

IOPS Annual General Meeting

REVISED PROGRAMME OF WORK 2019-2020

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REVISED PROGRAMME OF WORK 2019-2020

I. On-going Projects

The following projects are currently being undertaken by the Technical Committee and will continue in 2020:

- **Supervision of pension investment management, including non-traditional investment, infrastructure and long-term investment:** The report on supervision of pension investment management, including non-traditional investment was published as IOPS Working Paper No. 29 in September 2017. In this second stage of the project, initialised in 2018, the IOPS investigates the supervision of infrastructure and long-term investments by pension funds and ways it can be facilitated. The project expects to be finalised in the first half of 2020.

The project will contain a list of good practices and lessons learned on the ways that supervisory authorities could support and facilitate pension funds investment in infrastructure. It is deemed that the project will provide important support to the work of the G20/OECD Task Force on Institutional Investors and Long-Term Financing from the pension supervisory perspective.

Project team: Iceland, IOPS Secretariat.

- **Projections of retirement benefits:** This is part of solvency and adequacy project accepted by the IOPS Members for the Programme of Work 2017-2018. The work on projections started in 2018 and the first paper that reviews the technical aspects of pension projections (types of projections, inputs and assumptions used, as well as supervisory issues) in selected jurisdictions was published in 2019. The second paper, focusing on communication of pension projections to fund members, is currently being developed and is expected to be finalised in the first half of 2020. In 2020, the IOPS intends to finalise its Good Practices on supervision of pension benefits projections in private pensions (the first drafts have already been presented in 2019). These projects are being jointly developed with the OECD Working Party on Private Pensions.

Project team: Turkey (leader, Pension Monitoring Center), Chile, Guernsey, Italy, India.

- **Solvency of DB pension funds in current financial environment**

This is part of solvency and adequacy project accepted by the IOPS Members for the Programme of Work 2017-2018. Some preparatory work on this report started in 2018, however, due to capacity constraints resulting from the large number of on-going projects this one was formally initialised only in 2019 and is currently on-going (a preliminary scoping survey was sent to the Members in April 2019, its results presented in June 2019, a detailed survey was sent to the Members in July 2019 and its preliminary results were presented in November 2019). The goal of the paper is to understand the current situation of defined benefit pension schemes with regard to their solvency. The paper may also provide estimates of the implications for them under the scenario of low interest rates prevailing until 2025 (tentative date). The project is expected to be finalised in first half of 2020.

Project team: Brazil (co-leader), Switzerland (co-leader), CAPSA (Canada), South Africa, Turkey (Pension Monitoring Center).

- **Digitalisation and its cybersecurity aspects**

In line with the priority accepted at the AGM in China in October 2019, the IOPS initialised work in the area of digitalisation. A paper describing the impact of the digitalisation of financial services on supervisory practices in the private pension sector was published in February 2019. The second stage of this project that focuses on the cybersecurity is currently being developed and is expected to be finalised in 2020.

Project team: Austria; Chile; Hong Kong (China); Hungary; Kenya; Mexico and Turkey.

Under this priority, Members have also identified other potential areas of work such as: developing new principles on FinTech supervision, potentially with a focus on cyber-security, and working on the following two topics: a) How can digitalisation further accelerate pensions' plan coverage?, b) How can digitalisation make the supervision of pension plans easier and more efficient? These projects may be initialised upon finalisation of the current one.

- **Risk-based supervision**

Update and development of supervisory knowledge and the international guidance and good practices in the area of Risk-based supervision (RBS) in private pensions is set among IOPS priorities in the IOPS Strategy 2019-2024. In line with this priority work stream, and as agreed at the AGM in China in October 2019, the IOPS initialised work in the area of risk-based supervision. As preliminary step, IOPS will develop a report on risk-based supervisory issues (lessons learnt). So far, lessons learnt on the implementation of RBS regimes were discussed in March 2019 and the case studies of RBS are being updated.

Project team: IOPS Secretariat, call for interested Members to join.

Under this priority, Members have also identified other potential areas of work such as: developing new guidelines or good practices on risk-based supervision and organising more technical trainings/workshops on risk-based supervisory issues (see next section). This project will continue in 2020.

II. New IOPS Projects

- **Revision of the IOPS Principles of Private Pension Supervision:** The IOPS Governing Membership agreed at its Berlin meeting on 29 October 2015 on the need to revise the IOPS Principles of Private Pension Supervision which were previously revised in 2010, 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 Principles.

The revision started in the second half of 2016 and resulted in identifying some basic editorial and updating changes that needs to be introduced to the text of Principles. In 2019, as part of this project, the IOPS finalised and published its Supervisory guidelines on the integration of ESG factors in the investment and risk management of pension funds. The next potential step under this project in 2020 could be developing implementation rules/guidelines (e.g. in the area of risk disclosure or scenario testing) that will help IOPS members to apply the Supervisory ESG guidelines in practice. In addition, Members may consider endorsing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This project may start in 2020.

Project team: call for interested Members to join.

