

International Organisation of Pension Supervisors (IOPS)

INFORMATION FOR POTENTIAL MEMBERS



Introduction

The **International Organisation of Pension Supervisors (IOPS)** is an independent international body representing those involved in the supervision of pension funds, including pension supervisors from 76 jurisdictions worldwide - from Albania to Zimbabwe - covering all levels of economic development and bringing together all types of pension and supervisory systems.

The IOPS, formed in July 2004, was instigated by the Organisation for Economic Co-operation and Development (OECD) and the International Network of Pension Regulators and Supervisors (INPRS). It was felt that, concerning supervision, a more formal, independent, body could better serve as a world-wide forum for policy dialogue and the exchange of information, as well as a standard-setting body, promoting good practices in pension supervision.

Why Join IOPS?

As an IOPS Member you have privileged access to all relevant information and topical discussion, together with quality research (some of which is confidential in nature) generated by IOPS. Being an IOPS Member also enables you to contribute to and influence the leading global standards which the IOPS sets.

IOPS holds a variety of different meetings yearly, including Technical Committee meetings, regional seminars, and training workshops. As an IOPS Member you have an exclusive invitation to these informative events and participation provides excellent access to leading global peers in the field of private pension supervision. Specific training workshops can also be organised upon the request of IOPS members – resources permitting.

The Organisation's programme of work is set by the members, therefore joining IOPS gives you the opportunity to request work on specific areas of interest where you may require assistance. The IOPS receives many requests from supervisory authorities which are newly established and developing their pension systems, thus providing an unprecedented resource in pension supervision experience. Naturally the organization prioritises requests from and directs resources towards its members.

In addition, as an IOPS member you will also receive three editions per year of the Journal of Pension Economics and Finance, which is the only academic journal focusing on the economics and finance of pensions and retirement income.

Aims and Purposes

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.

IOPS aims to set international standards on pension supervisory issues, whilst taking into account the variety of different pension systems in various countries. The aim is to place IOPS firmly on the map as the leading Organisation in the field of private pension supervision. In addition to project based work, IOPS provides assistance to pension supervisors, including on risk-based supervision, and those still planning the introduction of effective pension supervisory strategies in emerging markets.

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.

Organisation

The IOPS operates by Committees: an Executive Committee and a Technical Committee. In addition to the Committee meetings, regional and annual meetings are held.

The current President is Mr. Edward Odundo, Chief Executive Officer of the Retirement Benefits Authority of Kenya. The Vice President is Ms. Olga Fuentes, Deputy Chairman of Regulation of the Pensions Superintendence of Chile. The Chair of the IOPS Technical Committee is Mr. Darren McShane, Chief Regulation & Policy Officer and Executive Director, Mandatory Provident Fund Schemes Authority, Hong Kong, China.

The other members of the Executive Committee are drawn from pension supervisors in: Australia, Austria, Botswana, Egypt, Hungary, India, Italy, Jamaica, Maldives, Romania, Turkey, and Uganda.

Committees

The Executive Committee consists of a minimum of 5 and a maximum of 12 members, elected by the Governing Members, representing at least 3 continents, to serve a 2 year term. The Committee has all the powers necessary to achieve the objectives and purposes of the Organisation, including the appointing of Chairpersons and Vice-Chairpersons, the consideration of membership applications and the setting of membership fees, the oversight of the Secretariat and the establishing of agenda for the Annual General Meetings and Conferences. The Committee prepares the biannual Programme of Work, the Annual Budget and the Annual Report of the Organisation, and is the main liaison body with other international organisations

Membership of the Technical Committee is voluntary. The group participates in and conducts the development of principles, standards and good practices on pension supervisory issues and on regulatory issues related to pension supervision. The Technical Committee also oversees the extensive body of research that the IOPS members and Secretariat undertakes. The Technical Committee develops the Programme of Work of the Organisation, which it recommends to the Executive Committee, and serves as a forum to discuss, develop and analyse matters related to pension supervision that are of interest to the membership.

The Technical Committee is currently chaired by Mr. Darren McShane of the Mandatory Pension Fund Schemes Authority of Hong Kong, China. The Vice Chair is Mr. Stephen Glenfield of the Australian Prudential Regulation Authority.

