

THE INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

SUMMARY RECORD FOR IOPS TECHNICAL COMMITTEE MEETING

1st June 2007

Basel, Switzerland



INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS SUMMARY RECORD IOPS TECHNICAL COMMITTEE MEETING

Friday, 1st June 2007

1. Administrative Issues

The Committee:

- Thanked the IAIS for their hospitality in hosting the IOPS committee meetings and welcomed IAIS members attending the IOPS Technical Committee as observers, encouraging them to join the organisation. The Committee also noted that they would keep the IAIS closely informed regarding future work, in particular the IOPS projects on governance and annuities;
- Received a reminder from the President that half the Executive Committee would be due for re-election at the 2007 Annual General Meeting and that nominations would be canvassed ahead of the meeting. The President also informed the Committee that the Executive Committee agreed to keep 2008 membership fees unchanged from 2007 levels, and that this proposal will be submitted to the Governing Membership for approval at the Annual General Meeting;
- Approved the summary record of the previous meeting IOPS/TC(2007)7;
- Approved the draft agenda IOPS/TC(2007)16.

2. Tour d'Horizon

The Committee:

- Heard a presentation from new member Macedonia on the pension system in their country.

3. Guidelines

The Committee:

- Received an update from project leader Australia on the changes made to Licensing Guidelines (IOPS/TC(2005)6/REV4) since the previous meeting (notably a clarification that some parts of the guidelines may be applicable to the alternative, lighter licensing approach, as requested by the UK). Comments submitted by the USA via the OECD's WPPP were discussed, with one change called for and further clarification requested from the USA (to be provided at the WPPP meeting in July). Final written comments should be submitted by members by *the end of July*. The guidelines will then be open to public consultation until the end of September, with a final document expected to be submitted to IOPS Governing Members for approval at the 2007 Annual General Meeting;
- Heard presentations from Ireland and Hungary, contrasting their approaches to off-site and on-site supervision (available on the IOPS website);

- Discussed the IOPS draft guidelines for off-site and on-site supervision (IOPS/TC(2007)3/REV1 IOPS/TC(2007)4/REV1) and decided that a new version of the guidelines would be produced for discussion in Beijing, merging the 2 documents and adding an introduction highlighting that the supervisory approach should be seamless and that the balance between off-site and on-site supervision is decided by a number of factors. Examples of different supervisory approaches (such as those presented by Hungary and Ireland, and outlined by the UK at the meeting) will be consolidated in the introduction to the guidelines to help explain how supervisors determine their approach;
- Discussed the draft guidelines for the supervision of risk management for pension funds alternative investment (IOPS/TC(2007)10). The committee agreed that these should be renamed as good practices and that the focus of the paper should remain on how supervisors handle these investments as part of their general ‘fit and proper’ supervisory approach (rather than directing pension funds themselves). Further technical content was requested (e.g. Australia requested more guidance on how these instruments should be valued) – which the UK agreed to provide assistance with. Written comments on this version of the document were requested from members *by the end of July*. A new version will be prepared by the project leader and discussed in Beijing.

4. Working Paper Update

The Committee:

- Approved the 4 IOPS Working Papers (with minor amendments). IOPS/TC(2006)9/REV2, IOPS(2005)5/REV6, IOPS/TC(2005)15/REV5, IOPS/TC(2007)11. Final comments (including updated country information) on the first three papers are requested from members by the *15th June*. The Committee agreed that these three Working Papers will then be published together as a group on the IOPS website, advertised in relevant journals and sent to relevant pensions’ email groups. Comments on the 4th paper on risk-based supervision experiences are requested *by the end of June*. This paper will then be published separately, coordinating with the publication of the World Bank/ IOPS book on risk-based supervision. Further papers for the series are welcome from members and other parties.

5. Project Update

The Committee:

- Received an update from project leader Italy on the responses received to the questionnaire on ‘Information for members of DC schemes’. A summary of the responses is compiled in documents IOPS/TC(2006)3/REV4a)replies IOPS/TC(2006)3/REV4b)replies. Examples of guidelines produced on this topic and of actual information documents are provided in documents IOPS/TC(2006)3/REV4c)guidelines and IOPS/TC(2006)3/REV4d)examples. The project leader presented the analytical framework in which the results of the project will be compiled (considering any policy advice relating to information in the context of other policy tools such as caps on fees etc. and ranking how such tools are used by the various members participating in the project). Good practices may be drawn from the positive experience outlined by project members. The Netherlands will also provide an example of how conditional benefits are communicated to members of DB schemes. A draft analytical paper will be prepared for discussion in Beijing with the intention of this being issued as part of the IOPS Working Paper series;

