

THE INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

SUMMARY RECORD FOR IOPS TECHNICAL COMMITTEE MEETING

8th July, 2009

OECD, Paris



INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS SUMMARY RECORD IOPS TECHNICAL COMMITTEE MEETING

Wednesday 8th July 2009

1. Administrative Issues

The Committee:

- approved the summary record of the previous meeting IOPS/TC(2009)8;
- approved the draft agenda IOPS/TC(2009)9/REV1.

2. Tour d'Horizon

The Committee:

- heard a presentation from Mr. Andrian Blundell-Wignall, Deputy Director of the OECD's Directorate for Financial and Enterprise Affairs who discussed the causes of the financial crisis, elaborated on the impact and consequences of the crises on pension fund industry; and outlined major challenges as well as possible policy measures/strategies for consideration by regulators and supervisors to mitigate effects of such crisis in future;
- received an update from the OECD on pension fund investment performance data for the year 2008 and half-year 2009; welcomed the effort employed by the OECD to elaborate investment performance evaluation methodology to produce more accurate and internationally comparable data;
- heard updates from Mr. Bill Bortz, United States Delegation and Mr. Philip Diamond, United Kingdom Delegation on recent regulatory reforms and changes to financial services supervision, including for the pension sector, in the United States and Europe;
- was informed by Mr. D. Swarup, Chair of the PFRDA, India, on main features/progress in implementation of New Pension System (NPS) in India (which from May 2009 was extended on voluntary basis to all organised/unorganised sectors) as well as key areas of regulatory focus in the years to come.

3. Guidelines

The Committee:

- discussed the comments received during the public consultation on the draft of the *'Guidelines for the use of Intervention, Enforcement and Sanction Powers'* (IOPS/TC(2008)3/REV4); decided to include the remaining Members' proposals for wording changes into the document and circulate the final version of the Guidelines for a possible approval by the IOPS Governing Members at the 2009 Annual General Meeting (to be held on 16 October 2009 in Rio de Janeiro, Brazil);

- heard a presentation by the United State Delegation on their approach to intervention and enforcement of corrective/punitive sanctions against the sponsors/managers of pension fund focusing on specific mechanisms introduced in US supervisory framework allowing self-correcting measures (self-notification of errors) by pension market participants which entail less severe corrective actions against non-complying pension entities. .

4. Principles

The Committee:

- heard the presentation by Albania and Chile on the results of self-assessment of compliance of their supervisory systems with the IOPS Principles using the methodology framework (IOPS/TC(2009)3/REV2) and the practical comments from Australia, Hungary, Ireland, United Kingdom and United States on the use of the IOPS methodology in the context of the OECD accession process; thanked the EISA of Egypt for also undertaking a self-assessment and submitting the results to the IOPS Secretariat; agreed that the methodology presented a well structured and useful tool for the accession process and future self-assessment exercises by the IOPS Members; however identified some remaining gaps/areas for improvement within general assessment framework (e.g. clarification of assessment categories) and under specific sections (notably those dealing with independence and adequate resource); requested a revised version of the methodology document to be drawn up in order to incorporate the comments/proposals for changes made by the Delegates;
- noted and welcomed the initiatives taken by Ireland and South Africa to conduct an informal self-assessment against IOPS principles and make presentations at the next Technical Committee meeting to be held in Rio de Janeiro, on 15-16 October 2009;
- encouraged other IOPS Members to volunteer to undertake a self-assessment of their compliance with the IOPS Principles using the revised methodology (IOPS/TC(2009)3/REV3), which will be circulated to Members shortly.

5. Project Update

The Committee:

- discussed the revised paper on '*Governance and Performance Measurement of Pension Supervisory Authorities*' (IOPS/TC(2008)19/REV2), after hearing presentations on how the Austrian, Hong Kong and United Kingdom delegations measure their own performance.
- invited IOPS Members to submit additional examples of performance measurement processes and techniques and written comments on current version of the document (IOPS/TC(2008)19/REV2) by the **1st September 2009**. A final version of the paper will be submitted to the IOPS Governing Members for a possible approval to publish as an IOPS Working Paper at the 2009 AGM.

6. Toolkit Update

The Committee:

- approved the new structure of the Toolkit, and discussed a proposal to include the IOPS work on risk-based supervision into a broader project on managing pension related risk (to be led by the OECD), and was briefed on the major changes introduced to the individual Models;
- welcomed the improved structure of the document and revised introduction of the Toolkit (IOPS/TC(2008)17/REV1);
- noted additional proposals on fine-tuning of the text of the introduction and specific comments provided by the Delegations on each individual Model composing the Toolkit;
- encouraged the Members to provide practical country information/case studies to be incorporated in the Toolkit, in particular Modules 2, 4 and 5;
- invited IOPS Members to submit their written comments on the new structure of the Toolkit as well its Modules (including comments/input on specific areas which should be further developed) by the *1st September 2009*;
- heard the presentation from the Kenyan Delegation on the revised risk-scoring methodology, was informed that relevant documentation will be made available at the Members' restricted area of the IOPS web-site together with the training programme for trustees developed by the Retirement Benefit Authority of Kenya.

