

# THE INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

SUMMARY RECORD FOR IOPS TECHNICAL COMMITTEE MEETING

25<sup>th</sup> June 2008

OECD, Paris



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

**Wednesday 25<sup>th</sup> June 2008**

### **1. Administrative Issues**

The Committee:

- thanked the OECD for hosting the IOPS meetings;
- approved the summary record of the previous meeting IOPS/TC(2008)9, with the clarification and corrections regarding the risk-based supervision project teams requested by Germany;
- approved the draft agenda IOPS/TC(2008)10;
- noted that the delegate from Norway leading the mortality tables project had left his national supervisory authority. The Committee decided to continue the dialogue on the issue, liaising with the Norwegian delegation and the IAA, who have been asked to produce an issues note and work plan (including IOPS potential input into their project) for the next meeting in Mombasa, and scheduling a substantive discussion of the topic for the June 2009 meeting to be held in Paris, when the US, UK and possibly the Dutch delegations will make presentations.

### **2. Tour d'Horizon**

The Committee:

- held a joint session with the OECD's Working Party on Private Pensions, discussing the IASB proposed change to the International Accounting Standard No.19 and cross-border issues (with presentations by the European Commission, the US delegation and private sector representatives);
- held a follow up discussion on the IASB proposed change to the International Accounting Standard No. 19. The committee recognized the importance of the proposed changes and agreed with the IASB's objective to issue high quality standards, especially regarding financial reporting by sponsors of pension funds, and arrive at a standard which presents a fund sponsor's pension promises in a true and fair fashion. The discussion emphasized that changes to IAS 19 should avoid a situation in which pension accounting requirements would have a significant unjustified impact on pension systems in jurisdictions, and that any changes should take account of risk mitigating and risk sharing mechanisms which countries have in place (it being unclear to what extent the new standard will include scope to recognize such mechanisms).The Committee agreed to write and thank the IASB for attending the joint session, and inviting the IASB to continue the dialogue with the IOPS, thereby extending an invitation to the 2008 Annual General Meeting to be held in Mombasa. The Committee also noted that the draft letter will be sent to all delegates for comments before being sent to the IASB.

### 3. Guidelines

The Committee:

- discussed the '*Guidelines for the Assessment of Pension Funds*' (IOPS/TC(2007)16/REV2). Written comments from delegates are requested by the **21<sup>st</sup> July 2008**. The guidelines will also be open for a period of public consultation over the summer (including being sent to relevant international financial organizations for comment), after which a final version will be submitted to Governing Members for approval at the 2008 Annual General Meeting;
- discussed the draft of the '*Guidelines for the use of Intervention, Enforcement and Sanction Powers*' (IOPS/TC(2008)3/REV1), after hearing presentations by the UK and Australian delegations on their approach to intervention and enforcement. Volunteers to present case studies of their enforcement approach were requested for the next meeting. Written comments on the document are requested by the **21<sup>th</sup> July 2008**.

### 4. Reports for Publication Approval

The Committee:

- were informed that the final version of the 'DC Information' report (IOPS/TC(2003)3/REV7) will be circulated to members with the opportunity to provide written comments by **21<sup>st</sup> July**, after which the report will be released as an IOPS Working Paper;
- discussed the '*Costs and Fees*' report, (IOPS/TC(2007)12/REV4), with any final comments or corrections of the data requested by the **21<sup>st</sup> July 2008**, and agreeing to the publication of the report as an IOPS Working Paper;
- discussed the paper on '*Information and Communication relating to Annuity Issues*' (IOPS/TC(2008)5/REV1), after being shown the new website providing annuities information developed by the UK authorities (see [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)), and agreeing to publication of the report as an IOPS Working Paper (with minor updates from the UK delegation);
- discussed the '*Supervisory Oversight of Pension Fund Governance*' paper (IOPS/TC(2007)5/REV4). Updates on the case studies included in the paper will be provided by Chile and the UK, and clarified made to the definitions of pension and governance systems to take account of the two-tier governance structure which operates in Germany. Other written comments should be provided to the project leader, the MPFA of Hong Kong, by the **21<sup>th</sup> July 2008**, after which the report will be issued as an IOPS Working Paper;
- discussed the '*Supervisory Structures*' paper (IOPS/TC(2007)6/REV3), presented by the project leader TPR in the UK, which had been restructured in a Newsletter format. Further revisions to the supervisory structures paper were requested by delegates (including clarifications of the categorisation of the supervisory approaches), and specific written comments should be submitted to the project leader by the **21<sup>th</sup> July 2008**;
- requested the Secretariat to produce a template for an IOPS Newsletter (excluding the report on supervisory structures) to be discussed at the next meeting in Mombasa. The Newsletter should provide an update on IOPS activities, being intended for wide distribution on an annual basis (for publication shortly after the AGM).

