



IOPS ANNUAL REPORT 2015

Activities from January 2015 to December 2015
2014 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 88 Members and Observers representing supervisory bodies from 77 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:

- 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.*



Dr. Edward Odundo
President of IOPS

Report from the President of IOPS

HIGHLIGHTS

In 2015 IOPS continued working with individual members and co-operating actively with other international organisations which have an interest in pension supervision. In February, the Pensions Superintendence of Costa Rica (SuPen) hosted the IOPS Committee meetings in San José. During the session of the IOPS Technical Committee, SuPen presented the results of their self-assessment of compliance with the IOPS Principles of Private Pension Supervision. The meetings were followed by a two-day seminar entitled “Global Pension Perspectives: Investment, financial culture for retirement and new generation reforms”, organised jointly by SuPen and the Latin American Pension Fund Supervisors (AIOS). The seminar brought together senior officials from the pension regulatory and supervisory authorities and a large number of representatives of the private pension industry of Costa Rica, as well as international delegates, members of the IOPS, researchers, journalists and academics. It addressed topics which were had been highly prioritised both on the supervisory agendas in the Latin American region and within the programme of work of the IOPS. Such topics included the regulation and supervision of non-traditional investments, the supervision of guarantee mechanism and benchmarking investment returns in private pension systems, the role of supervision relative to consumer protection in private pensions, the supervision of the administration and distribution of benefits, the Latin-American second generation reforms in the DC pension systems, reconciling high expectations of pension fund members and poor saving culture, and ways to stimulate a greater competition in DC pension systems.

In June, IOPS and the OECD Working Party on Private Pensions organised joint meetings in Paris. These were followed by a seminar organised jointly by OECD, IOPS and the Investment Company institute (ICI). The seminar addressed two important pension topics: the interaction between public and private retirement provision, and the design of a private pension system that complements the public pension system.

The Annual General Meeting (AGM) was held in October in Berlin, Germany, and was hosted by the German IOPS member authority, the Federal Financial Supervisory Authority (BaFin). The AGM and the IOPS committee meetings were followed by the OECD/IOPS Global Forum on Private Pensions, which had the theme of “Pension Trends and the Changing Supervisory Landscape”. The forum benefited from the knowledge and expertise of numerous speakers and delegations and touched on several important topics, such as the pension reform process in Europe, the long-term investment in the low-interest rate environment, the role of large pension funds in the economy, the financial

consumer protection in the private pension systems, and the insights from behavioural economics that can be applied in the design of the pension pay-out phase.

I would like to thank all participants in our meetings and in particular, the authorities that hosted the meetings for their initiative and hospitality.

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. Some of these principles and standards have been taken into account by the G20/OECD taskforces while developing effective approaches for G20/OECD High Level Principles. 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 2014 programme of work, which stemmed from the subjects developed by IOPS. Such subjects included the Technical Committee papers on the role of actuarial calculations and reviews in pension supervision and on the concept of target retirement income. During 2015 the IOPS worked also on new projects such as the supervision of investment management, the role of supervisors in protection of consumers in private pension systems, and the micro- and macro- dimensions of supervision of large pension funds.

I would like to thank to Dr. Edgar Robles Cordero, who stepped down from the position of Vice President, for his outstanding contribution to IOPS. Finally, I would wish to congratulate my colleague, Ms. Olga Fuentes, on her appointment as the IOPS Vice-President. I look forward to working with her and the rest of the Membership to achieve the aims and purposes of our Organisation.

MEMBERS

Four bodies joined the Organisation in 2015, bringing the IOPS membership to 88 Members and Observers. The entities that joined were the Canadian Association of Pension Supervisory Authorities (CAPSA), the Central Bank of Lithuania, the Insurance Supervisory Institute (ISSM) of Mozambique, the Central Bank of the Russian Federation, and the Insurance and Pension Commission of Zimbabwe. They all joined as Governing Members.

Our goal for 2016 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, like to 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 2016.

MEETINGS

The following meetings were held in 2015:

- Executive and Technical Committee meetings; 23 February – San José, Costa Rica; 22-23 June – Paris, France; 28 October – Berlin, Republic of Germany;
- IOPS/SuPen/AIOS Seminar: Global pension perspectives: Investment, financial culture for retirement and new generation reforms, 24-25 February, San José, Costa Rica;

- OECD/IOPS/ICI Seminar: The role of private and public pension provision, 24 June, Paris, France.
- Annual General Meeting, 29 October, Berlin, Germany;
- Global Pensions Forum, held jointly with the OECD, 29-30 October, Berlin, Germany.



