



# IOPS ANNUAL REPORT 2016

Activities from January 2016 to December 2016  
2015 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 85 Members and Observers representing supervisory bodies from 74 countries and territories worldwide - from Albania to Zimbabwe - 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:*

- *servicing 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.*

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## Report from the President of IOPS



**Dr. Edward Odundo**  
President of IOPS

### HIGHLIGHTS

In 2016 the IOPS continued working with individual members and co-operating actively with other international organisations which have an interest in pension supervision. In February, the Pension Funds Supervision Commission of Italy (COVIP) hosted the IOPS Committee meetings in Rome. The COVIP also organised a technical workshop on IT systems used by pension supervisors for reporting and analysis of the supervised pension markets. The purpose of the Technical Workshop was to discuss the most recent and innovative developments in the reporting systems put in place by supervisory authorities to collect and analyse information provided by the pension funds. The technical workshop gathered highly experienced specialists from Italy, Belgium, Mexico and Turkey who made presentations on the reporting systems in their authorities and responded to questions from the Members. The Committees meetings were followed by a seminar entitled “Issues in individual DC pension funds – international experience”, organised jointly by COVIP and the IOPS. The seminar brought together senior officials from the pension regulatory and supervisory authorities. It addressed two issues crucial for individual DC pension systems: market competition (in particular the level of fees and distribution of services) and pension projections (including assumptions and techniques used for the calculation of pension benefits, as well as challenges related to communication projections to pension fund members). The meetings in Rome, Italy were perceived as highly successful, gathering approximately 60 Delegates from 35 jurisdictions, allowing for a fruitful and informative exchange of views and experiences on a number of topics.

In June, the IOPS and the OECD Working Party on Private Pensions organised joint meetings in Paris. These were followed by an international conference organised jointly by OECD, IOPS and leading academic institutions: the ARC Center of Excellence in Population Ageing Research (CCEPR), the Pension Research Council of the University of Pennsylvania and the Network for Studies on Pensions, Aging and Retirement (Netspar). The theme of the conference addressed trends and heterogeneity in the pension choice and design and in the area of ageing. World leading academic researchers and the OECD and IOPS Delegates from 43 jurisdictions around the world took part in this event. Building on the success of the research conference held in the OECD, Paris, the International Network for Pensions, Aging, and Retirement Research (INPARR) was launched. The OECD will serve as the Secretariat for the Network. The INPARR aims to foster a relationship among global academic researchers with the international players, including regulators and supervisors, in the pension and ageing field. The INPARR intends to organise a global annual research meeting; develop a website highlighting resources in the area as well as social networks; and select/recruit affiliated organisations including policy groups interested in pension research. It is hoped that the

IOPS will develop close relationship with the INPARR and that our Members could benefit from interactions with the leading academics and their research.

The Annual General Meeting (AGM) was held in November in Hong Kong, China, and was hosted by the Hong Kong IOPS member authority, the Mandatory Provident Fund Schemes Authority (MPFA) that celebrated the 15<sup>th</sup> anniversary of its pensions system. The AGM and the IOPS committee meetings were followed by the OECD/IOPS Global Forum on Private Pensions, which had the theme of “Making Private Pensions Work Better” and gathered about 140 local guests, including representatives of the government of the Hong Kong Special Administrative Region (HKSAR), representatives of the private pension and asset management industry in Hong Kong, China and globally, as well as 72 international Delegates from 40 countries, including IOPS Members, officials from the OECD and the World Bank. The forum benefited from the knowledge and expertise of numerous speakers and delegates and discussed several important topics, such as the developments in the pension systems in Hong Kong, China and in the Asian region, the strategies for reducing fees in private pension funds, the interaction between private and public pensions, the protection of consumers against conflicts of interests in retirement advice, and the linking between accumulation and decumulation phases. The forum also hosted the Launch of the revised OECD Core Principles of Private Pension Regulation which were approved by the OECD Council in September 2016. It is highly symbolic that the launch of the Core Principles took place in Asia, in Hong Kong China, showing that the efforts to improve the quality and the effectiveness of private pensions is a truly global endeavour where the best international experiences and examples help drive pension reforms forward. In addition, a technical Workshop on Supervisory Practices and Issues was held on 11 November 2016. The Workshop hosted by the Hong Kong Mandatory Provident Fund Schemes Authority (MPFA) addressed the following key topics: 1) The MPFA's role as a supervisor and supervision practices adopted; 2) How risk based supervision is applied in the MPF context; 3) Recent supervisory findings and issues of interest.

I would like to thank all participants in our meetings and in particular, the authorities that hosted the meetings for their initiatives and hospitality. The organisation of the Technical Workshops back to back with the Committee meetings proved to be a very useful initiative offering to our Members a valuable source of practical information on highly technical issues related to the supervision of private pension entities. Again, I reiterate my gratitude to the senior management of the hosting authorities for their support of such initiatives and all colleagues involved in making these technical seminars happen.

