



# IOPS ANNUAL REPORT 2011

Activities from January 2011 to December 2011  
2010 Financial Statements





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## Foreword

*The International Organisation of Pension Supervisors (IOPS) is an independent international body representing institutions involved in the supervision of private pension arrangements. The Organisation currently has over 70 Members and observers representing supervisory bodies from around 60 countries and territories worldwide - from Australia to Zambia - covering all levels of economic development and bringing together all types of pension and supervisory systems.*

*The IOPS was formed in July 2004 at the instigation of the International Network of Pension Regulators (INPRS), an informal network of regulators and supervisors. It was felt that, concerning supervision, a more formal, independent, body could better serve as a world-wide forum for policy dialogue and the exchange of information, as well as the standard setting body, promoting good practices in pension supervision. The major goal of the IOPS is to improve the quality and effectiveness of the supervision of private pension systems throughout the world, thereby enhancing their development and operational efficiency, and allowing for the provision of a secure source of retirement income in as many countries as possible.*

*The aims and purposes of IOPS can be summarised as:*

- serving as the standard-setting body on pension supervisory matters (and regulatory issues related to pension supervision), taking into account the variety of different private pension systems;*
- promoting international co-operation on pension supervision and facilitating contact between pension supervisors and other relevant parties, including policy makers, researchers and the private sector;*
- providing a worldwide forum for policy dialogue and exchange of information on pension supervision;*
- participating in the work of relevant international bodies in the area of pensions, including joint activities to improve statistical collection and analysis;*
- promoting, conducting and facilitating the distribution and communication of research, and collecting information in co-operation with relevant international bodies.*



**Ross Jones**  
President of IOPS

## Report from the President of IOPS

### HIGHLIGHTS

2011 has proved to be a highly 'practical' year for IOPS. After launching the IOPS Toolkit for Risk-based Supervision in 2010, the IOPS has held a series of very successful workshops demonstrating how this innovative technique is used in practice. I would like to thank all of those that took part, and, in particular, our hosting authorities for their initiative in requesting such events. Having taken part in these workshops myself, I can report that participants appreciate this outreach work undertaken by the IOPS and the opportunity to engage with and learn from the experience of their counterparts around the world.

Continuing on the practical note, during 2011, IOPS Members have continued to provide self assessments on how the IOPS Principles of Private Pension Supervision apply in their countries. These self assessments have highlighted interesting strengths and gaps in supervisory processes around the world. IOPS will develop further work to address these issues in the future. Our Principles and the various guidelines developed by IOPS also continue to gain recognition with other international bodies.

Following the successful training organised by APRA back-to-back with the AGM and conference in Sydney in 2010, the IOPS introduced a practical element to this year's workshop in Peru and meeting in Cape Town, working through a case study of a theoretical pension supervisory case. We will endeavour to work such operational training and learning by example into future events.

Finally, IOPS has gone multimedia this year! At the beginning of 2011, IOPS launched a Facebook page and a 'Clearspace' on-line discussion group to regularly share private pension industry developments, and supervisory news, and events. We would encourage all IOPS Members and interested parties to join these interactive groups. We also continue to build our on-line video library of interviews with IOPS Members and experts. In addition, we have added many examples of financial education campaigns relating to pensions from around the world, which we hope that you will find useful.



Financial Education Videos from Israel, Turkey and Chile – available on [www.iopsweb.org](http://www.iopsweb.org)

## MEMBERS

The IOPS has maintained its Membership base during 2011, which consists of around 70 Members and observers. New Members joining during the year include the Cayman Islands Monetary Authority, the Superintendencia Financiera de Colombia, the Social Security Regulatory Authority of Tanzania, the Central Bank of Armenia and the Capital Market and Financial Institutions Supervisory Agency of Indonesia.

Our goal for 2012 is to extend our contacts thereby identifying potential new Members. A range of pension supervisory authorities continue to express interest in our Organisation. We would be delighted to welcome these and other interested parties as Members of our Organisation and we will work with such countries to see if their valuable input into our work can be achieved.

The IOPS is very grateful to its Members who have encouraged other pension supervisory authorities to join the Organisation – indeed our best source of recruitment is through our membership. I would therefore like to encourage all Members to get in touch with their contacts in their regions and help work towards our goal of extending our coverage during 2012.