The IOPS Annual General Meeting is held once a year. The full governing membership of the IOPS is invited to attend this meeting in order to provide formal approval of standards, working papers and various administrative issues.

Achievements to date

Principles

The IOPS ‘Principles of Private Pension Supervision’ were approved by the governing members at the Annual General Meeting held in Istanbul in 2006. These Principles cover topics such as objectives, independence, adequacy of resources and powers, risk-orientation, proportionality and consistency, consultation and cooperation, confidentiality, transparency and governance. As well as being widely adopted and used by IOPS member authorities for the self-assessment purposes of their compliance with the Principles, these Principles have also been incorporated into the Organisation for Economic Co-operation and Development (OECD) Core Principles of Private Pension Regulation and have been used by the IMF and the World Bank in the Financial Sector Assessment Programmes (FSAP). A methodology for authorities to undertake self-assessment against the Principles has also been developed. The Principles were revised in 2010. A new round of revision of the Principles will take place under 2017-2018 Programme of Work (POW).

Commenting on the approved document, former IOPS President and Deputy Chairman of the Australian Prudential Regulation Authority (APRA) Mr. Ross Jones, said:

“I am pleased that the Organisation continues to make progress in developing a robust and practical body of work to aid our members in their important task of protecting investors in our ever-growing global pension funds. The turmoil in the financial markets in 2008 only serves to remind us that supervisors must constantly review and improve their own oversight systems and the IOPS international standards and surveys are an important resource for helping us to stay at the forefront of pension supervision.”

Guidelines and Good Practices

The elaboration and promotion of guidelines and good practices on pension supervision form part of the core activities of the Organisation. In addition to **the IOPS Core Principles**, the following guidelines have been approved by the Governing Members:

- **IOPS Good Practices for Governance of Pension Supervisory Authorities**, a guidance for its Members and other pension supervisory authorities to promote their good governance;
 - **IOPS/OECD Guidelines on the Licensing of Pension Entities** (also approved by the OECD Council), aiming to promote effective and impartial licensing requirements and procedures;
 - **IOPS Good Practices in Risk Management of Alternative Investments by Pension Funds**, directed at pension supervisory authorities to assist them in assessing whether pension funds are managing their alternative investments adequately;
 - **IOPS Guidelines for the Supervisory Assessment of Pension Funds**, providing pension supervisors with general supervisory standards for the conduct of the supervisory process;
 - **IOPS Guidelines for Supervisory Intervention, Enforcement and Sanctions**, covering the powers necessary for supervisory authorities to undertake preventive, protective or punitive interventions successfully, and provide directions to pension supervisors on how to develop a suitable enforcement approach;
- **IOPS/OECD Good Practices on Pension Funds' Risk-Management Systems**, aiming to outline the main features of risk management systems which pension funds employ; and,
 - **IOPS Good Practices for Governance of Pension Supervisory Authorities**, providing a list of internationally approved good governance criteria for consideration and action by pension supervisors.

The guidelines are available at www.iopsweb.org.

Working Papers

Launched in 2007 and available online at www.iopsweb.org, IOPS working papers review the nature and effectiveness of new and established pensions supervisory systems, providing examples, experiences and lessons learnt for the benefit of IOPS members and the broader pensions community.

- WP1: A review of the pros and cons of integrating pension supervision with that of other financial activities and services.
- WP2: Supervisory education, outreach and communication, including training of trustees.
- WP3: Utilisation of information technologies in off-site supervision of private pension systems.
- WP4: Experiences and challenges with the introduction of risk-based supervision for pension funds.
- WP5: The information for members of DC pension plans: Conceptual framework and international trends.
- WP6: Comparison of costs and fees in countries with private DC pension systems
- WP7: Transparency and competition in the choice of pension products: the Chilean and UK experience
- WP8: The supervisory oversight of pension fund governance
- WP9: Private pensions and policy responses to the financial and economic crisis
- WP10: Governance and performance measurement of pension supervisory authorities
- WP11: Pension funds' risk-management framework: Regulation and supervisory oversight
- WP12: Managing and supervising risks in defined contribution pension systems
- WP13: Pension fund use of alternative investments and derivatives: Regulation, industry Practice and implementation issues
- WP14: Efficient information collection