The Technical Committee is an essential group that develops principles, standards and good practices on pension supervisory issues and on regulatory themes related to pension supervision. The Technical Committee also serves as a forum to discuss, develop and analyse matters related to pension supervision that are of interest to our membership. It was able to finalise work on a number of topics in the revised 2016 programme of work, which stemmed from the subjects developed by IOPS. Such subjects included the Technical Committee two papers: on the role of supervision related to consumer protection in private pension systems, and on the supervision of lost and unclaimed pension benefits. During 2016 the IOPS initialised the second stages of current projects, i.e. drafting reports on the supervision of the management of infrastructure and long-term investments with possible guidelines on supervision of investment management, drafting the good practices for supervisory authorities in the area of consumer protection, and conducting an empirical study on the impact of pension funds on financial markets. The IOPS also initialised the revision of its Principles of Private Pension Supervision.

## **MEMBERS**

Three bodies joined the Organisation in 2016, bringing the IOPS membership to 85 Members and Observers. The entities that joined were the Financial Services Authority of Seychelles (as a

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Governing Member) and the Bank of Tanzania, and the International Association of the Latin American Pension Fund Supervisors (AIOS). The last two institutions became Associate Members of IOPS.

Unfortunately, during 2016 two of our long-standing Governing Members: the Palestine Capital Market Authority (PCMA) and the Securities and Exchange Commission of Pakistan, an IOPS founding Member left the Organisation. We will however endeavour to maintain a good working relationship with these organisations and continue associating them with some research and outreach activities.

Our goal for 2017 will be to identify potential new members and to recruit them, thereby expanding the membership base. 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 incorporate their valuable input into our work.

IOPS is very grateful to its Members who have supported our efforts to expand the membership of the Organisation. Indeed, our best source of recruitment is through our membership. I would, therefore, encourage all Members to get in touch with their contacts in their regions and help work towards further increasing the membership of our Organisation in 2017.

I would also wish to take this opportunity to express on behalf of the whole Membership sincere thanks to Mr Dirk Broeders, Senior Strategy Advisor, Supervisory Strategy Department, the Central Bank of the Netherlands (DNB) who has been serving as IOPS Treasurer and IOPS Vice Chair of the Technical Committee since 2013 to the end of June 2016 and to thank him for his excellent contribution to the work of the International Organisation of Pension Supervisors. For the past four years Dirk was one of the driving forces of our Organisations offering his knowledge and expertise in the pension supervisory domain to support the research and policy work developed by the Organisations and overseeing the financial stance of the Organisation. We greatly appreciate all what Dirk has done for the IOPS and wish him all the best for his future work within the DNB.

## **MEETINGS**

The following meetings were held in 2016:

- Executive and Technical Committee meetings; 25 February – Rome, Italy; 6-7 June – Paris, France; 8 November – Hong Kong, China;
- IOPS/COVIP Technical Workshop on Reporting by pension funds to supervisory authorities: IT opportunities and challenges, 24 February, 2016, Rome;
- IOPS/COVIP International Seminar on Private Pensions: Issues in individual DC pension funds – international experience, 26 February, Rome, Italy;
- OECD/IOPS/CEPR/The Pension Research Council/Netspar Joint Conference: Research Challenges for Global Pensions-Trends and Heterogeneity, 8 June, Paris, France;
- Annual General Meeting, 9 November, Hong Kong Special Administrative Region (HKSAR), China;
- OECD/IOPS Global Forum on Private Pensions: Making Private Pensions Work Better, 9-10 November, Hong Kong Special Administrative Region (HKSAR), China;

- MPFA Technical Workshop on Supervisory Practices and Issues, 11 November 2016, Hong Kong, China.



**MPFA Technical Workshop on Supervisory Practices and Issues, 11 November 2016, Hong Kong, China. Presentation by Ms Alice Law Shing-mui, Chief Operating Officer and Executive Director, Mandatory Provident Fund Schemes Authority, Hong Kong, China.**

## AIMS

The Organisation successfully worked towards fulfilling a range of aims and objectives during 2016, including the following:

AIM	Achievement 2016
<p><b>Standard setting body on pension supervisory issues</b></p>	<p>Representatives of the Organisation participated in the work of other bodies promoting the standards developed by the IOPS (e.g. OECD Working Party on Private Pensions, G20-OECD Task Force on Financial Consumer Protection - OECD).</p> <p>The IOPS has initialised a revision process of its Principles of Private Pension Supervision in light of the current revision of the OECD Core Principles of Private Pension Regulation, which include the IOPS Principles as its Core Principle 6 and developments in the supervisory techniques and approaches that have taken place since the last revision of the IOPS</p>

	Principles in 2010.
<b><i>Worldwide forum for dialogue and exchange</i></b>	<p>The IOPS organised jointly with OECD, the Pension Research Council at the Wharton School of the University of Pennsylvania (United States), the CEPAR at the University of New South Wales (Australia) and Netspar at Tilburg University (the Netherlands), the international research conference on pensions and aging issues.</p> <p>The joint OECD/IOPS Global Forum was organised in Hong Kong, China.</p> <p>The IOPS continued collaboration with other international institutions (e.g. World Bank, Latin American Pension Fund Supervisors, International Association of Insurance Supervisors and International Federation of Pension Funds Administrators (FIAP)).</p>
<b><i>Participate in work of relevant international bodies</i></b>	<p>The IOPS continued the work with OECD commenting on its research and exchanging information on private pensions.</p> <p>The IOPS participated in the meetings of the G20/OECD Task Force on Institutional Investors and the G20/OECD Long Term Financing Task Force on Financial Consumer Protection.</p> <p>Regular updates on the IOPS Programme of Work were provided to our European counterparts EIOPA, International Actuarial Association (IAA) and to the IAIS External Representative for Pension Matters. In turn, these organisations provided the IOPS with updates on their own work and activities.</p>
<b><i>Promote, conduct, facilitate distribution and communication of research</i></b>	<p>The IOPS released two Working Papers during 2016.</p> <p>The IOPS continued revision of its website, including its electronic library on the IOPS website that provides 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. Printed copies of the Journal were distributed to the Members at the Paris Committee meetings and the OECD/IOPS Global Forum on Private Pensions.</p>
<b><i>Assist countries with less developed private</i></b>	The IOPS continues to build its membership and