## MEETINGS

The following meetings were held during 2011:

- Executive and Technical Committee meetings, 28 February – Amman, Jordan; 7 June – Mexico City, Mexico; 24 October – Cape Town, South Africa.
- Annual General Meeting, 24 October, Cape Town, South Africa.
- IOPS/OECD 2<sup>nd</sup> MENA Workshop on Private Pensions Regulation and Supervision, 2-3 March, Amman, Jordan.
- IOPS Supervisory Reform Workshop for the Sub-Sahara African Region, 5-6 May, Abuja, Nigeria.
- IOPS Risk-based Supervision Workshop, 8-9 September, Lima, Peru
- Global Pensions Forum, held jointly with the OECD, 25-26 October, Cape Town, South Africa



IOPS/OECD 2<sup>nd</sup> MENA Workshop

On behalf of the Organisation, I would like to thank the hosts of our various events this year – the Insurance Commission of Jordan, the National Pension Commission of Nigeria, CONSAR of Mexico, the Superintendente Adjunta de Administradoras Privadas de Fondos de Pensione of Peru and the Financial Services Board of South Africa - for their hospitality and enthusiasm which made our outreach events and workshops such a success.

## AIMS

The Organisation successfully worked towards fulfilling a range of aims and objectives during 2011, including the following:

<b>AIM</b>	<b>Achievement 2011</b>
<b><i>Standard setting body on pension supervisory issues</i></b>	<p>A set of Good Practices on Pension Funds' Use of Alternative Investments and Derivatives was approved in 2011 – following input received during a period of public consultation.</p> <p>The Good practices were developed jointly with the OECD.</p>
<b><i>Worldwide forum for dialogue and exchange</i></b>	<p>The IOPS held three successful outreach meetings, including for the MENA region, for the sub-Saharan African region and for the Latin American region.</p> <p>A joint Global Forum was organised with the OECD.</p>
<b><i>Participate in work of relevant international bodies</i></b>	<p>Dialogue with the Financial Stability Board (FSB) regarding the contribution of the pension sector to financial system stability continued.</p> <p>Close cooperation was undertaken with the OECD on topics such as the risk management of alternative investments. A joint meeting was held between the IOPS Technical Committee and the OECD's Working Party on Private Pensions.</p> <p>Coordination continues to be enhanced with the IAIS via their Pensions Coordination Group, including keeping the IOPS abreast of the revisions of the IAIS Insurance Core Principles.</p> <p>In 2011, IOPS inaugurated closer cooperation with our Latin American counterparts, the AIOS, through a joint meeting held in Mexico City on 7 June.</p> <p>Regular updates on the IOPS Programme of Work were provided to our European counterparts, EIOPA.</p>
<b><i>Promote, conduct, facilitate distribution and communication of research</i></b>	<p>The IOPS continued to update and add material to the website dedicated to the Toolkit on Risk-based Supervision, including a case study of the Mexican system.</p> <p>The IOPS released 2 Working paper reports during 2011.</p> <p>The IOPS continued to build its electronic library on the IOPS website, providing research on pension supervision and related topics.</p> <p>Members also receive the leading academic pension journal, 'The Journal of Pension Economics and Finance' developed under the aegis of the IOPS and OECD. Proposals to further develop the scope and reach of the</p>

	<p>Journal are currently under discussion.</p> <p>The proceedings of the 2010 Sydney Global Forum were published during 2011, highlighting pension issues and development in the Asia Pacific region.</p>
<b><i>Assist countries with less developed private pension arrangements</i></b>	<p>The IOPS continues to build its membership and contacts amongst countries with developing pension systems, and has welcomed representatives from many developing economies to its conferences and events.</p> <p>In addition to regional IOPS Members, the MENA regional workshop was attended by Delegates from Lebanon and the United Arab Emirates. The risk-based supervision meeting held in Nigeria also welcomed Delegates from Tanzania,</p> <p>The joint IOPS/AIOS meeting held in Mexico was attended by all AIOS member countries as was the Risk-based Supervision Workshop held in Peru. Whilst the IOPS Annual General Meeting and Global Forum in Cape Town saw widespread attendance from the African region (including non-Members from Cameroon, Democratic Republic of Congo, Ivory Coast and Zimbabwe).</p>
<b><i>Develop database of private pension and supervisory systems worldwide</i></b>	<p>The IOPS continues to work with its partners from the ISSA and OECD to update and develop a comprehensive database of statistical and regulatory information covering private pension systems worldwide.</p>

## RELATIONS WITH OTHER ORGANISATIONS

The IOPS continued to work closely with other organisations during 2011.

