

THE INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

SUMMARY RECORD FOR IOPS TECHNICAL COMMITTEE MEETING

14 December 2005

OECD, PARIS



INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS

SUMMARY RECORD OF THE IOPS TECHNICAL COMMITTEE MEETING

Wednesday, 14 December 2005

1. Administrative Issues

The Committee:

- Approved the summary record of the previous meeting (IOPS/TC(2005)17), pending some minor revisions (included in document IOPS/TC(2005)17/REV1)
- Approved the draft agenda (IOPS/TC(2005)18/REV1)
- Received an indication from the following members and observers that they were willing to serve on the Technical Committee in 2006:

Austria	Czech Republic	IMF	Kosovo	Senegal
Australia	France	India	Mauritius	Spain
Bulgaria	Germany	Ireland	Mexico	Turkey
Chile	Hungary	Italy	Netherlands	UK
China	Jordan	Kenya	Pakistan	World Bk

- Was reminded that the work of the organisation is driven by the members, and that all are encouraged to be actively involved in at least one project and to provide active input in to all the work of the group
- Also requested that all members pay fees as early in 2006 as possible, in order to allow for the accurate and efficient budgeting and resource management

2. Priority Projects Update

The Committee:

- Discussed the IOPS Principles of Private Pension Supervision (IPS/AGM(2005)9/REV1)
- Took note of comments from the OECD's Working Party on Private Pensions through a letter submitted by the Working Party's Chairman
- Suggested some final amendments ahead of their proposed adoption at the Annual General Meeting. The Committee also agreed that the Principles would be circulated for wider

consultation during 2006 and that a consultation strategy would be agreed at the next Committee meeting.

- Agreed that a project will be developed during 2006 covering the supervision of defined contribution schemes, led by Italy and including Hungary.
- Received an update in terms of process on the risk-based supervision project, including the progression of the case studies on Australia, Denmark, the Netherlands, Mexico, Chile and South Africa. The Committee was informed that the project grant to the IOPS from the World Bank has been extended to June 2006, allowing the IOPS to complete the South African report and to produce case study reports on the UK and possibly Croatia. Germany will produce a 'self-assessment' report and other countries were also encouraged to do so. A project update will be given by the project leader, the World Bank, at the next Committee meeting, including initial analysis of results from the case studies. The Committee stressed that results from the project should be applicable to all pension systems, DC as well as DB.

3. Project Updates

The Committee:

- Received an update from the project leader, Turkey, on the IT utilization project. 8 questionnaires have been received so far and other members were encouraged to complete the forms by the end of December 2005. This will allow for an initial discussion on the findings from the project to take place at the next Committee meeting, a first draft of the report to be produced by mid 2006 and a finalized version, including guidance, by the end of 2006.
- Discussed the questionnaires on education and training submitted by the project leader, Kenya (IOPS/TC(2005)5/REV1). Discussing projects in general, the Committee requested that, in order to relieve the burden on members, questionnaires should be limited in number, coordinated, focused on specific project related questions and only seek primary information not available from other international sources. The education and training questionnaires will be redrafted by the project teams, amalgamating into one document, including some questions for members who do not have a mandate in these fields to indicate so and why, and focusing on questions specifically related to the project. The project team will also coordinate with the Secretariat to ensure that primary data is being requested and that the OECD work on financial education is not repeated.
- Requested the Secretariat prepare a short note on database issues for the March or July meeting.

4. Project Outlines

The Committee:

- Discussed a project outline on supervisory structures presented by the project leader, Mexico (IOPS/TC(2005)19). It was decided that the project goal of producing guidance on supervisory structures would be too ambitious, but that the IOPS should produce a database of supervisory systems around the world. It was stressed that this database would need to be maintained. The Committee decided to use the existing OECD questionnaire on supervisory structures to gather information from all IOPS members not already covered by the previous OECD data collection exercise. In addition the analysis already available on the topic will be ,

reviewed and summarize and a draft country profile outline for the database which will be discussed at the next meeting. This would be produced in collaboration with the OECD and care would be taken to ensure consistency in the taxonomy and data used. In addition to the project leader Mexico, the OECD and IOPS Secretariat, Jamaica offered support for this project. Finally it was also stressed that the database would need to be maintained and kept up to date in future.

- Decided, in the absence of the World Bank representative, to postpone the discussion of the global assistance project until the March 2006 meeting.