<b><i>pension arrangements</i></b>	<p>contacts amongst countries with developing pension systems, and has welcomed representatives from many developing economies to its conferences and events.</p> <p>The IOPS Committee Meetings and Conference in Rome, Paris and Hong Kong, China saw attendance from non-member countries such as Estonia, Finland, Japan, Latvia, Malaysia, Morocco, Singapore and the United States. IOPS Members pursue their efforts supported by the Secretariat to expand the Membership of the Organisation in the future.</p>
<b><i>Develop database of private pension and supervisory systems worldwide</i></b>	<p>The IOPS continues to work with its partners from the ISSA and OECD to update and develop a comprehensive regulatory and statistical database covering private pension systems worldwide.</p>

## RELATIONS WITH OTHER ORGANISATIONS

The IOPS continued to work closely with other organisations in 2016. Such collaborations included:

- **OECD:** The IOPS continues to work closely with the OECD's Working Party on Private Pensions jointly organising research conferences, joint summer meetings and the Global Forum. This year, the summer joint meeting was held in Paris, France, while the Global Forum took place in Hong Kong, China. 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 continued to contribute to the G20/OECD Taskforce on Financial Consumer Protection, the Taskforce on Pension Statistics and the G20/OECD Taskforce on Institutional Investors and Long-Term Financing.
- **ISSA:** the joint database on complementary and private pensions is further 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 to IOPS projects. The World Bank has recently joined the OECD and IOPS in their data collection project for private pensions (OECD's Global Pension Statistics database). Following earlier discussions at IOPS meetings of the work integrating the IOPS principles in Outcomes Based Diagnosis and Assessments (OBA) of pensions, a case study has been produced on the use of the approach in Costa Rica.
- **IAA:** the two organisations continue to co-operate and comment in a timely manner on their work programmes and publications. IOPS and IAA have recently renewed the Memorandum of Understanding that sets up their co-operation for the next three years.
- **IAIS:** the two organisations continue to co-operate in respect of monitoring developments, co-ordinating respective work of each organisation and participating in events where relevant. In 2016 IOPS participated in establishing the Joint IAIS and IOPS survey of insurance supervisors "Retirement income business in insurance companies".

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- **AIOS:** the two organisations signed the Memorandum of Understanding that sets up their co-operation and provides each other with membership status according to their by-laws The IOPS became an Honorary Member of AIOS, and the AIOS become an Associate Member of the IOPS.
  - **EIOPA:** the IOPS and EIOPA provide regular updates of each other's work.

## **FUTURE MEETINGS**

### **2017**

- 22-24 February 2017, Committee Meetings and Seminar, Runaway Bay, Jamaica;
- 19-20 June 2017, Committee Meetings, OECD, Paris, France (back to back with the OECD WPPP);
- 23-25 October 2017, Committee Meetings, AGM & OECD/IOPS Global Forum on Private Pensions, Mauritius.



**Dr. Edward Odundo**  
President of IOPS



## Report by the Chair of the Technical Committee

**Darren McShane**

Chair of the IOPS Technical Committee

The Technical Committee of IOPS is tasked with developing principles, standards and good practices on pension supervisory issues and on regulatory issues related to pension supervision. The Technical Committee is also the primary forum through which members discuss and share experiences relating to pension supervision and contribute to the development and issuance of IOPS Working Papers. Participation in Technical Committee meetings is open to all IOPS members.

Over the year, three meetings of the Technical Committee were held which were all well supported by the membership. The June meeting in Paris was a joint meeting with the OECD Working Party on Private Pensions which provided a valuable opportunity to share and discuss the work of IOPS with a broader group of interested partners and stakeholders.

The outputs and ongoing work of the Committee are set out in some detail below. The value of a body such as IOPS is that it is able to draw upon the collective experiences of a broad membership of pension supervisors. The quality of outputs of the IOPS is driven by the contributions of these Members who are urged to participate and provide input whether through participation in project teams, responses to surveys and information requests or through the meeting processes where papers are discussed and refined. I would particularly like to thank those who drafted, edited and supplied input for the Working Papers released this year. I would also like to thank the Secretariat for their efforts in the development of the papers completed and progressed throughout the year and also for the substantial background work needed in arranging the meetings of the Committee so that they can run efficiently and productively.

Going forward, the Technical Committee is committed to an ambitious program of work that will continue to explore the frontiers of developments in private pension systems globally. To achieve these ambitions, we look forward to the ongoing commitment of the membership, the support of the secretariat and ongoing collaboration with our external partners.

### PROGRAMME OF WORK (POW) 2015-2016

#### RESEARCH AND PUBLICATIONS

During 2016, 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.