- **Risk-based supervision training/seminar/standards:** As part of this project and to respond to Members' aspirations, the IOPS may develop a training/technical seminar on selected key issues in relation to the adoption of RBS regime (e.g. building a forward looking supervisory culture - teaching staff to make qualitative judgements; supervisory risk modelling (or setting new categories of risk) – moving towards more risk focused supervision in private pension area, etc.) Development of new standards and practical guidance may arise from the research/work to underpin best practices and lessons learned.

Project team: to be determined.

- **Supervision of pension investments:** Extending supervisory knowledge and development of the international guidelines and good practices in the area of investments and risk management is another strategic work priority orientation outlined in the IOPS Strategy 2019-2024. The potential areas can cover supervision of investment in complex/structured products (including low-interest rate issues), and supervision of sustainable investments. This project will include the facilitation by members the data collection on infrastructure investments by pension funds with the purpose of building financial, ESG and economic benchmarks (to be developed). Depending on capacity, the project may start in 2020 or 2021.

Project team: to be determined.

- **Implementation of IOPS Supervisory guidelines on the integration of ESG factors in the investment and risk management of pension funds of pension funds:** This project will develop a framework/methodology to support the implementation by pension supervisors of the IOPS Guidelines (e.g. in the area of risk assessment and disclosure or scenario testing) that will help IOPS members to apply the IOPS Guidelines in practice.

Project team: to be determined.

The above projects will be developed and completed in the priority order indicated at the AGM in Beijing, China: risk-based supervision, digitalisation, supervision of pension investments.

III. Other On-going Work

- **Tour d' Horizon:** as part of the Tour the Technical Committee regularly reviews major developments related to the supervision of private pensions, building on information provided by members on major reform in their countries. As previously agreed, it is envisaged that urgent projects or work priorities may arise from discussions which take place as part of the Tour, and that the review may also include discussion papers on topical issues provided by the Secretariat. Likewise, IOPS members may draft papers on research issues or describing particular supervisory experience.
- **Statistics/Database:** IOPS Members currently provide statistical data via the OECD/IOPS/World Bank's Global Pensions Statistics Project. The statistical information is constantly updated with the report published annually. In addition, the International Social Security Association (ISSA), IOPS and OECD continue to jointly develop and expand the comprehensive data source on the regulation of private pension systems worldwide. Each year up to 20, countries' regulatory profiles are being updated and/or created for inclusion in the joint ISSA/IOPS/OECD Complementary and private pension's database. In addition, since 2017, the IOPS Secretariat has been updating and

extending the Members' information available on the IOPS web-site, including short jurisdictions' pension profiles and other resources. Project team: IOPS Secretariat, OECD.

- **Technical Assistance** – IOPS contributed to the Africa Pension Supervisors Conference organised in Kenya in September 2019. Other regional outreach meeting will be organised in 2020 if demand arises and resources allow.

IV. On-going Projects with Other Institutions

- **Consumer Protection:** The OECD is developing further guidance following the adoption of the High Level Principles on Financial Consumer Protection for the G20 (the IOPS has been represented at the Task Force on this issue by the Secretariat). The IOPS continues to be involved in follow up work relating to these Principles (specifically any sectoral based work relating to private pensions).
- **Other G20 work:** the IOPS may also be asked to contribute sectoral expertise to other G20 projects. The POW will be updated to reflect such requests as required.
- **OECD:** the IOPS has partnered successfully with the OECD in previous years on projects of joint interest. During 2019-20, the OECD is working on the following topics, which the IOPS could potentially contribute to the projects such as: How funded and private pensions can contribute to enabling people in non-standard forms of work; Supplementary funded pensions and gender; Alternative approaches to manage and/or pool longevity risk; Design of defined contribution pension arrangements; Investment strategies and investment benchmarks; Cost of running private pensions; Design of defined contribution pension arrangements.
- **IAIS:** The IOPS will continue collaborating with IAIS on any topical projects and training/technical seminar(s) that relate to pension supervision.

TENTATIVE TIMETABLE 2019-2020

Project	February 2019	June 2019	November 2019	Q1 2020	Q2 2020	Q4 2020
<i>Supervision of investment management – infrastructure and long-term investment (including possible guidelines)</i>	Update	Update	Update	Approve as working paper & to be published by Q2 2020		
<i>Draft ESG guidelines</i>	Update	Approve the Guidelines	Published			
<i>Pension projections</i>	Update	Approve as working paper	First paper (technical aspects) published Update on second paper (communication)	Update	Approve as working paper & to be published by Q2 2020	
<i>Solvency of DB pension funds</i>	Outline	Update	Update	Update	Approve as working paper	To be published by Q3 2020
<i>Priority 1: Risk-based supervision</i>	Outline	Update	Update	Approve one deliverable		
<i>Priority 2: Digitalisation</i>		Outline	Update	First paper (digitalisation) published	Update on second paper (cybersecurity)	Approve second deliverable
<i>Priority 3: Supervision of investments</i>					Outline	Update

<i>G20/FSB Work</i>	As required	As required	As required	As required	As required	As required
<i>Toolkit Material</i>	Update as required	Update as required	Update as required	Update as required	Update as required	Update as required
<i>Statistics / Database</i>	Request information	Update Database	Update Database	Request information	Update Database	Update Database
<i>Technical Assistance</i>	As required	As required	As required	As required	As required	As required