech Republic	FYRO Macedonia	Tanzania	
Egypt	Malawi	Thailand	
France	Mauritius	Trinidad & Tobago	
Germany	Mexico	Turkey (Treasury)	
Ghana	Namibia	Turkey (PMC)	
Hungary	Netherlands	United Kingdom	
Hong Kong	Nigeria		



**IOPS association  
à l'OCDE  
2 Rue André Pascal  
75 775 Paris Cedex 16  
France**

Neuilly-sur-Seine, 1 June 2012

**Report of the Auditors  
To the Members  
International Organisation of Pension Supervisors**

We have audited the accompanying balance sheet of the International Organisation of Pension Supervisors (the "IOPS") as of 31 December 2011 and the related statements of income for the year then ended. These financial statements are the responsibility of IOPS's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of IOPS as of 31 December 2011, in accordance with International Financial Reporting Standards.

**Jean-Pierre MION**  
Partner

.....  
*PricewaterhouseCoopers Entreprises S.A.R.L., 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex  
T: +33 (0) 1 56 57 55 00, F: +33 (0) 1 56 57 57 58, [www.entreprises.pwc.fr](http://www.entreprises.pwc.fr)*

Société d'expertise comptable inscrite au tableau de l'ordre de Paris-Ile-de-France. Société de commissariat aux comptes membre de la compagnie régionale de Versailles. Société à responsabilité limitée au capital de 78 000 €. Siège social : 63, rue de Villiers 92200 Neuilly-sur-Seine. RCS Nanterre 632 028 627. TVA n° FR 24 632 028 627. Siret 632 028 627 00404. Code APE 6920 Z. Bureaux : Amiens, Bordeaux, Bourg-en-Bresse, Cognac, Dijon, Grenoble, Limoges, Lille, Lyon, Marseille, Montpellier, Metz, Nantes, Nice, Pau, Quimper, Rennes, Saint-Malo, Saint-Quentin, Strasbourg.

<b>International organisation of pension supervisors (IOPS)</b>			
<b>Statement of financial position</b>			
<b>As per 31 December 2011</b>			
<b>Assets</b>	<b>Notes</b>	<b>2011 (Euro)</b>	<b>2010 (Euro)</b>
Cash at bank		64 023	55 608
Short term deposit		114 256	110 984
Interest accrued		1 004	1 397
Sundry debtors and prepayments	7	3 104	26 915
<b>Total</b>		<b>182 388</b>	<b>194 903</b>
<b>Liabilities and net assets</b>			
Prepaid membership fees	9	22 000	14 987
Accrued expenses	8	19 315	12 850
<b>Total liabilities</b>		<b>41 315</b>	<b>27 837</b>
<b>Net Assets</b>		<b>141 072</b>	<b>167 066</b>
<b>Unrestricted Net Assets &amp; Reserves</b>			
Retained earnings before transfer		48 573	94 717
Changes in unrestricted net assets for the current year		- 25 994	- 73 949
		<b>22 579</b>	<b>20 767</b>
Transfer from Special Reserve	11	25 000	25 000
Transfer from Contingency Reserve	10	- 3 999	2 805
Retained Earnings after transfer		<b>43 580</b>	<b>48 573</b>
Special Reserve		25 000	50 000
Contingency Reserve		72 492	68 494
<b>Total Funds</b>		<b>141 072</b>	<b>167 066</b>

<b>International organisation of pension supervisors (IOPS)</b>			
<b>Statement of activities</b>			
<b>For the year ending 31st December 2011</b>			
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>			
	<b>Notes</b>	<b>2011 (Euro)</b>	<b>2010 (Euro)</b>
<b>Revenue and gains</b>			
Membership fees		362 459	342 479
Interest		2 880	2 401
<b>Total unrestricted revenue and gains</b>		<b>365 338</b>	<b>344 880</b>
<b>Expenses</b>			
Audit	6	7 077	7 057
Bank fees and charges		855	970
Secretariat support costs		18 000	-
OECD administration	4	296 093	294 323
Conference expenses	5	62 800	92 278
Subscriptions		-	11 761
Publishing Costs		6 507	12 440
<b>Total expenses</b>		<b>391 332</b>	<b>418 829</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		<b>- 25 994</b>	<b>- 73 949</b>

## INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

### NOTES TO THE FINANCIAL STATEMENTS

Year ending 31 December 2011

#### 1 NATURE OF ORGANISATION

The International Organisation of Pension Supervisors (IOPS) is an international body representing a range of members involved in the supervision of private pension arrangements. The Organisation's members cover all levels of economic development and bring together all types of pension and supervisory systems.

IOPS is an association in accordance with French law. It is domiciled in Paris, France and receives membership fees from members worldwide.

#### 2 SIGNIFICANT ACCOUNTING POLICIES

The accounts of the IOPS are drawn on the historical cost basis and income and expense items are recorded on the accruals basis.

#### 3 INCOME TAXES

The Organisation is exempt from income tax.

#### 4 PAYMENTS TO THE OECD

The IOPS paid the following amounts to the OECD:

296 093 Grant provided to meet secretariat and administrative support services, technical and liaison support.

296 093

#### 5 CONFERENCE FEES

The IOPS held three sets of meetings in Amman, Mexico City and Cape Town and two regional workshops in Abuja and Lima

56 997 Total expenses for current year

1 931 Istanbul 2010 expenses

656 Warsaw 2010 expenses

3 216 Paris 2010 expenses

62 800

#### 6 AUDIT

The amount of €7,077 consists of an estimate of €7,000 of audit fees to be paid in 2012 relating to the audit of financial statements for the year ended 31/12/2011 plus an additional cost of €77 (above the amount accrued) for the 2010 audit.

## INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

### NOTES TO THE FINANCIAL STATEMENTS

Year ending 31 December 2011 (continued)

#### 7 SUNDRY DEBTORS AND PREPAYMENT

Consist of the following amounts:

	604	Early payment for the London 2012 conference
	2 500	Outstanding membership fees from Swaziland

3 104

#### 8 ACCRUED EXPENSES

Consist of:	7 000	Audit fee based on 2010
	140	Outstanding contribution to OECD grants
	12 175	Outstanding payments for South African conference

19 315

#### 9 PRE-PAID MEMBERSHIP FEES

Consist of:	22 000	2012 membership fee received in 2011
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22 000

#### 10 RETAINED EARNINGS AND CONTINGENCY RESERVE

At its March 2007 meeting the Executive Committee resolved to set aside in the accounts of the Organisation a contingency reserve of 20% of membership fees for the year to provide against uncertainties in timing of receipt of income in future years.

To maintain this figure in light of the increase of membership income €3,999 was transferred from Retained Earnings

This amount has been transferred to Retained Earnings and is reflected in an increase to the opening retained earnings figure in the balance sheet.

#### 11 SPECIAL RESERVE

At the meeting of the Executive Committee on 21st March 2007 it was also agreed to build up an additional reserve amounting to €75,000 over 3 years to cover potential future event expenditure, such as costs related to conferences or regional workshop programs

This amount was reached in 2009. €25,000 was released to cover costs during 2010 and a further €25,000 has been released to cover costs during 2011.

- 12 While the IOPS is a non-tax paying organisation and accordingly would not normally accumulate a surplus or reserves, the Organisation was newly founded in 2004 with some uncertainty as to membership revenue and expenses in the first few years. Accordingly, the decision was taken to build up some initial reserves which were to be drawn down over the coming years, spending on increased staff support and other expert and professional input into IOPS projects