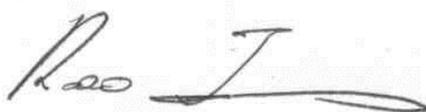
- **AIOS:** A joint meeting was held with AIOS in Mexico City in June 2011. AIOS will undertake a review of their guidelines to ensure consistency with IOPS guidelines. AIOS have also expressed their intent to translate the IOPS Toolkit for Risk-based Supervision into Spanish.
- **EIOPA:** the IOPS and EIOPA provide regular updates of each other's work.
- **FIAP:** IOPS was represented by Mr. Ross Jones, President, at the FIAP Annual Conference held in the Dominican Republic. Mr. Jones was invited to speak at this annual event.
- **Financial Stability Board:** Dialogue was continued with the Financial Stability Board (FSB) regarding the role of the pensions sector in financial system stability.
- **IAA:** A memorandum of Understanding was signed by IOPS and IAA during 2011 in order to formalise cooperation on topics of joint interest.

- **IAIS:** the two organisations continue to work closely via the IAIS Pensions Coordination Group to ensure that overlaps are avoided and synergies exploited.
- **ISSA:** the joint database on complementary and private pensions is currently being developed and extended by the organisations.
- **OECD:** The IOPS continues to work closely with the OECD's Working Party on Private Pensions, with the two groups finding synergies on a range of topics, such as risk-management, including of alternative investments, resulting in the revision of a joint set of good practices. A joint MENA Workshop was held in Amman, Jordan in March, a joint meeting between the IOPS Technical Committee and the OECD's Working Party on Private Pensions in Mexico in June, and a joint Global Forum on Private Pensions was held in Cape Town, South Africa during October 2011. Further events are planned during 2012-2013. The OECD continues to provide Secretariat support to the IOPS via the partnership agreement signed by the two organisations in 2005 and renewed in 2008.
- **World Bank:** representatives continue to attend IOPS meetings and provide input and comments into IOPS projects.
- **Others:** comments were received during the consultation period for the IOPS/OECD Good Practices on Pension Funds' Use of Alternative Investments and Derivatives.

## FUTURE MEETINGS

### 2012

- 27-28 February 2012, Committee Meetings, London, UK
- 4-5 June 2012 (tbc), Committee Meetings, Pairs, France (back to back with OECD WPPP)
- Dates and location to be confirmed, IOPS Regional Workshop on Risk-Based Supervision for the Central and Eastern European region.
- Dates to be confirmed, Committee Meetings, AGM & OECD/IOPS Global Forum, Santiago Chile (back to back with AIOS meetings, tbc)
- Dates to be confirmed, Risk-Based Supervision Workshop, Brazil (tbc)



**Ross Jones** President of IOPS



## Report by the Chair of the Technical Committee

### **Solange Berstein**

Chair of the IOPS Technical Committee

The IOPS continued to build a substantial body of work during 2011, creating a busy year and full meeting agendas for the Technical Committee. Once again, the work of the Organisation was led by its Members and I would like particularly to thank those who drafted, edited and supplied input for the Working Papers released this year.

I would like to encourage any Members who have not yet joined a project team to do so. Contributions from all different types of pension and supervisory systems, in whatever stage of development, are always of interest to the Membership and can contribute greatly to the research and understanding to which our projects aspire.

Interesting presentations were given by Members during the Technical Committee meetings on developments in their pension systems and supervisory approaches. Notably, a very fruitful session was held on the 'Twin Peaks' model of supervision at the Technical Committee meeting in Jordan. Mr. Michael Taylor, an expert and lead speaker on the topic, updated Delegates on global developments and implications for the pensions sector. The Tour d'Horizon has proved an enlightening part of the meetings, which we shall continue in future. Again, delegations who would like to present interesting aspects of their supervisory approach to other Members are encouraged to do so.