**IOPS/SuPen/AIOS Seminar: Global pension perspectives: Investment, financial culture for retirement and new generation reforms, 24-25 February, San José, Costa Rica
Dr. Edgar Robles Cornero, IOPS Vice President**

AIMS

The Organisation successfully worked towards fulfilling a range of aims and objectives during 2015, including the following:

| AIM | Achievement 2015 |
|---|---|
| <i>Standard setting body on pension supervisory issues</i> | Representatives of the Organisation participated in the work of other bodies promoting the standards developed by the IOPS. |
| <i>Worldwide forum for dialogue and exchange</i> | <p>The IOPS organised jointly with OECD and the Investment Company Institute, a seminar held in Paris on the public and private pension systems.</p> <p>The joint OECD/IOPS Global Forum was organised in Berlin, Germany.</p> <p>The IOPS continued collaboration with other international institutions (e.g. World Bank, Latin American Pension Fund Supervisors).</p> |
| <i>Participate in work of relevant international bodies</i> | <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>The IOPS finalised a joint project with the International Actuarial Association (IAA) on the role of actuarial review and valuations in pension supervision.</p> <p>Regular updates on the IOPS Programme of Work were provided to our European counterparts EIOPA, International Actuarial Association (IAA) and to our colleagues from IAIS Pensions Coordination Group. In turn, these organisations provided the IOPS with updates on their own work and activities.</p> <p>The IOPS provided an input on the potential impact of pension funds on financial stability which was presented at the meeting of the working group (WS3) of the Financial Stability Board in Paris.</p> |
| <i>Promote, conduct, facilitate distribution and communication of research</i> | <p>The IOPS released 3 Working Papers during 2015.</p> <p>The IOPS finalised building the new repository</p> |

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| | <p>system for 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 Finance and Economics' developed under the aegis of the IOPS and OECD. Printed copies of the Journal were distributed to the Members at the Paris Committee meetings.</p> |
| <i>Assist countries with less developed private pension arrangements</i> | <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>The IOPS Committee Meetings and Conference in Costa Rica, Paris and Berlin saw attendance from non-member countries such as El Salvador, Estonia, Finland, Japan, Malaysia, Morocco, Paraguay, Uruguay, Latvia, and United States. These countries would be warmly welcomed as IOPS Members in the future.</p> |
| <i>Develop database of private pension and supervisory systems worldwide</i> | <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 2015. 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 Berlin, Germany. 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 project of the World Bank to introduce the IOPS Principles in their FSAP assessments is on-going.

- **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. Since 1 January 2015, the IOPS has become an “interested party” in the IAIS new membership structure.
- **EIOPA:** the IOPS and EIOPA provide regular updates of each other’s work.

FUTURE MEETINGS

2016

- 25-26 February, Committee Meetings and Seminar, Rome, Italy;
- 6-8 June, Committee Meetings, OECD, Paris, France (back to back with the OECD WPPP);
- 8-10 November, Committee Meetings, AGM & OECD/IOPS Global Forum on Private Pensions, Hong Kong, China.



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 attended 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 quality of outputs of the IOPS is driven by the contributions of the Members and all Members 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 like particularly 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.

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. This will require the ongoing commitment of the membership, the support of the secretariat and the collaboration of our external partners.

PROGRAMME OF WORK (POW) 2015-2016

RESEARCH AND PUBLICATIONS

During 2015, 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 2015. The papers highlight a range of challenges that may arise with regard to interactions between supervisors and actuarial professionals as well as a target retirement income system. Two papers, related to actuarial valuations and review, provide a wealth of examples and experiences from the point of view of the IAA and IOPS members. The third paper focuses on the changes being done to DC pension systems and possible supervisory

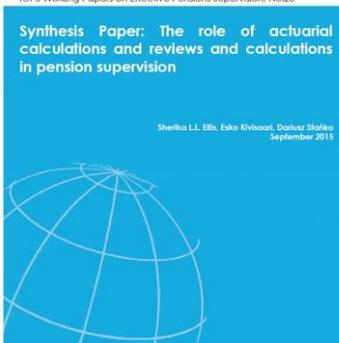
challenges that may result when pension targets become more linked to ultimate retirement income level. Abstracts of the three papers issued this year are included below. The IOPS welcomes submissions for the Working Paper series. Members who have papers covering relevant issues and who are interested in submitting them for inclusion in the series should contact the IOPS Secretariat.