- Discussed the draft outline for the report on ‘*Supervisory Oversight of Pension Fund Governance*’ (IOPS/TC(2007)5/REV1), including the proposed project questionnaire. The project team was asked to check that the proposed questions do not overlap with other questionnaires (such as that sent for the DC information project) and to keep the questions to a minimum. Written comment on the questionnaire should be provided by the **end of June**, after which time it will be finalized by the project leader and sent to members. A more detailed draft of the report will be discussed at the Beijing meeting;
- Discussed how the IOPS questionnaire on supervisory structures (IOPS/TC(2007)6annexREV1) should be coordinated with the IMF’s project on ‘*Governance Practices of Financial Regulatory and Supervisory Agencies*’. The President agreed to contact the IMF, informing them of the IOPS project and expressing disappointment that the IOPS were not consulted in advance. In addition, the IOPS will avoid burdening members by asking them to include IMF responses in the IOPS survey. The President will also offer any relevant information from the IOPS survey to the IMF for use in their work and analysis and stress the organisation’s willingness to cooperate on projects in future.
- Discussed the outline for the ‘*Costs and Fees*’ project submitted by the project leader Mexico (IOPS/TC(2007)12). The Committee agreed to hire a consultant to extend the work of the project leader and produce comparative figures for a range of selected IOPS members where information is available on an individual pension provider basis. The results of the modelling will then be analysed by the project team (Mexico, Slovakia) and fed into the World Bank / OECD project, which provides data for other countries on a national basis;
- Discussed the draft guidelines on ‘*Operational Risks within Pension Funds*’ (IOPS/TC(2007)13) prepared by the project leader the Netherlands and decided that further research was necessary on how IOPS members actually supervise operational risk before guidelines on the topic can be developed. The Committee also wished to see this work as part of a broader topic on risk management in general. The project leader agreed to make some amendments to the paper, which will then be posted in the members’ area of the website and will be revisited when a broader risk management project is launched in future;
- Agreed that the annuities project team (Poland, Chile and Hungary) would start drafting a paper for the Beijing meeting. An outline of the paper will be shared with the IAIS at an early stage to provide opportunity for their input into the project. Ireland offered to share the comprehensive review of their annuities market which is about to be published with members.

6. Other Issues

The Committee:

- Received an update on the development of the IOPS/ISSA/OECD database. Statistical information on IOPS members is now available in the members’ area of the website. In addition a research area has been added to the website and country profiles of IOPS members are currently under construction. Members were requested to ensure that their own websites are linked to the IOPS site and to provide research articles on their country or relevant topics for the electronic database;

- Agreed to the following meeting schedule for 2008 and draft schedule for 2009. IOPS members were encouraged to consider potential locations, topics and speakers for future conferences in order to allow a long lead time to secure leading speakers at IOPS events.

2007

- **13 -15 November** 2007 Beijing China (Tuesday 13th IOPS Committee meetings / Wednesday 14tham AGM / Wednesday 14thpm - Thursday 15th OECD/ IOPS Global Forum)

2008

- January Dakar, Senegal, African regional workshop (tbc by Executive Committee)
- Spring committee meetings in Eastern Europe (details tbc)
- 30th June (date tbc), Paris committee meetings (back to back with OECD WPPP)
- 29-31st October, committee meetings, AGM and OECD/ IOPS Global Forum – Mombasa, Kenya

2009

- 16th February committee meetings, Basel (back to back with IAIS) (*tbc*)
- 6th July (*tbc*) committee meetings, Paris (back to back with OECD WPPP)
- Autumn committee meetings + AGM + OECD Global Forum (*tbc*)

Action Points

Members Involved	Deadline	Action Required
All members	On-going	Provide papers for IOPS on-line electronic library + link members' and IOPS website.
All members	15 th June	Final comments on 1 st 3 Working Papers to be submitted to IOPS Secretariat.
All members	30 th June	Final comments on 4 th Working Paper (experiences risk-based supervision) to be submitted to IOPS Secretariat.
All members	30 th June	Submit comments on IOPS questionnaire on supervisory structures to IOPS Secretariat.
All members	31 st July	Final comments on licensing guidelines to be submitted to Jens Tinga (jens.tinga@oecd.org)

All members	31 st July	Submit comments and suggestions on onsite/offsite guidelines to IOPS Secretariat.
All members	31 st July	Written comments on alternative investment good practices (IOPS/TC(2007)10) to be submitted to project leader (R.H.J.Mosch@dnb.nl)/ IOPS Secretariat.
Annuities project team (Poland, Chile, Hungary)	30 th September	Submit draft paper on annuities to IAIS. Paper to be circulated to IOPS members by 16 th October.
Netherlands	16 th October	Circulate draft of good practices on supervision of alternative investments to IOPS membership for discussion at Beijing meeting.
Italy	16 th October	Circulate draft analytical paper on information for members of DC schemes to IOPS membership for discussion at Beijing meeting.
Hong Kong	16 th October	Circulate draft paper on supervision of pension fund governance to IOPS membership for discussion at Beijing meeting.
UK	16 th October	Circulate initial results of supervisory structures questionnaire to IOPS membership for discussion at Beijing meeting.
Mexico	16 th October	Circulate initial results of costs and fees modelling to IOPS membership for discussion at Beijing meeting.
All members	31 st October	Inform Secretariat of wish to participate in Tour d'Horizon