

# THE INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

SUMMARY RECORD FOR IOPS TECHNICAL COMMITTEE MEETING

21 March 2007

Amsterdam, Netherlands



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

**Wednesday, 21<sup>st</sup> March 2007**

### **1. Administrative Issues**

The Committee:

- Welcomed new members Macedonia and Slovakia to the meeting;
- Approved the summary record of the previous meeting IOPS/TC(2007)2;
- Approved the draft agenda IOPS/TC(2007)1.

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

The Committee:

- Received updates from members (Slovakia, Chile, Ireland, Italy, South Africa, UK) of recent developments in their countries' private pension supervisory systems. Presentations and related documents will be posted on the IOPS website. Members were also encouraged to provide background documents on developments in their pension systems which may be of interest to other members and which can be circulated via the website.

### **3. Guidelines**

The Committee:

- Heard presentations from Bulgaria and the Netherlands, contrasting their very different approaches to licensing and registration (available on the IOPS website);
- Discussed the Licensing Guidelines (IOPS/TC(2005)6/REV3), with comments received from Germany, Italy and the UK. Written comments should be submitted to the project leader and Secretariat **by the end of April 2007**. A final version of these guidelines, including comments, will be submitted to the Committee for approval at the Basel meeting in June, and to the OECD's WPPP at their meeting in July. The guidelines will then be open to public consultation (including being sent to relevant organisations such as the IAIS, CEIOPS and AIOS) before official approval by the Governing Membership at the 2007 Annual General Meeting;
- Discussed initial proposals for IOPS guidelines for off-site and on-site supervision (IOPS/TC(2007)3 IOPS/TC(2007)4). Written comments are requested from members **by the end of April 2007**, with a fuller discussion of the guidelines to be held at the meeting in Basel.

### **4. Project Updates**

The Committee:

- Received an update on the '*Information for DC members*' from project leader Italy. 18, (Slovakia will respond shortly), responses to the questionnaire have been gratefully received by the project leader (including document examples), and initial results will be presented by the project team (Italy and Austria) in Basel;
- Received an update on the '*Cross-border supervision*' project from team member UK. A consultant with industry experience has agreed to provide input into the project and a scope for the paper will be provided in Basel;
- Received an update on the '*Risk-based Supervision*' project from the World Bank. 4 or 5 case studies on early adopters (Australia, Denmark, Mexico, Netherlands and possibly Canada) and an overview paper will be included in the joint World Bank/ IOPS publication which is due out in June 2007. The case studies are or will shortly be made available to members on the IOPS website. The overview paper will be circulated to IOPS members for comments **by the 5<sup>th</sup> April 2007**. The Committee also received a first draft of a paper prepared by IOPS project team members (Croatia, Germany, Kenya, South Africa, UK and the IOPS Secretariat), summarising their approach to risk-based supervision and highlighting problems encountered when moving to such an approach. The paper will be finalized by the project team for discussion at the Basel meeting. Case studies produced by the IOPS project team and the experience overview paper may also be used for second World Bank/ IOPS publication on the topic, scheduled for the early 2008.

## 5. New Projects

The Committee:

- Discussed the outline for a new project on '*Supervisory Oversight of Pension Fund Governance*' (IOPS/TC(2007)5), led by Hong Kong, working in conjunction with the OECD. The Committee decided to focus only on parts 1 + 2 of the outline, leaving the governance of the supervisory authority to be covered in part by the supervisory structures project and questionnaire and as a potential topic for a stand alone project in future, though the IOPS will keep abreast of the IMF's project on the governance of supervisory bodies (banking, insurance and securities) offering information on pension supervisors if and when appropriate. The project leader requested flexibility for the timetable for the project, with part 2 (looking at the problems supervisors encounter in relation to pension fund governance and how these are overcome) potentially not being started until part 1 (providing details on the governance structures in IOPS member countries) has been completed. A definition of governance was also requested by the UK delegation. Further comments on the project outline are requested **by the end of April 2007**. An update on the timetable for the project and draft questions for part 2 will be discussed at the Basel meeting in conjunction with the IAIS who are also considering work on the issue of governance (though with more of a focus on risk management). The project team will continue to liaise closely with the OECD's WPPP as they revise their governance guidelines. Any members who would be willing to provide a case study outlining how they assess the governance of pension funds should inform the project leader;
- Received an update on the project on '*Operational Risks within Pension Funds*' from project leader Netherlands. Having done initial research on the topic, the project leader agreed to provide a draft paper on the topic (including proposals for broad principles) for the meeting in Basel;

- Discussed an outline for the project on ‘*Review of Supervisory Systems*’ (IOPS/TC(2007)6) from the project leader UK. Comments on the overview and the draft questionnaire on supervisory systems are requested **by the end of April 2007**. Further clarification on how pension and supervisory systems will be classified will be provided in the June meeting;
- Received an additional project proposal looking at international costs and fees for DC funds from Mexico and Slovakia. An outline of this project will be provided by the project team at the Basel meeting;
- Received an additional proposal from the Netherlands discussing how supervisors should react to pension fund investment in alternative assets. ‘Draft Principles for the Supervision of Pension Fund Alternative Investments’ will be prepared by the project leader for the Basel meeting, based on the Netherlands guidance on such investment, which will be discussed as a potential basis for IOPS recommendations on the topic. The work will be coordinated with OECD, CEIOPS, FSF and other bodies working on this topic;
- In addition, Poland and Chile will provide a project outline relating to annuitization at the Basel meeting.