IOPS Working Papers present 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. 23: Synthesis paper: The role of actuarial calculations and reviews in pension supervision



IOPS Working Papers on Effective Pensions Supervision, No.23



Abstract: Actuarial calculations and reviews provide information that is often viewed as crucial for risk management and governance of pension funds. As such, among other things, pension fund managers and/or trustees customarily use calculations and review in making funding and investment decisions and in assessing risk exposures. Therefore, calculations and review play a significant role in the operation and, ordinarily, in the supervision of pension funds.

This synthesis paper is an abridged version published as IOPS Working Paper No. 24.

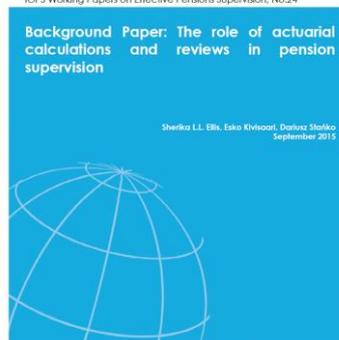
The paper shortly describes calculations and reviews, the role of the actuary and mention different professionals doing these calculations. It then discusses the role that calculations and reviews can have in pension supervision and concludes with challenges (and potential solutions) in supervisors' use of actuarial calculations.

The paper identifies several potential challenges that might be faced by supervisors with regards to the conduct or role of actuarial professionals. These relate to: quality of actuarial assumptions, use of technical language, inaccurate information or responsiveness by actuarial professionals, their independence, adequacy of resources, availability of timely information and observance of statutory requirements or legal changes.

WORKING PAPER NO. 24: Background paper: The role of actuarial calculations and review in pension supervision



IOPS Working Papers on Effective Pensions Supervision, No.24



Abstract: This background paper serves as extension of the short synthesis paper published as IOPS Working Paper No. 23.

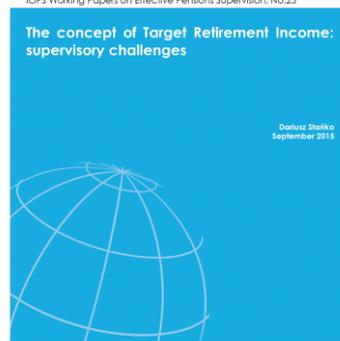
The paper reviews the role of actuarial calculations and review for pension supervision from the perspective of surveyed actuarial professionals (IAA) and pension supervisors (IOPS). It provides a detailed analysis of responses received from both institutions in the area of: requirements placed on actuarial professionals, expectations of supervisors towards actuarial calculations and review, responsibilities and liabilities of actuarial professionals, fit and proper requirements by pension supervisors and the importance of actuarial calculations and review in pension schemes and their risk management.

The paper identifies several potential challenges that might be faced by supervisors with regards to the conduct or role of actuarial professionals. These relate to: quality of actuarial assumptions, use of technical language, inaccurate information or responsiveness by actuarial professionals, their independence, adequacy of resources, availability of timely information and observance of statutory requirements or legal changes.

WORKING PAPER NO. 25: The concept of target retirement income: supervisory challenges



IOPS Working Papers on Effective Pensions Supervision, No.25



Abstract: This paper discusses supervisory challenges in relation to the concept of the target retirement income (TRI). The TRI framework attempts to shift the short-term focus of investment managers towards the long-term income perspective of retirement savers. It seeks to address the needs of pension fund members by providing them with understandable and substantial information about their expected income needs in retirement and the risks to which they are exposed.

Supervisors will need to think ahead about requirements and challenges they will have to face if systems with retirement targets for private pensions are introduced by their governments.

The paper suggests that pension supervisors should make sure that the TRI framework contains the following five key features. (1) The retirement target is defined and presented to the members as a lifetime income or range of income levels expected in return for assuming a pre-defined level of risk, (2) both expected risk and return are measured and presented in a meaningful way, (3) projections as well as the probability of meeting stated retirement goal are reasonable, (4) pension fund members understand the fundamental link between the level of target and contribution rates and are offered a range of choices when the ongoing investment results suggest that the target is not likely to be reached, and (5) members understand the consequences of the above choices.