5. Rediscussion of projects

The Committee:

- Received a draft report on the licensing of pension funds, prepared by the OECD with input from the IOPS project leader Australia (IOPS/TC(2005)6/REV1), and welcomed the development of this joint OECD/IOPS project. Germany volunteered to be part of the project team and the project leader encouraged other members to participate. Delegates were requested to provide comments on the questionnaire covering this topic (annex in document IOPS/TC(2005)6/REV1) *by mid January 2006*, which will then be sent to delegates in February 2006. An initial discussion of the results will take place in at the June 2006 meeting. The work on this project will continued to be closely coordinated with the OECD.
- Discussed the project proposal on documentation prepared by the project leader, Australia (IOPS/TC(2005)7/REV1). The decision was to take a ‘top down’ approach to this project, focusing on high level principles and guidelines and avoiding cumbersome translating of documents from many languages. It was also decided that the work on this project, though important, would be postponed, with a rediscussion of the project at the end of 2006, considering the possible inclusion of the project in the 2007 POW.
- Discussed the project proposal on cross-border pension supervision, prepared by the Spanish delegation (IOPS/TC(2005)8/REV1). It was decided to redraft the project proposal, dividing the project into several parts (clarify its objectives, presenting the experience of members and focusing on cross-border issues relevant for pension supervision – such as portability and labour mobility, fiscal dimensions, solidarity and regulatory arbitrage). Hungary and the UK volunteered to be part of the project team, though the Committee stressed that the project should have a global rather than a purely European focus. Members were requested to send suggestions for relevant issues to be covered by this project to the Secretariat by mid February 2006. The redrafted project proposal will be discussed in June 2006.

6. Programme of Work 2006-2007

The Committee:

- Took note of a draft Programme of Work, outline the schedule for 2006 and suggesting potential projects for 2007 (IOPS/TC(2005)20), agreeing that this is a ‘live’ document, which will be updated following discussions at the December meeting to include the following work for 2006: development of a database covering the pension and supervisory systems of IOPS members; redrafting of the IOPS Principles, following consultation with outside parties; including other international organisations; first set of operational guidelines covering the supervision of DC schemes, with a project team led by Italy and including Hungary. The

flow-chart for the 2006 projects will be updated and extended into 2007. A document will also be prepared for the March 2006 highlighting the areas of potential coordination between the IAIS and OECD WPPP's POWs (for example on the topics of administrative costs and investment proposed by the Chilean delegation).

- Agreed to schedule the following items on the agenda for the March 2006 meeting: cooperation and coordination with the IAIS and WPPP work; consultation process for the IOPS Principles; meeting schedule for 2007-2008.
- Agreed to set up a small project group on international cooperation, with the Secretariat producing a short note on coordination issues for the next meeting.

7. Consultation and Cooperation

The Committee:

- Took note of a presentation from the Senegalese delegation, introducing themselves to the IOPS and confirming their membership from 2006 and welcomed other delegations participating in an IOPS event for the first time
- Discussed the position of Observers to the organisation and decided that they would be invited to open meetings of the Technical Committee. Observers from the private sector would be invited to an open meeting at least once a year - as well as being allowed to make ad hoc requests to participate - during which an agenda item would be scheduled, allowing them to raise any particular concerns or issues which they would like to debate with IOPS members. It was also decided to initially approach pension fund industry associations rather than individual pension funds for input from the private sector into IOPS work. The Committee also agreed that the name and status of observers from the private sector may need further consideration.
- Received an update on contact with other international organisations, including an agreement between the ISSA/IOPS/OECD signed since the previous meeting, and a report from the Chair of the AIOS on approaching potential Latin American members of the IOPS. A reciprocal agreement with the IAA was also approved and members were requested to submit suggestions for other international organisations to approach.
- Received an update on cooperation from the IAIS, including the IOPS draft Principles on Private Pension Supervision having been sent to the IAIS Technical Committee for comment, and a draft cooperation agreement also having been submitted to the IAIS for consideration but no response having been received.

8. Other Issues

The Committee:

- Discussed the IOPS website. Members agreed to ensure that a link to www.iopsweb.org is placed on their own home page. Members requested that a database describing the pension and supervisory systems of the IOPS members be developed and added to the website and stressed that this database should be maintained. An electronic discussion page was also requested to be developed.

9. Future Meetings

The Committee:

- Agreed to hold its 2006 meetings on the following dates and locations, which were finalized by the Executive Committee:
 - March 29-31 2006, Chile - OECD conference on pension reform in Latin America + Executive and Technical Committee meetings
 - July 3rd 2005 Bern, Switzerland – Executive and Technical Committee meetings back to back with the OECD’s Working Party on Private Pensions
 - November 6-9 Istanbul Turkey – Executive and Technical Committee meetings, Annual General Meeting and OECD/IOPS Global Forum on Private Pensions
- Agreed that the Executive Committee would devise a schedule of dates for 2007 meetings, mindful of the considerations of holding 2 meetings in greater Europe and striving to hold one meeting each back to back with the IAIS and OECD Working Party on Private Pensions. Agreed to make as much effort as possible to limit travel, burden administrative hassle for delegates. It was noted that China, Kenya, Pakistan and India have all offered to host IOPS events.