- WP15: Comparative information provided by pension supervisory authorities
- WP16: Structure of pension supervisory authorities and their approaches to risk-based supervision
- WP17: Supervision of pension intermediaries
- WP18: Supervising default investment funds
- WP19: Stress testing and scenario analysis of pension plans
- WP 20: Update on IOPS work on fees and charges
- WP 21: Supervising distribution of annuities and other forms of pension pay-out
- WP 22: Role of pension supervisory authorities in automatic enrolment
- WP 23: Synthesis Paper: The role of actuarial calculations and reviews and calculations in pension supervision
- WP 24: Background Paper: The role of actuarial calculations and reviews and calculations in pension supervision
- WP 25: The concept of target retirement income: supervisory challenges

IOPS Toolkit for Risk-based Supervision

The IOPS has developed an extensive research base on the topic of risk-based supervision (RBS), which can be used to educate and inform other supervisors about developments in this area or to provide the basis for the articulation of standards and good practices.

As a first part of the project on RBS, a major publication on risk-based supervision was jointly prepared and released by the World Bank and the IOPS. The book includes country case studies on supervisory authorities with leading risk-based pension supervision systems (Australia, Netherlands, Denmark and Mexico), along with analytical papers on the subject.

Drawing on accumulated countries' experiences and knowledge, the core of the project was to produce a toolkit for risk-based supervision. The IOPS Toolkit for Risk-based Supervision was officially launched in December 2010. It is designed to assist IOPS members introducing RBS.

Commenting on the launch of the Toolkit, the IOPS Technical Committee Chair, Ms. Solange Berstein, Superintendent of Pensions in Chile said:

“The Toolkit represents a major piece of work for the IOPS, building on extensive contribution from many member countries and providing practical assistance to supervisors around the world as they follow their peers in other financial sectors in adopting these innovative techniques. In Chile, though the implementation process has been challenging, we have learnt much from our international colleagues and are finding the new techniques invaluable. I look forward to the Committee adding further practical

examples and country experiences to the Toolkit in the coming years.”

The Toolkit's case studies are reviewed regularly – whether a new jurisdiction introduces RBS or an existing one reviews and improves its processes, the case studies will reflect these changes.

The Toolkit is broken down into modules providing practical guidance and includes comprehensive case studies to illustrate how supervisors have dealt with the challenges inherent in implementing the concepts and techniques of risk-based supervision. The modules have been made as practical as possible and each contains check lists, guidance and examples for the attention of supervisory authorities.

The IOPS can provide guidance to countries that are introducing or are new to the concept of risk based supervision by organising country-targeted specific events. Examples of countries where such events have been organised are Nigeria, Peru, and Brazil.

The modules for the toolkit include:

- **Introduction to RBS**
- **Module 1 Preparation for RBS**
- **Module 2 Data collection**
- **Module 3 Quantitative assessment of risk**
- **Module 4 Risk scoring models**
- **Module 5 Supervisory responses**

The IOPS Toolkit for Risk-based Supervision is online at www.iopsweb.org.

Conferences

Alongside its Annual General Meeting, the IOPS, jointly with the OECD, holds an annual Global Forum on Private Pensions and actively contributes to major international pension events.

In addition, the IOPS organises various regional outreach events, the first one taking place in 2008 in Dakar, Senegal. Building on the success of this meeting, similar regional events have since been organised in Egypt, Jamaica, Turkey, Chile, Hungary, Poland, Jordan, Nigeria, Peru, Brazil, Macedonia, Romania, Kenya, Iceland, Costa Rica, and Italy. These events address selected topics relating to the implementation of efficient and effective supervisory regimes.

Papers, presentations and the Proceedings from all IOPS events are available on the IOPS website at www.iopsweb.org.

OECD/IOPS GLOBAL FORUM ON PRIVATE PENSIONS

Annual global forums cover topics of particular interest to local participants.

