

THE INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

SUMMARY RECORD FOR IOPS TECHNICAL COMMITTEE MEETING

23rd March, 2009

Budapest, Hungary



INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS SUMMARY RECORD IOPS TECHNICAL COMMITTEE MEETING

Monday 23rd March 2009

1. Administrative Issues

The President:

- thanked the HFSA for hosting the IOPS meetings;
- welcomed Solange Berstein, Superintendent of Pension Funds, Chile, as the new Chair of the Technical Committee, elected on the occasion of the Mombasa AGM meeting in October 2008;

The Chair:

- welcomed the participation of Botswana as a new Governing Member of the IOPS; also welcomed the participation of ad-hoc observers from Japan, Latvia, the Palestinian Capital Markets Authority and the United States and encouraged the representatives of these countries to consider joining the Organisation;

The Committee:

- approved the summary record of the previous meeting IOPS/TC(2009)1;
- approved the draft agenda IOPS/TC(2009)2.

2. Tour d'Horizon

The Committee:

- held an initial discussion on supervisory responses to the current financial crisis (which was continued at the joint meeting of the IOPS and the OECD's Working Party on Private Pensions held on Wednesday 25th March); discussed in particular the implications for the relationships between the supervisory authorities and governments. Input from IOPS members will be included in an OECD report on the financial crisis which is being prepared for the G20. An independent report on pension systems and the crisis will also be prepared jointly by the OECD and IOPS;
- received an update from the OECD on the Financial Education project, highlighting financial education initiatives and programmes relating to private pensions; encouraged the IOPS members involved (or with an interest) in financial education to join the International Network on Financial Education, created by the OECD in 2008; supported the proposal to foster co-operation with the OECD on financial education relating to pension supervisory issues ;
- was briefed by the President on the IOPS on-going work and housekeeping matters: IOPS web-site development and efforts to advertise the work of the Organisation through its web-

site; reviewing and commenting on compatibility with the IOPS Principles of draft pension legislation in Members' (and potential members') jurisdictions; issuance of a number of analytical papers favourably received by the research community; initiatives taken to develop co-operation with the Financial Stability Forum.

4. IOPS Principles

The Committee:

- discussed a draft '*Methodology for Review of Supervisory Systems using the IOPS Principles*' (IOPS/TC(2009)3/REV1) prepared by the OECD for use in the context of the accession process; decided to approve the document, subject to incorporation of specific remarks/changes suggested by the Members at the meeting; encouraged IOPS members to use the methodology in self-assessments of their own supervisory systems;
- welcomed the initiatives taken by Australia and South Africa to conduct informal self-assessment exercises on the basis of the revised methodology document (containing changes discussed at the meeting) and to present the results of the assessment and feedback on the practical use of methodology at the July meeting. Feedback will also be received by the OECD which is using the template to review the supervisory systems of Chile, Estonia, Israel and Slovenia as part of their accession process.

4. Guidelines

The Committee:

- discussed the draft of the '*Guidelines for the use of Intervention, Enforcement and Sanction Powers*' (IOPS/TC(2008)3/REV3), after hearing presentations by the Hungarian delegation on their approach to intervention and enforcement;
- took note of the Delegates' comments on the draft document; agreed that the document should be revised in line with the comments provided at the meeting and subsequently submitted for public consultations; agreed to present the final version of the guidelines for Members' approval on the occasion of the July meeting. Further written comments may be submitted by members' as part of the public consultation process.

5. Project Update

The Committee:

- discussed the revised paper on '*Governance of Supervisory Authorities*' (IOPS/TC(2008)19/REV1), and approved the sending of the draft questionnaire included in the document, subject to modifications proposed by the Members at the meeting. Written comments on the document are requested by the **1st May 2009**. Questionnaire responses are also requested by the **1st May 2009**; agreed to hold a discussion on the revised version of the paper at the July meeting;
- received an update from the IAA on their Mortality Tables project (IOPS/TC(2009)4); agreed to provide comments on reports to be drafted by the IAA Task Force in the framework of their on-going mortality data collection project.

6. Toolkit Update

The Committee:

- held a discussion on the content of each of six modules comprised in the IOPS risk-based supervisory Toolkit and agreed to entrust the IOPS Secretariat to streamline further the document and reorganise information contained in different sections of the Toolkit to avoid overlaps and inconsistencies; agreed that the revised version of the Toolkit will be discussed at the next meeting in Paris;
- discussed Module 1 of the Risk-based Supervision Toolkit '*Supervisory Management*' (IOPS/TC(2009)5). Written comments on the document, in particular on the prerequisites check list, are requested by the ***1st May 2009***;
- discussed the element covering *Market Discipline* which is part of Module 2 of the Risk-based Supervision Toolkit '*Regulatory Requirements for Risk-based Supervision*' (IOPS/TC(2008)11/REV2); requested the Members to provide comments on the role of market discipline and transparency in the pension systems, particularly in DB-style arrangements. Written comments on the document are requested by the ***1st May 2009***;
- discussed Module 3 of the Risk-based Supervision Toolkit '*Information Collection*' (IOPS/TC(2009)6); took notes of the comments provided by the Members, and requested further examples of information collection from members. Written comments on the document are requested by the ***1st May 2009***;
- discussed Module 4 of the Risk-based Supervision Toolkit '*Quantitative Assessment of Risk*' (IOPS/TC(2008)12/REV2); requested the consultant to restructure the paper; invited the Members to provide more examples of the supervisory techniques used to undertake quantitative assessment of the risk, more specifically in the DC pension environment, and providing countries' evidence on how these tools could be used in the context of financial crisis. Written comments on the document are requested by the ***1st May 2009***;
- discussed Module 5 of Risk-based Supervision Toolkit '*Risk Scoring Models*' (IOPS/TC(2008)13/REV2) and urged all Members to provide more examples on the development and utilization of risk scoring models guiding their supervisory strategies. Written comments on the document are requested by the ***1st May 2009***;
- discussed Module 6 of Risk-based Supervision Toolkit '*Supervisory Responses*' (IOPS/TC(2008)14/REV2) following the presentation from Botswana which focused on the revisions/changes introduced to the document since the last meeting and identified sections/parts of the model which warrant further improvement and necessitate the provision of additional information/examples from Members to further complete and develop the model (specifically the section on industry wide responses). Written comments on the document are requested by the ***1st May 2009***.

