

# THE INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

SUMMARY RECORD FOR IOPS TECHNICAL COMMITTEE MEETING

1<sup>st</sup> April 2008

World Bank, Washington D.C.



# INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS SUMMARY RECORD IOPS TECHNICAL COMMITTEE MEETING

Tuesday, 1<sup>st</sup> April 2008

## 1. Administrative Issues

The Committee:

- were informed that the Chair of the Committee, Aerd Houben, would be standing down from his position at the end of the year. Members were therefore asked to start to consider nominations for the position, which should be discussed with the President and Secretary General;
- were informed by the President that the IOPS Principles are being increasingly used by the membership, including their formal adoption by Macedonia and a discussion of their application at the African regional meeting held in Senegal;
- raised the issue of the how changes to international accounting standards proposed by the IASB could effect pension funds, and agreed to discuss the issue further at the June meeting, to which the IASB would also be invited;
- thanked the World Bank for hosting the IOPS meetings;
- approved the summary record of the previous meeting IOPS/TC(2008)1;
- approved the draft agenda IOPS/TC(2008)2.

## 2. Tour d'Horizon

The Committee:

- discussed the impact of recent financial market turbulence on pension funds - including funding challenges for DB schemes and negative returns causing a lack of confidence in DC systems;
- received an update on reforms and developments in the pension system in Korea;
- heard a presentation from the Chairman of the Pension Benefit Guarantee Corporation of the USA on recent changes in investment policy.

## 3. Guidelines

The Committee:

- discussed the '*Guidelines for the Assessment of Pension Funds*' (IOPS/TC(2007)16/REV1). Comments on the document are requested to be submitted by delegates by the **2<sup>nd</sup> May 2008**. A final draft of the guidelines will be discussed at the meeting in June, before being circulated

for public consultation during the summer, with approval targeted at the 2008 Annual General Meeting;

- discussed the initial draft of the '*Guidelines for the use of Intervention, Enforcement and Sanction Powers*' (IOPS/TC(2008)3). Comments on the document are requested to be submitted by delegates by the **2<sup>nd</sup> May 2008**.

#### 4. Project Update

The Committee:

- discussed the draft paper on '*DC Information*' (IOPS/TC(2006)3/REV6), presented by the project leader COVIP of Italy. Comments on the document are requested to be submitted by delegates by the **2<sup>nd</sup> May 2008**, after which time the paper will be edited and finalized. Approval of the final version for publication as an IOPS Working Paper will be requested at the meeting in June;
- discussed the '*Supervisory Oversight of Pension Fund Governance*' paper (IOPS/TC(2007)5/REV3), presented by the project leader, the MPFA of Hong Kong. A supplementary questionnaire will be sent to members, requesting further detail on supervisory approaches to governance, with responses to be submitted by the **2<sup>nd</sup> May 2008**. The paper will then be finalized and a discussion of whether the report will be published as an IOPS Working Paper will be held at the meeting in either June or November;
- discussed the '*Supervisory Structures*' paper (IOPS/TC(2007)6/REV2), presented by the project leader TPR in the UK. The project leader was requested to provide an explanation of the supervisory intensity ranking and to present a restructured report at the next meeting. Specific comments on the current draft are requested to be submitted by delegates by the **2<sup>nd</sup> May 2008**;
- discussed the '*Costs and Fees*' project (IOPS/TC(2007)12/REV2), requesting explanations for the charge ratio rankings to be clearly identified at the start of the paper. A revised version will be discussed bilaterally with countries whose results are potentially sensitive, before publication of the final draft is discussed at the June meeting. Specific comments on the current draft of the report and data from additional countries who wish to be included in the report (including Namibia, Serbia and the UK who volunteered in Washington) are requested to be submitted by the **2<sup>nd</sup> May 2008**.

#### 5. New Projects

- Discussed the outline paper for the '*IOPS Toolkit for Risk-based Supervision*' (IOPS/TC(2008)4), agreeing on the broad framework for the project (with the addition of the issue of coordination with other supervisory bodies and cross-border issues). The following initial volunteers for project teams to lead the individual models were identified. It was agreed work would commence work on Modules 2, 3, 6 and 7, whilst work on the other modules will start at a later date. Further volunteers for any of the modules should notify the Secretariat by the **2<sup>nd</sup> May 2008**. The project teams will then be requested to draft a more detailed outline and work timetable for their module for presentation at the June meeting;
  - *Module 1 'Internal Risk-Management Architecture'* – Poland (with inputs from Chile and Germany)