PROJECTS

In addition to the projects outlined above, the IOPS has worked on the following projects during 2015, which are expected to reach completion during the coming year:

- **Supervision of investment management, including non-traditional investment, infrastructure and long-term investment by pension funds:** The project aims to deliver a report describing supervisory practices and experiences in monitoring and supervising the investment management process, including in relation to non-traditional investments. The project intends to study the extent to which pension supervisors are responsible for supervising the various forms of investment, the strategies and approaches adopted in its supervision, the extent to which reliance is placed on self-regulation (prudent person standards), risk based and/or compliance framework, as well as the challenges faced in the supervision of non-traditional investment management activities.
- **Role of supervision related to consumer protection in pension systems:** The aim of the project is to review the role of pension supervisory authorities and existing supervising practices directed at enhancing consumer protection in the private pension area. It will focus on areas related to selected G20/OECD High-Level Principles on Financial Consumer Protection: role of oversight bodies; disclosure and transparency; financial education and awareness; responsible business conduct and authorised agents; complaints hand redress. The project aims to deliver a report and a set of principles or good practices on supervisory activities in the area of pension consumer protection.
- **Macro- and micro dimensions of supervision of large pension funds:** The aim of the present project is to provide some information with regard to pension funds that are large in global or local terms. The project will investigate how such funds may influence the financial markets, and what are the mechanisms (transmission channels) through which they can

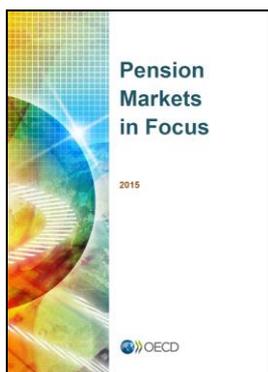
interact with the financial markets. The project will investigate the behaviour of large pension funds in the past to find out whether they influence the financial markets and if so, in which way (positive, negative). The project will seek to elaborate what (if any) strategies and approaches supervisors should adopt to address potential macro- and micro impacts that large pension funds may make.

OTHER

Work on updating the ISSA/IOPS/OECD database continued during 2015. Most of the Members contacted have provided revised profiles which will be published shortly, while the remainder are in the process of updating and drafting 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 the 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.

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 statistical data collection exercise.



2015 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. Members are invited to provide recent reports on their pension systems and developments in supervisory approaches and techniques for inclusion in the research database.



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 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 mid-2015 IOPS received two secondees, Björn Asgrimsson and Kyoung Gook Park, provided by member authorities. I would like to thank the Financial Supervisory Authority (FME) of Iceland and the Financial Supervisory Service (FSS) of Korea, for their generous and kind support of the Organisation. The practical supervisory experience of the secondees proved highly valuable for the Secretariat. I hope that such an arrangement can be repeated in the future.



Björn Z. Asgrimsson
IOPS Secondee



Kyoung Gook Park
IOPS Secondee

MAIN TASKS COMPLETED DURING 2015

DOCUMENTS

The Secretariat published three documents: Working Paper No. 23: Synthesis paper: The role of actuarial calculations and reviews in pension supervision, Working Paper No. 24: Background paper: The role of actuarial calculations and review in pension supervision and Working Paper No. 25: The concept of target retirement income: supervisory challenges.

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 2015.

Building of the on-line electronic research library continued during 2015. 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 new searchable repository for the IOPS website was finalised. The IOPS Secretariat, along with our OECD colleagues, has also taken on the role of updating 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 2015 Annual Report.

MEETINGS

The Secretariat played a key role in the organisation of the OECD/IOPS Global Forum on Private Pensions held in Berlin, Germany on 29-30 October 2015. There were over 120 international participants from over 50 jurisdictions from Europe and worldwide.

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 held in Berlin, Germany on 29 October 2015.

Support was additionally provided for the Chairpersons of the committees.



**OECD/IOPS Global Forum on Private Pensions
29-30 October 2015, Berlin, Germany**

From the left: Mr. André Laboul (IOPS Secretary General), Mr. Darren McShane (Chair of the IOPS Technical Committee), Dr. Edward Oundo (President of IOPS), Dr. Dirk Broeders (Vice Chair of the IOPS Technical Committee and IOPS Treasurer).