7. Other Issues

The Committee:

- received a report on the MENA Outreach meeting held in Cairo, Egypt in February 2009 (IOPS/TC(2009)7/REV1);

- agreed to the following meetings schedule for 2009 and draft schedule for 2010 and invited the Members to provide to the Secretariat or the President with the suggestions for the topics to be addressed at these forthcoming events :

2009

- 8th July Committee meetings, OECD, Paris (following open meeting of OECD WPPP and risk management seminar on 7th July)
- 8th-9th Caribbean Outreach Workshop, Kingston, Jamaica
- 14th-16th October Committee meetings +AGM + OECD/IOPS Global Forum, Rio de Janeiro Brazil

2010

- 8th February (*date tbc*) Basel, Switzerland (back to back with the IAIS)
- Spring (*date tbc*) Outreach Workshop Central Asian Region, Istanbul, Turkey (*tbc*)
- 2nd June (*date tbc*) Committee meetings, OECD Paris (back to back with OECD WPPP)
- Autumn Committee (*date tbc*) meetings +AGM + OECD/IOPS Global Forum Asia, Australia or Hong Kong, China (*location tbc*)

Action Points

Members Involved	Deadline	Action Required
All members	1 st May	Comments on <i>Methodology for Review of Supervisory Systems using the IOPS Principles</i> (IOPS/TC(2009)3/REV1) should be submitted to the Secretariat
All members	1 st May	Comments on <i>Guidelines for the use of Intervention, Enforcement and Sanction Powers</i> (IOPS/TC(2008)3/REV2) to be submitted to the Secretariat as part of the Public Consultation. Volunteers to present case studies illustrating their enforcement approach at the next Technical Committee are also requested.
All members	1 st May	Comments on the outline paper for the project on <i>Governance of Supervisory Authorities</i> (IOPS/TC(2008)19/REV1) to be submitted to the Secretariat. Questionnaire responses should also be submitted to the Secretariat.
All members	1 st May	Comments on Module 1 of the Risk-based Supervision Toolkit <i>Supervisory Management</i> (IOPS/TC(2009)5) to be submitted to the Secretariat
All members	1 st May	Comments on the <i>Market Discipline</i> element of Module 2 of Risk-based Supervision Toolkit <i>Regulatory Requirements for Risk-based Supervision</i> (IOPS/TC(2008)11/REV2) to be submitted to the Secretariat
All members	1 st May	Comments on Module 3 of Risk-based Supervision Toolkit <i>Information Collection</i> (IOPS/TC(2009)6) to be submitted to the Secretariat
All members	1 st May	Comments on <i>Quantitative Assessment of Risk</i> (IOPS/TC(2008)12/REV2) to be submitted to the Secretariat
All members	1 st May	Comments on Module 5 of Risk-based Supervision Toolkit <i>Risk Scoring Models</i> (IOPS/TC(2008)13/REV2) to be submitted to the Secretariat
All members	1 st May	Comments on Module 6 of Risk-based Supervision Toolkit <i>Supervisory Responses</i> (IOPS/TC(2008)14/REV2) to be submitted to the Secretariat
All members	26 th June	Members who wish to present items in the Tour d'Horizon at the next TC meeting should notify the Secretariat
All members	26 th June	Volunteers to take part in the Caribbean outreach

		workshop should contact the Secretariat. Members also invited to submit proposals for specific topics to be covered by the workshop to the Secretariat
Italy	22 nd May	Project team should submit the Market Discipline element of Module 2 of the Toolkit ' <i>Regulatory Requirements for Risk-based Supervision</i> ' (IOPS/TC(2008)11/REV3) to the Secretariat for circulation to other members ahead of the TC meeting in Paris.
Chile, Germany	22 nd May	Project team should submit Module 4 of Risk-based Supervision Toolkit ' <i>Quantitative Assessment of Risk</i> ' (IOPS/TC(2008)12/REV3) to the Secretariat for circulation to other members ahead of the TC meeting in Paris.
Kenya, South Africa, Netherlands	22 nd May	Project team should submit Module 5 of Risk-based Supervision Toolkit ' <i>Risk Scoring Models</i> ' (IOPS/TC(2008)13/REV3) to the Secretariat for circulation to other members ahead of the TC meeting in Paris.
Australia, Botswana, Hungary, UK	22 nd May	Project team should submit Module 6 of Risk-based Supervision Toolkit ' <i>Supervisory Responses</i> ' (IOPS/TC(2008)14/REV3) to the Secretariat for circulation to other members ahead of the TC meeting in Paris.