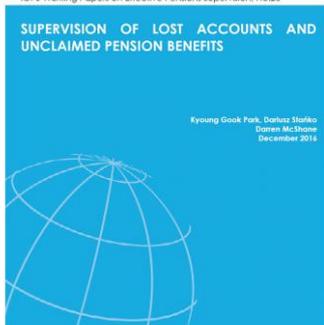
Two Working Papers were released during 2016. The first one studies how the issues of lost accounts (where the beneficial owner of the account cannot be located) and unclaimed pension benefits (where the beneficiary has a right to payment but cannot be located) are monitored and addressed by pension supervisors. The second paper reviews the role of pension supervisory authorities and existing supervisory practices directed at enhancing consumer protection in the private pension area. Abstracts of the two papers published 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 the results of research and policy analysis conducted throughout the year. They are developed with the important input and assistance of Technical Committee members, and are circulated to encourage discussion and comment and feed policy debate in their respective jurisdictions. They represent the views of the authors and may not represent the opinion of the IOPS members as a whole.

### ***WORKING PAPER NO. 26: Supervision of lost accounts and unclaimed pension benefits***



IOPS Working Papers on Effective Pensions Supervision, No.26

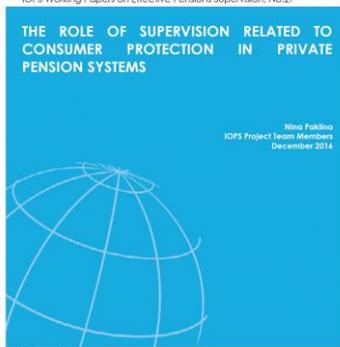


**Abstract:** This paper discusses supervisory practices for and implications of lost and unclaimed pension benefits (including unaccounted pension assets). Supervision and proper regulation of lost and unclaimed pension benefits is important because a loss of contact may result in a forfeiture of substantial retirement benefits for individual members. Proper management and minimising the amount of unclaimed and lost pension assets is one of the fundamental areas for supervisors to build trust in the pension system.

The size of, and the response to, this issue varies from jurisdiction to jurisdiction. This paper discusses supervisory practices for, and implications of, lost accounts and unclaimed pension benefits (including unaccounted pension assets). While some supervisors actively engage in finding the proper owners of lost accounts and unclaimed benefits or assets and in reducing the occurrence of such events, some supervisors are less actively involved in such processes. The differences in supervisory response can be explained by a number of factors, including different system structures, which cover the extent to which administrators are responsible for managing this issue, differing expectations about member engagement, and the level of system maturity.

### ***WORKING PAPER NO. 27: Role of supervision related to consumer protection in private pension systems***

IOPS Working Papers on Effective Pensions Supervision, No.27



**Abstract:** Taking the G20/OECD High-Level Principles of Financial Consumer Protection and Effective Approaches as a basis, the report reviews the key areas and supervisory measures directed at enhancing consumer protection in the private pension sector: 1) the legal framework and supervisory mandate; 2) disclosure and transparency; 3) financial education and awareness; 4) responsible business conduct of pension services providers and their authorised agents; and 5) complaints and redress.

The report identifies a number of good practices in the IOPS jurisdictions with regard to the above five areas covered and encourages supervisors to implement them. The report is therefore the source for the IOPS Good Practices on supervisory activities in the area of pension consumer protection that are currently under development by the International Organisation of Pension Supervisors.

The report argues that regardless of the various types of regulatory and supervisory structures adopted, the pension supervisors have an important role in maintaining and enhancing consumer protection. This is especially relevant in the systems where private pensions offer the main source of retirement income and also where individuals are confronted with a number of choices.

## PROJECTS

In addition to the projects outlined above, the IOPS has worked on the following projects during 2016, which are expected to reach completion during the coming year:

- ***Supervision of pension funds' investment management: infrastructure and long-term investments:*** The project aims to deliver a report describing supervisory practices and experiences in monitoring and supervising the investment management process with regard to infrastructure and long-term investment. This is the second phase of the project on supervision of pension funds' investment management. This new phase project will look at the strategies applied by pension supervisors, supervisory challenges and measures in the supervisory framework that may facilitate infrastructure and long-term investment by pension funds. It also aims to produce recommendations or guidelines for supervision of pension funds' investment management in general.
- ***Good practices on the role of pension supervisory authorities in consumer protection related to private pension systems:*** Using the results of the report on the role of pension supervisory authorities, the project aims to identify a set of good practices on supervisory activities in the area of pension consumer protection.
- ***Empirical study of pension funds' investment behaviour:*** As a next step of the work on supervision of large pension funds, this project investigates the investment behaviour of pension funds in selected IOPS jurisdictions during 2006-2015 to determine the effect of pension funds on the stability of financial markets.
- ***Revision of the IOPS Principles of Private Pension Supervision:*** The IOPS Governing Membership agreed at its Berlin Annual Meeting on 29 October 2015 on the need to revise the IOPS Principles of Private Pension Supervision. These principles were last revised in 2010 and may warrant revision, in light of the current revision of the OECD Core Principles of Private Pension Regulation (which include the IOPS Principles as its Implementing Guidelines of Core Principle 6 on Supervision) and developments in the supervisory techniques and approaches that have taken place since the last revision of the Principles.