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 seminar with the OECD and the Investment Company Institute 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 input work being developed on the topics. The Secretariat delivered a presentation on potential impact of pension funds on financial stability at the June meeting of Work Stream 3 of the Financial Stability Board held in Paris, and a presentation on the governance and performance measurement of pension supervisors at the conference organised in July by the Brazilian Association of Pension Fund Administrators (ABRAPP) in Zurich.

Additionally, the Secretariat worked towards the extension of the ISSA/IOPS/OECD database on complementary and private pensions.

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 2015 to extend the IOPS membership base, contacting and following up with potential members. New authorities who joined IOPS as governing members in 2015

include: the Canadian Association of Pension Supervisory Authorities (CAPSA), the Mozambique Insurance Supervisory Institute (ISSM), the Central Bank of the Russian Federation, and the Insurance and Pension Commission of Zimbabwe.

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 President and Vice President, as well as members of the Executive Committee at Annual General Meeting in Berlin.

The Secretariat finalised efforts to modernise the IOPS website, as well as continued launching and regularly updating social networking groups for IOPS via the Clear Space site.



André Laboul
Secretary General IOPS

Executive Committee Members 2015

IOPS President and Chair of Executive Committee

Dr. Edward Odundo
Chief Executive Officer, Retirement Benefits Authority, Kenya (Acting President from 5 June 2013, elected as new President on 5 November 2013)

IOPS Vice-President

Dr. Edgar Robles Cordero
Superintendent, Pensions Superintendence of Costa Rica (elected as new Vice President on 5 November 2013, and resigned on 18 June 2015)

Elected in 2014 to serve from 2015 until the end of 2016

| | |
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| Australia | Australian Prudential Regulation Authority |
| Austria | Financial Market Authority |
| Hungary | The Central Bank of Hungary |
| Turkey | Undersecretariat of the Treasury |
| Ex Officio – Chair Technical Committee | Mandatory Provident Fund Schemes Authority, Hong Kong, China |
| Ex Officio – Vice Chair Technical Committee and IOPS Treasurer | The Central Bank of the Netherlands (DNB) |

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

| | |
|-----------------|--|
| Botswana | Non-Bank Financial Institutions Regulatory Authority |
| Egypt | Egyptian Financial Supervisory Authority (EFSA) |
| India | Pension Fund Regulatory and Development Authority of India (PFRDA) |
| Italy | Pension Fund Supervision Commission (COVIP) |
| Jamaica | Financial Services Commission |
| Maldives | Capital Market Development Authority, Maldives |
| Romania | Financial Supervisory Authority |
| Uganda | Retirement Benefits and Regulatory Authority (URBRA) |

IOPS Members and Observers 2014

Governing Members

| | |
|---------------------------|--|
| Albania | Financial Supervisory Authority |
| Armenia | The Central Bank of Armenia |
| Australia | Australian Prudential Regulation Authority |
| Austria | Financial Market Authority |
| Belgium | Financial Services and Markets Authority (FSMA) |
| Botswana | Non-Bank Financial Institutions Regulatory Authority |
| Brazil | National Superintendence for Closed Pension Funds - PREVIC |
| Bulgaria | Financial Supervision Commission |
| Canada | Canadian Association of Pension Supervisory Authorities (CAPSA) |
| Cayman Islands | Cayman Islands Monetary Authority |
| Chile | Pensions Superintendence of Chile |
| China | Chinese Insurance Regulatory Commission |
| Colombia | Financial Superintendence of Colombia |
| Costa Rica | Pensions Superintendence of Costa Rica |
| Czech Republic | The Czech National Bank |
| Dominican Republic | Pensions Superintendency (SIPEN). |
| Egypt | Egyptian Financial Supervisory Authority (EFSA) |
| France | Prudential Supervisory Authority (ACP) |
| Germany | Federal Financial Supervisory Authority (BaFin) |
| Ghana | National Pensions Regulatory Authority |
| Gibraltar | Financial Services Commission |
| Honduras | National Commission on Banking and Insurance |
| Hong Kong, China | Mandatory Provident Fund Schemes Authority (MPFA) |
| Honduras | National Commission on Banking and Insurance |
| Hungary | The Central Bank of Hungary |
| Iceland | Financial Supervisory Authority (FME) |
| India | Pension Fund Regulatory and Development Authority (PFRDA) |
| Indonesia | Indonesia Financial Services Authority |
| Ireland | Pensions Authority |
| Isle of Man | Isle of Man Financial Services Authority (IOMFSA) |
| Israel | CMISD – Capital Markets, Insurance and Savings Division |
| Italy | Pension Funds Supervision Commission (COVIP) |
| Jamaica | Financial Services Commission |
| Jordan | Ministry of Industry, Trade and Supplies |
| Kazakhstan | National Bank of the Republic of Kazakhstan |
| Kenya | Retirement Benefits Authority (RBA) |
| Korea | Financial Services Authority / Financial Supervisory Service |
| Kosovo | The Central Bank of the Republic of Kosovo |
| Lesotho | Central Bank of Lesotho |
| Lichtenstein | Financial Market Authority |
| Lithuania | Bank of Lithuania |
| Luxembourg | Financial Sector Supervisory Commission |
| FYRO Macedonia | Agency for Supervision of Fully Funded Pension Insurance (MAPAS) |
| Malawi | Reserve Bank of Malawi |
| Maldives | Capital Market Development Authority |
| Malta | Financial Services Authority |
| Mauritius | Financial Services Commission |
| Mexico | National Commission for the Pension System (CONSAR) |