## 6. Working Papers

The Committee:

- Discussed the draft Working Paper on ‘*Supervisory Education*’ (IOPS(2005)5/REV4), requesting a final edit of the paper before publication as the first in the IOPS Working Paper series. Final written comments on the paper should be submitted **by end of April 2007**;
- Discussed the draft Working Paper on *IT Utilization* (IOPS/TC(2005)15/REV4), requesting a final edit of the paper (including some specific comments from delegates) before publication as the second in the IOPS Working Paper series. Final written comments on the paper should be submitted **by end of April 2007**;
- Discussed the draft Working Paper on ‘*Pros and Cons of Integrating Pension Supervision with other Financial Activities*’ (IOPS/TC(2009)9/REV1). Germany and the UK requested that an additional, third categorization of supervisory approach (highlighting a ‘European’ approach between the Latin American and Anglo Saxon models) be included in the paper, with other minor editorial requests made by other delegations. Final written comments on the paper should be submitted **by end of April 2007**, after which the paper will be published as the third in the IOPS Working Paper series.

## 7. Other Issues

The Committee:

- Received an update on the development of the IOPS/ISSA/OECD database. IOPS members were thanked for providing detailed statistical data to the OECD’s Global Pension Statistics project, and were informed that the country profiles for IOPS will be produced during the year. A few IOPS members who do not have regulatory profiles will be contacted by the ISSA and IOPS Secretariat. The supervisory section of the database will be compiled from responses to the supervisory structure questionnaire;

- Agreed that a discussion of the structure of the Committee was not needed at this stage but that any ideas should be submitted for future consideration;
- Agreed to the following meeting schedule for 2007 and draft schedule for 2008:

**2007**

- 1 June, Basel Switzerland IOPS Committee meetings (back to back with IAIS)
- **13 -16 November** 2007 IOPS Committee meetings + AGM + OECD/ IOPS Global Forum Beijing, China

**2008**

- Spring committee meetings in Europe
- June, Paris committee meetings (back to back with OECD WPPP)
- Autumn committee meetings, AGM and Global Forum – Mombassa, Kenya

**Action Points**

<b>Members Involved</b>	<b>Deadline</b>	<b>Action Required</b>
All members	5 <sup>th</sup> April 2007	Written comments on the World Bank's <i>overview paper on risk-based supervision</i> for joint publication to be submitted to Secretariat.
All members	End of April 2007	Written comments on the <i>Licensing Guidelines (IOPS/TC(2005)6/REV4)</i> to be submitted to the Secretariat.
All members	End of April 2007	Written comments on draft <i>off-site and on-site guidelines (IOPS/TC(2007)3 IOPS/TC(2007)4)</i> to be submitted to the Secretariat.
All members	End of April 2007	Written comments on the <i>governance project outline (IOPS/TC(2007)5)</i> to be submitted to the Secretariat.
All members	End of April 2007	Written comments on the <i>supervisory structures project outline and questionnaire (IOPS/TC(2007)6 +annex)</i> to be submitted to the Secretariat.
All members	End of April 2007	Written comments on Working <i>Papers on IT Utilzation,</i>

		<b><i>Supervisory Education and Integrated Supervision (IOPS(2005)5/REV4, IOPS(2005)15/REV4, IOPS/TC(2006)9REV1)</i></b> to be submitted to the Secretariat.
Italy	18 May 2007	<b><i>DC Information initial project results</i></b> to be submitted to Secretariat for circulation to members.
UK	18 May 2007	<b><i>Cross-border project scope</i></b> to be submitted to Secretariat for circulation to members.
Hong Kong	18 May 2007	<b><i>Draft questionnaire for governance project</i></b> to be submitted to Secretariat for circulation to members.
Netherlands	18 May 2007	<b><i>Operational risk project paper</i></b> to be submitted to Secretariat for circulation to members.
UK	18 May 2007	<b><i>Classification of supervisory structures</i></b> to be submitted to Secretariat for circulation to members.
Mexico	18 May 2007	<b><i>Fees project outline</i></b> to be submitted to Secretariat for circulation to members.
Netherlands	18 May 2007	<b><i>Alternative investment project outline</i></b> to be submitted to Secretariat for circulation to members.
Poland	18 May 2007	<b><i>Annuities project outline</i></b> to be submitted to Secretariat for circulation to members.