## 5. Risk-based Supervision Toolkit

- Discussed the structure, format, ‘feel’ and overall goal of the Risk-based Supervision toolkit, agreeing to the modular, interactive structure outlined and targeting the launch of the toolkit for the 2009 Annual General Meeting. Any comments on the toolkit in general, or the specific modules – including volunteers to provide input, expertise or experience from their country – were requested by the **21<sup>st</sup> July 2008**;
- approved the outline for Module 2 of Risk-based Supervision Toolkit ‘*Regulatory Requirements for Risk-based Supervision*’ (IOPS/TC(2008)11) proposed by the OECD and requested a developed report be produced for the next meeting;
- approved the outline for Module 3 of Risk-based Supervision Toolkit ‘*Tools for Risk-based Supervision*’ (IOPS/TC(2008)12) proposed by the project team (Chile, Germany and the Czech republic), and requested a developed report be produced for the next meeting;
- approved the outline for Module 5 of Risk-based Supervision Toolkit ‘*Risk Scoring Models*’ (IOPS/TC(2008)13) proposed by the project team (Kenya, South Africa with the Dutch delegation offering assistance from their specialist team) , and requested a developed report be produced for the next meeting;
- approved the outline for Module 6 of Risk-based Supervision Toolkit ‘*Supervisory Responses*’ (IOPS/TC(2008)14) proposed by the project team (Australia, Hungary, UK and Botswana), and requested a developed report be produced for the next meeting.

## 6. Other Issues

The Committee:

- were requested by the President to submit proposals for a 2009 regional outreach meeting;
- agreed to the following meeting schedule for 2008 and draft schedule for 2009:

### 2008

- 29-31<sup>st</sup> October, committee meetings + AGM+ OECD/ IOPS Global Forum, Mombasa, Kenya

### 2009

- 23<sup>rd</sup> March committee meetings 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*)

### 2010

- 8<sup>th</sup> February (*date tbc*) Basel, Switzerland (back to back with the IAIS *tbc*)
- Summer committee meetings(*date tbc*) Paris (back to back with OECD WPPP)

- Autumn Committee (*date tbc*) meetings +AGM + OECD/IOPS Global Forum Asian Region (*location tbc – volunteer host countries welcome*)

### Action Points

| Members Involved               | Deadline                   | Action Required  |
|--------------------------------|----------------------------|--|
| Public Consultation            | 12 <sup>th</sup> September | Comments on ‘ <i>Guidelines for the Assessment of Pension Funds</i> ’ (IOPS/TC(2007)16/REV2 to be submitted to the Secretariat   |
| All members                    | 21 <sup>st</sup> July      | Comments on ‘ <i>Guidelines for the Assessment of Pension Funds</i> ’ (IOPS/TC(2007)16/REV2 to be submitted to the Secretariat   |
| All members                    | 21 <sup>st</sup> July      | Comments on ‘ <i>Guidelines for the use of Intervention, Enforcement and Sanction Powers</i> ’ (IOPS/TC(2008)3/REV1) to be submitted to the Secretariat<br>Volunteers to present case studies illustrating their enforcement approach at the next Technical Committee in Mombasa are also requested. |
| All members                    | 21 <sup>st</sup> July      | Final comments on the <i>Cost and Fees</i> report (IOPS/TC(2007)12/Rev4) should be submitted to the Secretariat  |
| UK                             | 21 <sup>st</sup> July      | Final update on the <i>Annuities Information</i> report (IOPS/TC(2008)5/REV1) to be submitted to the Secretariat   |
| Chile, UK and all members      | 21 <sup>st</sup> July      | Case study updates (Chile, UK) and other final comments on <i>Supervisory Governance</i> report (IOPS/TC(2007)5/Rev4) should be submitted to the project leader ( <a href="mailto:JanetYuen@mpfa.org.hk">JanetYuen@mpfa.org.hk</a> )   |
| All members                    | 21 <sup>st</sup> July      | Comments on the <i>Supervisory Structures</i> paper (IOPS/TC(2007)6/REV3) should be submitted to the project leader ( <a href="mailto:Philip.Diamond@thepensionsregulator.gsi.gov.uk">Philip.Diamond@thepensionsregulator.gsi.gov.uk</a> )   |
| All members                    | 21 <sup>st</sup> July      | Comments on, and volunteers for, the <i>Risk-based Supervision Toolkit</i> should contact the Secretariat  |
| All members                    | 19 <sup>th</sup> September | Members who wish to present items in the Tour d’Horizon at the TC meeting in Mombasa should notify the Secretariat   |
| IAA                            | 19 <sup>th</sup> September | Issues note and work plan for the mortality tables project to be circulated to members   |
| Chile, Czech Republic, Germany | 19 <sup>th</sup> September | Project team should submit initial draft of Module 3 of Risk-based Supervision Toolkit ‘ <i>Tools for Risk-</i>  |

|                                  |                            |  |
|----------------------------------|----------------------------|--|
|                                  |                            | <i>based Supervision</i> ' (IOPS/TC(2008)12/REV1) to the Secretariat for circulation to other members ahead of the TC meeting in Mombasa.  |
| Kenya, South Africa, Netherlands | 19 <sup>th</sup> September | Project team should submit initial draft of Module 5 of Risk-based Supervision Toolkit ' <i>Risk Scoring Models</i> ' (IOPS/TC(2008)13/REV1) to the Secretariat for circulation to other members ahead of the TC meeting in Mombasa.   |
| Australia, Botswana, Hungary, UK | 19 <sup>th</sup> September | Project team should submit initial draft of Module 6 of Risk-based Supervision Toolkit ' <i>Supervisory Responses</i> ' (IOPS/TC(2008)14/REV1) to the Secretariat for circulation to other members ahead of the TC meeting in Mombasa. |