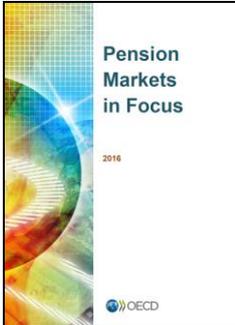
## OTHER

Work on updating the ISSA/IOPS/OECD database continued during 2016. Most of the Members contacted have provided revised or new profiles which were have been subsequently published. The new round of revisions commenced in the fall of 2016.

A broad range of IOPS Members provide statistical information for the OECD Global Pension Statistics Project. This year the World Bank (WB) joined the efforts together with the OECD and the IOPS to help to expand global data on private pensions. Selected statistics for IOPS Members are available via the OECD's Pensions Markets in Focus publication and the OECD web-site ([www.oecd.org/daf/pensions](http://www.oecd.org/daf/pensions)).

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The IOPS Members are encouraged to actively participate and provide, on a regular basis, the requested pension regulatory and statistical data/information as a part of the joint the ISSA/OECD/IOPS Complementary and Private Pensions database and the OECD/IOPS/WB Global Pension Statistics database



2016 Edition of the OECD Pension Markets in Focus is available via

<http://www.oecd.org/daf/fin/private-pensions/pensionmarketsinfofocus.htm>

IOPS Member countries' background information and papers by research topic and by country are available on the IOPS web-site: [www.iopsweb.org](http://www.iopsweb.org). Members are invited to provide recent reports on their pension systems and developments in supervisory approaches and techniques for inclusion in the research database. The IOPS research web-page will be subject to on-going revision, restructuring and improvement.

**Darren McShane**  
Chair of the IOPS Technical Committee



**André Laboul**  
Secretary General of IOPS

## Report of the Secretariat

The IOPS Secretariat provided a wide range of support to the IOPS membership during the year. In addition to supporting and working to extend the membership base, servicing the Executives and organising meetings, the Secretariat has, on the request of the Executive Committee, continued in an analytical role to provide intellectual input to the Organisation. 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 mid-2016, the IOPS secondee, Björn Z. Ásgrímsson returned to his Financial Supervisory Authority (FME) of Iceland, whilst the secondment of Kyoung Gook Park, provided the Financial Supervisory Service (FSS) of Korea was renewed for a further year. I would like to thank these IOPS Member authorities for their generous and kind support of the Organisation. The practical supervisory experience of the secondees continues to be highly valuable for the Secretariat. I hope that the secondee programme can continue in the future, with other Members contributing to it.

### MAIN TASKS COMPLETED DURING 2016

#### DOCUMENTS

The Secretariat provided substantial analytical input to the on-going IOPS projects which led to the publication of the following documents: Working Paper No. 26 on Supervision of lost and unclaimed pension benefits and Working Paper No. 27 on Role of supervision related to consumer protection in private pension systems.

The Secretariat was closely involved with and assisted the work of various other project teams, helping to fulfil the intended 2015-2016 Programme of Work of the Organisation. The Secretariat further assisted in the collection and dissemination of documents for other IOPS projects undertaken during 2016.

The new searchable repository for the IOPS website was finalised and its gradual update will be implemented next year. The IOPS Secretariat, along with our OECD colleagues, has also taken on the role of updating and extending the ISSA/OECD/IOPS database.

Finally, the Secretariat coordinated the production of numerous other documents, including the preparation of the agendas and briefings of the Executive and Technical Committee meetings, the updated Programme of Work, the Annual Budget of the Organisation, President's and other reports, including the IOPS 2016 Annual Report.

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## MEETINGS

The Secretariat engaged in the establishment, operation, preparation, and organisation of meetings for the Executive and Technical Committees held in 2016 in Rome (February), Paris (June) and Hong Kong, China (November). Secretariat analytical and organisational support was also provided for the Annual General Meeting of the Governing Membership held in Hong Kong, China in November 2016.

The Secretariat was involved in the planning and organisation of the IOPS/COVIP International Seminar on Private Pensions held in Rome on 26 February, the OECD/IOPS/CEPR/The Pension Research Council/Netspar Joint Conference held in Paris on 8 June and the OECD/IOPS Global Forum on Private Pensions held in Hong Kong, China on 9-10 November 2016.

Marketing of the Global Forum by the Secretariat helped to ensure that this annual event continued to attract a wide ranging audience. Indeed, about 40 jurisdictions were represented at the Global Forum from the Asia region and worldwide, with some non-member delegations expressing an interest in becoming IOPS members in the future.

Support was additionally provided for the Chairpersons of the committees.



**OECD/IOPS Global Forum on Private Pensions: Making Private Pensions Work Better, 9-10 November, Hong Kong Special Administrative Region (HKSAR), China. Q&A session.**

## COOPERATION WITH OTHER INTERNATIONAL BODIES

The IOPS Secretariat continues to work closely with the OECD's Working Party on Private Pensions, including organising the first international research conference on pensions and aging issues in partnership with the Pension Research Council at the Wharton School of the University of Pennsylvania (United States), the CEPAR at the University of New South Wales (Australia) and Netspar at Tilburg University (the Netherlands) in Paris in June. The Secretariat represented the IOPS at the meeting of the G20/OECD Task Force on Financial Consumer Protection and the G20/OECD Task Force on Institutional Investors and Long-Term Financing and provided related input on the

topics. The Secretariat also delivered a presentation on the role of occupational pensions at the March meeting of the Belgium pension association held in Brussels.