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

Associate Members

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

Observers

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

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Dr. Dirk Broeders
IOPS Treasurer 2014

Report of the Treasurer

SUBJECT:

IOPS ACCOUNTS AS OF 31 DECEMBER 2014

Dear Governing Members,

The International Organisation of Pension Supervisors (IOPS) experienced an increase in membership fee income, from 440,515 euro in 2013 to 505,549 euro in 2014. This reflects a continuous strong support for IOPS from a larger membership base.

As regards costs, the main expense item during 2014 continued to be the Secretariat support provided by the OECD under the official partnership between both our organisations. The amount involved was 366,678 euro in 2014, which relates to an increase from the previous year.

Conference and meeting expenses were 39,592 euro in 2014, down from 60,591 euro in the previous year. The IOPS held Executive Committee and Technical Committee meetings in Iceland, Paris and Namibia. The Annual General Meeting and joint OECD/IOPS Global Forum also took place in Namibia.

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 13,008 euro was transferred to the contingency reserve in order to stay in line with this target after the 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. There was no need to draw down from this special reserve in 2014.

On balance, IOPS ran an operating surplus of 87,367 euro for the calendar year 2014. This implies a firm increase in the IOPS assets to 312, 692 euro at the close of 2014, leaving IOPS in a solid financial position for achieving our goals.

A handwritten signature in black ink, appearing to read 'Dirk Broeders', written over a horizontal line.

Dirk Broeders
Treasurer

The International Organisation of Pension Supervisors
Dated: 3 June 2015

2014 Members Payments

| | | | |
|----------------|------------------|---|---|
| Albania | Hungary | Maldives | Slovak Republic |
| Armenia | Hong Kong, China | Malta | South Africa (Financial Services Board) |
| Australia | Iceland | FYRO Macedonia | Spain |
| Austria | India | Mauritius | Suriname |
| Belgium | Indonesia | Mexico | Swaziland |
| Botswana | Israel | Namibia | Switzerland |
| Bulgaria | Ireland | Netherlands | Tanzania |
| Brazil | Isle of Man | Nigeria | Thailand |
| Cayman Islands | Italy | Norway | Turkey (Pensions Monitoring Center) |
| Chile | Jamaica | Pakistan | Turkey (Undersecretariat of the Treasury) |
| Colombia | Kazakhstan | Palestinian Authority | United Kingdom |
| Costa Rica | Kenya | Papua New Guinea | Zambia |
| Czech Republic | Korea | Peru | Panama |
| Egypt | Kosovo | Poland | The World Bank |
| France | Lesotho | Portugal | ACLI |
| Germany | Liechtenstein | Romania (Private Pension System Supervisory Commission) | Insurance Europe |
| Gibraltar | Luxembourg | Rwanda | PensionsEurope |