### **PROGRAMME OF WORK (POW) 2010-2011**

#### **PRINCIPLES AND GUIDELINES**

- ***IOPS/OECD Good Practices on Pension Funds' Use of Alternative Investment and Derivatives:***

In 2011, following the 2010 "stock take" on regulations, market practice and risk-management of alternative investments by pension funds in IOPS and OECD countries, IOPS and OECD Members agreed to jointly revise the Good Practices in the Risk Management of Alternative Investments by Pension Funds (which were approved by the IOPS in 2007), drawing on lessons from the stock taking exercise and subsequent IOPS and OECD work on risk-management and asset management.

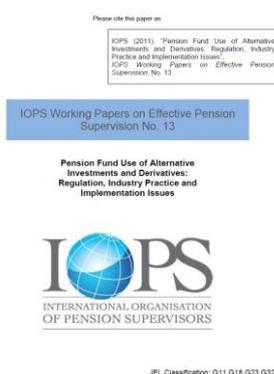
The Governing Members approved at the 2011 AGM in South Africa the ***IOPS/OECD Good Practices on Pension Funds' Use of Alternative Investment and Derivatives*** and recommended the Good Practices to be presented at the next meeting of the OECD Working Party on Private Pensions for approval and publishing.

## RESEARCH AND PUBLICATIONS

During 2011, the IOPS continued to ensure that the work of its Members reached a broader audience. The Organisation and its Members have been pleased to respond to requests for information and research from a variety of sources.

Two Working Papers were released during 2011. The papers highlight a range of challenges to be met in the development of national pension supervisory systems. The IOPS Working Paper series reviews the nature and effectiveness of new and established pension supervisory systems, providing examples, experiences and lessons learnt for the benefit of IOPS Members and the broader pension community. Abstracts of the three papers issued this year are included below. The IOPS welcomes submissions for the Working Paper series. Members who have papers covering relevant issues and who are interested in submitting them for inclusion in the series should contact the IOPS Secretariat.

IOPS Working Papers present preliminary results and analysis, are often developed with the input and assistance of the Technical Committee Members, and are circulated to encourage discussion and comment. They represent the views of the authors and may not represent the opinion of the IOPS Members as a whole.

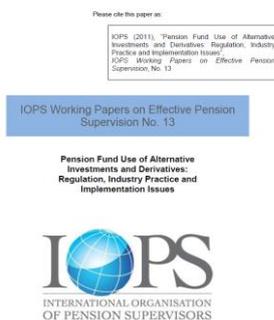


### ***WORKING PAPER NO. 13: Pension Fund Use of Alternative Investments and Derivatives: Regulation, Industry Practice and Implementation Issues***

The financial and economic crisis had a profound impact on the financial position of pension funds in most countries. Whilst the magnitude of these losses is primarily related to the severity of the crisis, it appears that shortcomings in the implementation of investment strategies significantly amplified the deterioration of the financial position of some pension funds. In particular, many pension funds have increasingly invested in alternative investment categories and complex products in recent years. Subsequently, the financial and economic crisis heightened the concern of pension regulatory and supervisory authorities regarding pension funds' use of alternative investments and derivatives.

This paper is divided into five main sections. The first section reviews the regulation in place which aims to manage the potential risk exposures that alternative investments and derivatives present. This provides a useful backdrop for then evaluating the current market practices of pension funds' investment in such instruments. The second section canvasses the implementation issues that a number of pension funds have faced in attempting to implement their investment strategies with the inclusion of alternative and derivative instruments. The third section highlights the potential risks that pension funds face when investing in alternative investments and derivatives, followed by the fourth section reviewing current risk management practices observed by pension funds in managing these risk exposures. The paper finally concludes with observations which can be translated into lessons for consideration by supervisory authorities when developing future pension fund regulation and supervision practices of alternative investments and the use of derivatives

### **WORKING PAPER NO. 15: Comparative Information Provided by Pension Supervisory Authorities**



JEL Classification: G11 G18 G23 G32

The provision of information on pensions is of increasing importance as pension assets are growing and defined contribution (DC) pensions are becoming more dominant.

Though information on the pension system as a whole and on individual pension funds and providers is available from a wide range of sources, in many IOPS member countries the pension supervisory authority plays an important role as a provider of objective, comparable information, acting as a disinterested, comprehensive and authoritative source.