Additionally, the Secretariat worked towards the extension of the ISSA/IOPS/OECD database on complementary and private pensions. The MoU between the IOPS and the ISSA was extended this year.

The IOPS Secretariat continues to co-operate with the IAIS and the IAA and provides a regular exchange of updates with these colleagues.

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

#### **ADMINISTRATION AND OTHER**

The Secretariat continued its work during 2016 to extend the IOPS membership base, contacting and following up with potential members.

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 members of the Executive Committee at Annual General Meeting in Paris, France and Hong Kong, China.

The Secretariat continues efforts to modernise the IOPS website, as well as launching and regularly updating social networking groups for IOPS via the Clearspace site.



**André Laboul**  
Secretary General IOPS

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## Executive Committee Members 2016

### IOPS President and Chair of Executive Committee

Dr. Edward Odundo  
Chief Executive Officer, Retirement Benefits Authority, Kenya (re-elected on 29 October 2015)

### IOPS Vice-President

Dr. Olga Fuentes  
Deputy Chair of Regulation, Pensions, Superintendence of Chile (elected on 29 October 2015)

### Ex Officio - Chair of Technical Committee

Mr Darren Mc Shane  
Chief Regulation & Policy Officer and Executive Director, Mandatory Provident Fund Schemes Authority, Hong Kong, China (re-elected on 7 June 2016)

### Ex Officio – Vice Chair Technical Committee & IOPS Treasurer

Mr Stephen Glenfield  
General Manager, South West Region, Specialised Institutions Division, Australian Prudential Regulation Authority (APRA) (elected on 7 June 2016)

### Elected in 2015 to serve from 2016 until the end of 2017

<b>Botswana</b>	Non-Bank Financial Institutions Regulatory Authority
<b>Egypt</b>	Egyptian Financial Supervisory Authority (EFSA)
<b>India</b>	Pension Fund Regulatory and Development Authority of India (PFRDA)
<b>Italy</b>	Pension Fund Supervision Commission (COVIP)
<b>Jamaica</b>	Financial Services Commission (decided to vacate the seat commencing 2017)
<b>Maldives</b>	Capital Market Development Authority
<b>Romania</b>	Financial Supervisory Authority
<b>Uganda</b>	Retirement Benefits and Regulatory Authority (URBRA)

### Elected in 2016 to serve from 2017 until the end of 2018

<b>Austria</b>	Financial Market Authority
<b>China</b>	Chinese Insurance Regulatory Commission

**Hungary**

The Central Bank of Hungary

**South Africa**

Financial Services Board

**Turkey**

Undersecretariat of the Treasury

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## IOPS Members and Observers 2016

### Governing Members

<b>Albania</b>	Financial Supervisory Authority
<b>Armenia</b>	The 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>	National Superintendence for Closed Pension Funds - PREVIC
<b>Bulgaria</b>	Financial Supervision Commission
<b>Canada</b>	Canadian Association of Pension Supervisory Authorities (CAPSA)
<b>Chile</b>	Pensions Superintendence of Chile
<b>China</b>	Chinese Insurance Regulatory Commission
<b>Colombia</b>	Financial Superintendence of Colombia
<b>Costa Rica</b>	Pensions Superintendence of Costa Rica
<b>Czech Republic</b>	The Czech National Bank
<b>Dominican Republic</b>	Superintendence of Pensions
<b>Egypt</b>	Egyptian Financial Supervisory Authority (EFSA)
<b>France</b>	Prudential Supervisory Authority (ACP)
<b>Germany</b>	Federal Financial Supervisory Authority (BaFin)
<b>Ghana</b>	National Pensions Regulatory Authority
<b>Gibraltar</b>	Financial Services Commission
<b>Hong Kong, China</b>	Mandatory Provident Fund Schemes Authority (MPFA)
<b>Hungary</b>	The Central Bank of Hungary
<b>Iceland</b>	Financial Supervisory Authority (FME)
<b>India</b>	Pension Fund Regulatory and Development Authority (PFRDA)
<b>Indonesia</b>	Indonesia Financial Services Authority
<b>Ireland</b>	Pensions Authority
<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 Authority / Financial Supervisory Service
<b>Kosovo</b>	The Central Bank of the Republic of Kosovo
<b>Lesotho</b>	Central Bank of Lesotho
<b>Liechtenstein</b>	Financial Market Authority
<b>Lithuania</b>	Bank of Lithuania
<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>	National Commission for the Pension System (CONSAR)
<b>Mozambique</b>	Insurance Supervisory Institute (ISSM)
<b>Namibia</b>	Namibia Financial Institutions Supervisory Authority
<b>Netherlands</b>	Central Bank of the Netherlands (DNB)