**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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| International organisation of pension supervisors (IOPS) | | | | |
|---|--------------|----------------|----------------|--|
| Statement of financial position | | | | |
| As per 31 December 2014 | | | | |
| Assets | Notes | 2014 (Euro) | 2013 (Euro) | |
| Cash at bank | | 139,699 | 100,481 | |
| Short term deposit | | 117,731 | 116,483 | |
| Interest accrued | | - | - | |
| Sundry debtors and prepayments | 7 | 80,261 | 28,307 | |
| Total | | 337,691 | 245,271 | |
| Liabilities and net assets | | | | |
| Prepaid membership fees | 9 | 16,499 | - | |
| Accrued expenses | 8 | 8,500 | 19,945 | |
| Total liabilities | | 24,999 | 19,945 | |
| Net Assets | | 312,692 | 225,326 | |
| Unrestricted Net Assets & Reserves | | | | |
| Retained earnings before transfer | | 112,223 | 69,958 | |
| Changes in unrestricted net assets for the current year | | 87,367 | 40,749 | |
| | | 199,590 | 110,708 | |
| Transfer from Special Reserve | 11 | - | - | |
| Transfer to Contingency Reserve | 10 | - 13,008 | 1,515 | |
| Retained Earnings after transfer | | 186,582 | 112,223 | |
| Special Reserve | | 25,000 | 25,000 | |
| Contingency Reserve | | 101,110 | 88,103 | |
| Total Funds | | 312,692 | 225,326 | |

International organisation of pension supervisors (IOPS)
Statement of activities
For the year ending 31st December 2014

CHANGES IN UNRESTRICTED NET ASSETS

| | Notes | 2014 (Euro) | 2013 (Euro) |
|---|--------------|----------------|----------------|
| Revenue and gains | | | |
| Membership fees | | 505,549 | 440,515 |
| Interest | | 1,248 | 1,272 |
| Total unrestricted revenue and gains | | 506,797 | 441,787 |
| Expenses | | | |
| Audit | 6 | 7,200 | 7,176 |
| Bank fees and charges | | 1,340 | 1,399 |
| Secretariat support costs | | - | 13,600 |
| OECD administration | 4 | 366,678 | 311,100 |
| Conference expenses | 5 | 39,592 | 60,591 |
| Subscriptions | | - | 7,000 |
| Publishing Costs | | - | 173 |
| Lawyer costs | | 1,200 | - |
| Editor | | 3,065 | - |
| Miscellaneous | | 356 | - |
| Total expenses | | 419,431 | 401,038 |
| CHANGES IN UNRESTRICTED NET ASSETS | | 87,367 | 40,749 |

INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

NOTES TO THE FINANCIAL STATEMENTS

Year ending 31 December 2014

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:

366,678 Grant provided to meet secretariat and administrative support services, technical and liaison support.

366,678

5 CONFERENCE FEES

The IOPS held three sets of meetings in Iceland, Paris and Namibia.

49,241 Total expenses paid in 2014

-6,011 Prepayments Meeting & IOPS/AIOS Seminar San José 2015

-4,445 Meeting, AGM & Global Forum Korea November 2013

807 Prepaid 2013 Reykjavik 2014

39,592

6 AUDIT

The amount of € 7,200 consists of an estimate of € 7,000 of audit fees to be paid in 2015 relating to the audit of financial statements for the year ended 31/12/2014 and € 200 higher than estimated audit fees paid in 2014 relating to the audit of the financial statements for the year ended 31/12/2013.

7 SUNDRY DEBTORS AND PREPAYMENT

Consist of the following amounts:

2014 66,000 Chile, China, Dominican Rep, Ghana, Honduras, Jordan, Malawi, Romania, Serbia, Trinibad, Uganda en UK, Kazachstan.

2013 8,250 China, Ghana

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

80,261

INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

NOTES TO THE FINANCIAL STATEMENTS

Year ending 31 December 2014 (continued)

8 ACCRUED EXPENSES

| | | |
|-------------|--------------|---|
| Consist of: | 7,000 | Audit fee based on 2013 |
| | 1,500 | IOPS TC&EC Meetings, AGM & Global Forum Santiago 2012 |
| | 8,500 | |

PRE-PAID MEMBERSHIP FEES

| | | |
|---------------|---------------|------------|
| 9 Consist of: | 8,250 | World Bank |
| | 2,749 | Mozambique |
| | 5,500 | Botswana |
| | 16,499 | |

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 € 13.007 was transferred from the Retained Earnings to Contingency Reserve.

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

13 The 2014 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.