7. Working Paper Proposals

The Committee:

- discussed the proposal outline for an IOPS Working Paper on *Supervising DC Pensions* (IOPS/TC(2009)10), including suggestions on the structure and format of the paper, the topics to be covered and case studies to be developed within the framework of project; and agreed to draft such a report and present first version of the paper for discussion at the forthcoming meeting of the Technical Committee in Rio de Janeiro. Agreed that the report on reforms to the UK pension system would be included as a case study in the DC Working Paper. Written comments on the project are requested by the *1st September 2009*;

8. Other Issues

The Committee:

- was notified that the elections of the positions of 5 Executive Committee Members (currently held by Australia, Jordan, India, Italy and Pakistan) and the President of the Organisation (currently held by Mr. Ross Jones of APRA, Australia) are due for election at the 2009 Annual General Meeting;
- agreed on the following meetings schedule for 2009 and draft schedule for 2010 -2011 and invited Members to provide to the Secretariat or the President with the suggestions for the topics to be addressed at these forthcoming events :

2009

- 8th-9th October Caribbean Outreach Workshop, Kingston, Jamaica

- 14th-16th October Committee meetings +AGM + OECD/IOPS Global Forum, Rio de Janeiro Brazil

2010

- 22nd -23rd February, Committee meetings, Basel, Switzerland (back to back with joint meeting with the IAIS Pensions Coordination Group)
- 25th-26th February (*tbc*) Spring Central Asia Outreach Workshop, Istanbul, Turkey
- 1st-2nd June committee meetings OECD Paris (back to back with OECD WPPP)
- October (*dates tbc*) Committee meetings +AGM + OECD/IOPS Global Forum, Sydney, Australia

2011

- Spring (*date tbc*), committee meetings + MENA Outreach Workshop, Amman, Jordan (*tbc*)
- 8th June (*date tbc*) Committee meetings, OECD Paris (back to back with OECD WPPP)
- 24th -26th October, Committee meetings +AGM + OECD/IOPS Global Forum, Cape Town, South Africa (back to back with OECD Conference on Financial Education)

Action Points

Members Involved	Deadline	Action Required
All members	1 st September	Comments on report on ' <i>Pension Funds' Risk-management Framework</i> ' (DAF/AS/PEN/WD(2009)7) presented at the risk-management seminar should be submitted to the Secretariat
All members	1 st September	Comments on the revised paper for the project on ' <i>Governance of Supervisory Authorities</i> ' (IOPS/TC(2008)19/REV2) to be submitted to the Secretariat. Additional examples of performance measurement would be highly welcomed
All members	1 st September	Comments on the revised Introduction to the IOPS Toolkit (IOPS/TC(2008)17/REV1) to be submitted to the Secretariat
All members	1 st September	Comments on Module 1 of the Risk-based Supervision Toolkit ' <i>Preconditions for RBS</i> ' (IOPS/TC(2009)5/REV1) to be submitted to the Secretariat
All members	1 st September	Comments on Module 2 of Risk-based Supervision Toolkit ' <i>Data Collection</i> ' (IOPS/TC(2009)6/REV1) to be submitted to the Secretariat. Additional country examples and case studies would be highly welcomed.
All members	1 st September	Comments on Module 3 ' <i>Quantitative Assessment of Risk</i> ' (IOPS/TC(2008)12/REV3) to be submitted to the Secretariat.
All members	1 st September	Comments on Module 4 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 September	Comments on Module 5 of Risk-based Supervision Toolkit ' <i>Supervisory Responses</i> ' (IOPS/TC(2008)14/REV3) to be submitted to the Secretariat. Additional country examples and case studies would be highly welcomed.
All members	1 st September	Comments on the project 'Supervising DC pensions' to be submitted to the Secretariat
All members	25 th September	Governing Members wishing to stand for election as President of the Organisation or for the Executive Committee should inform the Secretarial General (andre.laboul@oecd.org)
All members	1 st October	Members who wish to present items in the Tour

		d'Horizon at the next TC meeting should notify the Secretariat
All members	1 st October	Members who wish to undertake a self-assessment against the IOPS Principles using the developed methodology (IOPS/TC(2009)3/REV3) should notify the Secretariat