<b>Nigeria</b>	National Pensions Commission
<b>Norway</b>	Financial Supervisory Authority
<b>Pakistan</b>	Securities and Exchange Commission
<b>Papua New Guinea</b>	Bank of Papua New Guinea
<b>Peru</b>	Superintendence of Banking, Insurance and Pension Fund Administrators
<b>Poland</b>	Polish Financial Supervision Authority
<b>Portugal</b>	Insurance and Pension Funds Supervisory Authority
<b>Romania</b>	Financial Supervisory Authority
<b>Russian Federation</b>	Central Bank of the Russian Federation
<b>Rwanda</b>	National Bank of Rwanda
<b>Serbia</b>	National Bank of Serbia
<b>Seychelles</b>	Financial Services Authority
<b>Slovak Republic</b>	National Bank of Slovakia
<b>South Africa</b>	Financial Services Board (FSB)
<b>Spain</b>	Ministry of Economy and Competitiveness
<b>Suriname</b>	Central Bank of Suriname
<b>Swaziland</b>	Office of the Registrar of Insurance and Pension Retirement Funds
<b>Switzerland</b>	Occupational Pension Supervisory Commission OPSC
<b>Tanzania</b>	Social Security Regulatory Authority
<b>Trinidad &amp; Tobago</b>	Central Bank of Trinidad and Tobago
<b>Turkey</b>	Pension Monitoring Center
<b>Turkey</b>	Undersecretariat of the Treasury
<b>Uganda</b>	Uganda Retirement Benefits Regulatory Authority
<b>United Kingdom</b>	The Pension Regulator (TPR)
<b>Zambia</b>	Pension and Insurance Authority
<b>Zimbabwe</b>	Insurance and pension Commission

#### Associate Members

<b>Panama</b>	Civil Servants' Pension and Saving Plan (SIACAP)
<b>Romania</b>	Private Pension System Rights Guarantee Fund
<b>South Africa</b>	National Department of Social Development
<b>Tanzania</b>	Bank of Tanzania
<b>International Association of the Latin American Pension Fund Supervisors (AIOS)</b>	<i>Partnership Agreement</i>
<b>International Association of Insurance Supervisors (IAIS)</b>	<i>Partnership Agreement</i>
<b>International Social Security Association (ISSA)</b>	<i>Partnership Agreement</i>
<b>OECD</b>	<i>Partnership Agreement</i>
<b>World Bank</b>	

#### Observers

<b>American Association of Life Insurers (ACLI)</b>	
<b>International Actuaries Association (IAA)</b>	<i>Reciprocal Membership</i>
<b>Insurance Europe</b>	

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## Secretariat

### Secretary General

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## Report of the Treasurer

**Dr. Dirk Broeders**

IOPS Treasurer 2015 to mid 2016

### SUBJECT:

### IOPS ACCOUNTS AS OF 31 DECEMBER 2015

Dear Governing Members,

The membership fee income of the International Organisation of Pension Supervisors (IOPS) increased from 505,549 euro in 2014 to 530,751 euro in 2015. This reflects a permanent member support for the activities of IOPS.

Regarding costs, the main expense item during 2015 continued to be the Secretariat support provided by the OECD under the official partnership between both our Organisations. The amount involved was 381,290 euro in 2015, reflecting a small increase compared to the previous year.

Conference and meeting expenses were 18,842 euro in 2015, significantly down from 39,592 euro in the previous reporting year. The IOPS held Executive Committee and Technical Committee meetings in Costa Rica, France and Germany. The Annual General Meeting and joint OECD/IOPS Global Forum also took place in Germany.

The reserve policy adopted by the Executive Committee in 2007 is to hold a 20% target of the estimated yearly membership fee income as a contingency reserve, to cover uncertainties relating to the timing of receipt and level of membership payments. An amount of 5,040 euro was transferred to the contingency reserve in order to stay in line with this target after the small increase in membership fee income. In addition, the Executive Committee decided at the same meeting in 2007 to build up an additional reserve to cover future event expenditure, such as costs relating to conference or regional workshop programs. No draw down from this special reserve was made in 2015.

On balance, IOPS ran an operating surplus of 105,466 euro for the year 2015. This implies a firm increase in the IOPS assets to 418,158 euro at the close of 2015. With this, IOPS is in a solid financial position to realise its goals.

**Dirk Broeders**  
Treasurer

The International Organisation of Pension Supervisors  
Dated: 3 June 2016

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2015 Members Payments

Albania	Ghana	FYR Macedonia	Spain
Armenia	Hungary	Malawi	Suriname
Australia	Hong Kong, China	Mauritius	Swaziland
Austria	Iceland	Mexico	Switzerland
Belgium	India	Mozambique	Tanzania
Botswana	Israel	Namibia	Trinidad & Tobago
Bulgaria	Ireland	Netherlands	Turkey (Pensions Monitoring Centre)
Brazil	Isle of Man	Nigeria	Turkey (Undersecretariat of the Treasury)
Canada	Italy	Norway	Uganda
China	Jamaica	Pakistan	United Kingdom
Chile	Jordan	Palestian Authority	Zambia
Colombia	Kenya	Peru	South Africa (Ministry for Social Development)
Costa Rica	Korea	Poland	The World Bank
Czech Republic	Lethoso	Portugal	ACLI
Dominican Republic	Liechtenstein	Romania (Private Pension System Supervisory Comission)	Insurance Europe
Egypt	Lithuania	Russian Federation	PensionsEurope
Germany	Maldives	Serbia	
Gibraltar	Malta	Slovak Republic	



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

Neuilly-sur-Seine, 23 June 2015

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

We have audited the accompanying balance sheet of the International Organisation of Pension Supervisors (the "IOPS") as of 31 December 2014 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 2014, in accordance with International Financial Reporting Standards.