2005	Bangkok, Thailand
2006	Istanbul, Turkey
2007	Beijing, China
2008	Mombasa, Kenya
2009	Rio de Janeiro, Brazil
2010	Sydney, Australia
2011	Cape Town, South Africa
2012	Santiago, Chile
2013	Seoul, Korea
2014	Swakopmund, Namibia
2015	Berlin, Germany
2016	Hong Kong, China

Databases

The IOPS website (www.iopsweb.org) serves as the definite source of information on pension supervision issues. The electronic library is a source of pension research material. In addition, the IOPS is building a database of information on its members, providing key pension statistics, and overviews of the pension systems in member countries and details of the pension supervisory systems employed. The IOPS continues to successfully cooperate with the International Social Security Association (ISSA) and the OECD to improve and extend the database of pension regulatory systems. The ISSA/IOPS/OECD Complementary and Private Pensions Database can be accessed within the [ISSA Social Security Country Profiles Database](#).

IOPS Members also actively contribute to the OCDE/IOPS/World Bank Global Pension Statistics exercise. The OECD/IOPS/WB pension statistic data and publications available on the [OECD web-site](#).

Research Projects

It should be stressed that the key resource of the IOPS is its very active membership. Research projects

are proposed, led and developed by country members and teams – ensuring the great involvement, relevance and commitment to all projects undertaken. For the current projects, see the IOPS Programme of Work on the [web-site](#).

ISSA/IOPS/OECD COMPLEMENTARY AND PRIVATE PENSIONS DATABASE



How to Join the IOPS

The Organisation has three types of membership: Governing Members, Associate Members and Observer-status Members. To apply for any category of membership, please send an application to the Treasurer of the Organisation. You will find the application form on the IOPS website at www.iopsweb.org.

Membership fees are levied in bands according to the stage of economic development in the member's country. Further details are available on the IOPS website at www.iopsweb.org.

Governing Membership

- a. Eligibility.* Any entity, responsible in whole or in part for the supervision of pension funds, plans, schemes or arrangements in a country or in the subdivision of a country, whether invested with its own personality or not, is eligible for Governing Membership in IOPS.
- b. Entitlements.* Governing Members are entitled to participate in all activities of the Organisation, are eligible to be members of IOPS committees and to chair such committees, and have access to all outputs of the IOPS.
- c. Voting.* Governing Members have full voting rights.

Associate Membership

- a. Eligibility.*
 - i* Any governmental authority including any international authority, that is responsible in whole or in part for pension regulation or the establishment of pension policy and that has an interest in pension supervision.

- ii Solely at the invitation and discretion of the Executive Committee, any international governmental (or similar) organisation that has a direct, institutional interest in pension supervision is eligible for Associate Membership.
- b. **Entitlements.** Associate Members are entitled to attend meetings of the Technical Committee and sub-committees and are entitled to access all outputs of the IOPS. Associate Members, however, are not eligible to chair such committees. Associate Members also may attend and speak at open Executive Committee meetings.
- c. **Voting.** Associate Members have no voting rights.

Observer-status Membership

- a. **Eligibility.** Entities that do not fulfil the criteria for Governing or Associate Membership, but are interested in pension supervision. Upon appropriate application, and at the discretion of the Executive Committee, Observer-status Membership may be obtained. Such entities include, but are not limited to:
 - i. Researchers and Research Organisations, including, but not limited to, universities, research institutes and individuals with an interest in pension economics, finance, statistics, regulation or supervision;
 - ii. Self-regulatory and industry-representative bodies and professional associations including, but not limited to, standard-setting bodies with an interest in pension supervision;
 - iii. Financial institutions and professional firms engaged in the business of providing pension-related services, including, but not limited to, investment management, actuarial, legal, consulting, trust and custodial services; and
 - iv. International governmental (or similar) organisations that have an interest in international pension supervision and do not have Associate Member status.

- b. Entitlements.* Observer-status Members are entitled to attend and observe open meetings of the sub-committees. Observer-status Members are not eligible to chair (or serve as vice-chair of) committees.
- c. Voting.* Observer-status Members have no voting rights.

Contacts

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