- *Module 2 'Regulatory Powers and Requirements for RBS'* OECD
  - *Module 3 'Tools for RBS'* – Chile, Germany
  - *Module 4 'Data Collection'* – project team to be identified
  - *Module 5 'Risk Scoring Models'* – Kenya, South Africa, UK
  - *Module 6 'Supervisory Responses'*– Australia, Hungary, Botswana
  - *Module 7 'Role of Market Discipline'*– Namibia, Italy
  - *Module 8 'Supervisory Organisation'* – project team to be identified.
- discussed the paper on '*Information and Communication relating to Annuity Issues*' (IOPS/TC(2008)5), drafted by the project leader, Superintendencia of Chile, Comments on the document are requested to be submitted by delegates by the **2<sup>nd</sup> May 2008**, after which a revised version will be presented to delegates at the June meeting;
  - discussed the project on '*Governance of Pension Supervisory Authorities*', agreeing that the project team will coordinate and present a more detailed proposal for the project later in the year;
  - discussed the project outline on '*Mortality Tables*' (IOPS/TC(2008)7), in which the project leader, the FSA of Norway provided an update on the IAA's planned work in this area. The project leader agreeded to keep the Committee informed as the IAA's work develops in order to coordinate with the IOPS;
  - approved the *Programme of Work for 2008-2009* (IOPS/TC(2008)8). Additional volunteers for any of the projects should notify the Secretariat by the **2<sup>nd</sup> May 2008**.

## 6. Other Issues

The Committee:

- agreed to the following meeting schedule for 2008 and draft schedule for 2009:

### 2008

- Wednesday 25<sup>th</sup> June IOPS Committee meetings, OECD Paris (back to back with OECD WPPP)
- 29-31<sup>st</sup> October, committee meetings + AGM+ OECD/ IOPS Global Forum, Mombasa, Kenya

### 2009

- Spring committee meetings (*date tbc*)Budapest, Hungary
- Summer committee meetings(*date tbc*) Paris (back to back with OECD WPPP)
- Autumn Committee (*date tbc*) meetings +AGM + OECD/IOPS Global Forum Latin American region (*location tbc – volunteer host countries welcome*)

### Action Points

Members Involved	Deadline	Action Required
All members	2 <sup>nd</sup> May	Comments on ‘ <i>Guidelines for the Assessment of Pension Funds</i> ’ (IOPS/TC(2007)16/REV1) to be submitted to the Secretariat
All members	2 <sup>nd</sup> May	Comments on ‘ <i>Guidelines for the use of Intervention, Enforcement and Sanction Powers</i> ’ (IOPS/TC(2008)3) to be submitted to the Secretariat
All members	2 <sup>nd</sup> May	Updated information for the ‘ <i>DC Information</i> ’ report (IOPS/TC(2006)3/REV6) should be sent to the project leader ( <a href="mailto:giacomel@COVIP.it">giacomel@COVIP.it</a> ) / IOPS Secretariat
All members	2 <sup>nd</sup> May	Responses to the supplementary questionnaire on ‘ <i>Supervisory oversight of pension fund governance</i> ’ paper (IOPS/TC(2007)5/REV3) should be sent to the project leader ( <a href="mailto:JanetYuen@mpfa.org.hk">JanetYuen@mpfa.org.hk</a> ) / IOPS Secretariat
All members	2 <sup>nd</sup> May	Comments on the ‘ <i>Annuities Information</i> ’ paper (IOPS/TC(2008)5) should be sent to the project leader ( <a href="mailto:greyes@safp.cl">greyes@safp.cl</a> ) / IOPS Secretariat
All members	2 <sup>nd</sup> May	Volunteers for the project teams relating to each module of the ‘ <i>Toolkit for RBS</i> ’ (IOPS/TC(2008)4) should notify the IOPS Secretariat
Relevant members	2 <sup>nd</sup> May	Data from additional countries which wish to be included in the ‘ <i>Costs + Fees</i> ’ project (IOPS/TC(2007)12/REV2) should be sent to the IOPS Secretariat
Relevant members		Delegates who wish to see the detailed spreadsheets for the ‘ <i>Supervisory Structures</i> ’ (IOPS/TC(2007)6/REV2) should contact the project leader <a href="mailto:Philip.diamond@thepensionsregulator.gsi.gov.uk">Philip.diamond@thepensionsregulator.gsi.gov.uk</a>
RBS Project teams	30 <sup>th</sup> May	Outlines and timetables for selected modules of the RBS Toolkit to be circulated to members
Italy	30 <sup>TH</sup> May	Final version of the ‘ <i>DC Information</i> ’ report (IOPS/TC(2006)3/REV7) to be circulated to members
Hong Kong	30 <sup>TH</sup> May	Final version of the ‘ <i>Supervisory oversight of pension fund governance</i> ’ paper (IOPS/TC(2007)5/REV4) to be circulated to members – NB may be postponed until November meeting
UK	30 <sup>TH</sup> May	Revised ‘ <i>Supervisory Structures</i> ’ paper

		(IOPS/TC(2007)6/REV3) to be circulated to members
Chile	30 <sup>TH</sup> May	Revised version of the ' <i>Annuities Information</i> ' paper (IOPS/TC(2008)5/REV1) to be circulated to members