**Jean-Laurent Bracieux**

**Partner**

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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, Lille, Limoges, Lyon, Marseille, Metz, Montpellier, Nantes, Neuilly-sur-Seine, Nice, Pau, Quimper, Rennes, Saint-Quentin, Strasbourg, Toulouse.

<b>International organisation of pension supervisors (IOPS)</b>				
<b>Statement of financial position</b>				
<b>As per 31 December 2015</b>				
<b>Assets</b>	<b>Notes</b>	2015 (Euro)	2014 (Euro)	
Cash at bank		449,574	139,699	
Short term deposit		118,313	117,731	
Interest accrued		-	-	
Sundry debtors and prepayments	<b>6</b>	107,250	80,261	
Secundee loan	<b>7</b>	4,248	-	
<b>Total</b>		<b><u>679,385</u></b>	<b><u>337,691</u></b>	
<b>Liabilities and net assets</b>				
Prepaid membership fees		-	16,499	
Accrued Grants to OECD		254,193		
Accrued expenses		7,500	8,500	
<b>Total liabilities</b>	<b>8</b>	<b><u>261,693</u></b>	<b><u>24,999</u></b>	
<b>Net Assets</b>		<b><u>417,691</u></b>	<b><u>312,692</u></b>	
<b>Unrestricted Net Assets &amp; Reserves</b>				
Retained earnings before transfer		186,582	112,223	
Changes in unrestricted net assets for the current year		104,999	87,367	
		<b><u>291,581</u></b>	<b><u>199,590</u></b>	
Transfer from Special Reserve	<b>10</b>	-	-	
Transfer to Contingency Reserve	<b>9</b>	- 5,040	- 13,008	
Retained Earnings after transfer		<b><u>286,541</u></b>	<b><u>186,582</u></b>	
Special Reserve		25,000	25,000	
Contingency Reserve		106,150	101,110	
<b>Total Funds</b>		<b><u>417,691</u></b>	<b><u>312,692</u></b>	

<b>International organisation of pension supervisors (IOPS)</b>			
<b>Statement of activities</b>			
<b>For the year ending 31st December 2015</b>			
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>			
	<b>Notes</b>	2015 (Euro)	2014 (Euro)
<b>Revenue and gains</b>			
Membership fees		530,751	505,549
Interest		582	1,248
<b>Total unrestricted revenue and gains</b>		<b>531,333</b>	<b>506,797</b>
<b>Expenses</b>			
Audit		7,700	7,200
Bank fees and charges		1,544	1,340
Secretariat support costs		-	-
OECD administration	<b>4</b>	381,290	366,678
Conference expenses	<b>5</b>	18,842	39,592
Subscriptions		7,000	-
Lawyer costs		-	1,200
Editor		-	3,065
Waivered fees		5,500	-
Miscellaneous		4,457	356
<b>Total expenses</b>		<b>426,333</b>	<b>419,431</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		<b>104,999</b>	<b>87,367</b>

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## INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

### NOTES TO THE FINANCIAL STATEMENTS

Year ending 31 December 2015

#### 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:

127,097 Grant provided to meet secretariat and administrative support services, technical and liaison support.

254,193 Accrued Grants to the OECD 2015, paid early 2016.

**381,290**

#### 5 CONFERENCE FEES

The IOPS held three sets of meetings in Costa Rica, Paris and Germany.

14,331 Total expenses paid in 2015

6,011 Prepayments in 2014 for Meeting & IOPS/AIOS Seminar San José 2015

-1,500 Write off prepaid expenses of Mark Iwry for the IOPS TC&EC Meetings, AGM & Global Forum Santiago of 2012

**18,842**

#### 6 SUNDRY DEBTORS AND PREPAYMENT

Consist of the following amounts:

2014 33,000 Honduras, Jordan, Kazakhstan, Malawi, Serbia and United Kingdom.

2015 74,250 Cayman Islands, Honduras, France, Indonesia, Kazakhstan, Kosovo, Luxembourg, Papua New Guinea, Panama, Rwanda, South Africa (Financial Service), Thailand and Zimbabwe.

**107,250**

## INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

### NOTES TO THE FINANCIAL STATEMENTS

Year ending 31 December 2015 (continued)

#### 7 SECONDEE LOAN

Loan to mr. B. Asgrimsson, secondee at IOPS/OECD for a deposit for the rental of an apartment. The loan amounts to:

4,284
<u>4,284</u>

The loan is a no interest loan and the abovementioned amount will be paid back by no later than 15 September 2016.

#### 8 ACCRUED EXPENSES

The accrued expenses of 2015 amount to:

7,500	Audit fee 2015
<u>254,193</u>	Accrued Grants to the OECD 2015, paid early 2016.
<u>261,693</u>	

The accrued expenses are the reservation of the audit fee of 2015 and the accrued grant to the OECD 2015.

The audit fee is an estimation based on previous years.

#### 9 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 € 5.040 was transferred from the Retained Earnings to Contingency Reserve.

#### 10 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.

11 While the IOPS is a non-tax paying organisation and accordingly would not normally have 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

12 The 2015 fees are levied in three bands according to the stage of economic development in the member's country. The bands are based on the World Bank's country classification.