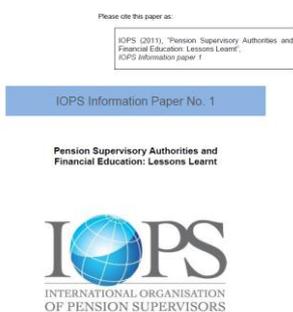
This paper aims to update previous IOPS work by looking in more detail at the role pension supervisory authorities can play in providing information – particularly comparative information on performance, costs and quality of service. It concludes by drawing on lessons learnt from the experience of IOPS Members.

In addition to the Working Papers above, an Information Paper was released on Pension Supervisory Authorities and Financial Education.

This Information Paper has been released on the IOPS website, along with supporting materials, such as videos of financial education campaigns in Chile, Israel and Turkey. The Information Paper page will be updated with further materials as IOPS Members' financial education campaigns develop.

Information papers can be accessed on the IOPS website:

[http://www.iopsweb.org/document/34/0,3746,en\\_35030657\\_35030420\\_49009442\\_1\\_1\\_1\\_1,00.html](http://www.iopsweb.org/document/34/0,3746,en_35030657_35030420_49009442_1_1_1_1,00.html)

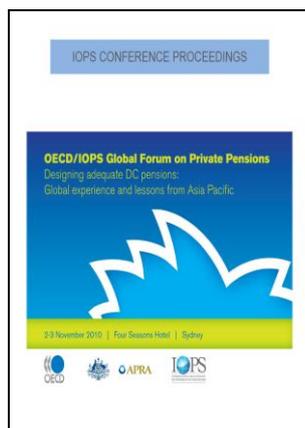


### **INFORMATION PAPER NO. 1: Pension Supervisory Authorities and Financial Education: Lessons Learnt**

This paper aims to update previous IOPS work by looking in more detail at campaigns run by pension supervisory authorities and attempts to draw some 'lessons learnt' from these.

The paper is structured as follows: Section I looks at the information campaigns which IOPS Members provided during the financial crisis, whilst Section II describes some innovative, on-going financial education programmes run pension supervisory authorities. Section III concludes with some lessons learnt from the previous and current work of the IOPS, as well as drawing on the on-going work on the OECD's project on financial education.<sup>1</sup>

<sup>1</sup> See [www.financial-education.org](http://www.financial-education.org)



- **2010 OECD/IOPS GLOBAL FORUM ON PRIVATE PENSIONS, SYDNEY, AUSTRALIA – CONFERENCE PROCEEDINGS**

The papers presented at the 2010 OECD/IOPS Global Forum were published, including papers on:

- Pensions in Asia/Pacific: Ageing Asia must face its pension problems, OECD
- Experiences of Social Pension in Viet Nam (2001-2009)
- About the Central Provident Fund, Singapore
- IOPS Working Paper 12: Managing and Supervising Risks in Defined Contribution Pension Systems
- Protecting Retirement Income: Improving the Design of DC Pension Plans, OECD
- Report on Outsourcing by IORPS, CEIOPS

## PROJECTS

In addition to the projects outlined above, which were completed during 2011 and issued as publications, the IOPS continued work on the following projects during 2011, which are expected to reach completion during the coming years:

- **Supervisory oversight of pension intermediaries:** The goal of the project is first to establish how pensions are distributed in different IOPS member countries, and how pension intermediaries involved in the advice and sales process are regulated and supervised. The project will identify common problems encountered by IOPS Members, and look at different regulatory mechanisms and supervisory tools which have been used to address these issues.
- **Structure and Organisation of Pension Supervisory Authorities:** the issue of how pension supervisory authorities may be structured in order to execute their functions most efficiently and effectively has often been raised, for example at discussions surrounding the development of the IOPS Toolkit for Risk-based Supervision and at various IOPS workshops. The topic of how to organise financial supervision in general is also high on the agenda of policy makers in several countries, following the financial and economic crisis of recent years and perceived failings in the oversight of financial systems. This paper will gather and summarize the information touching on this subject which has already been produced by the Organisation in relation to various project and working papers and the Toolkit. As well as being of practical use to IOPS Members, this paper may prove useful to the wider financial community and could be used to promote the work of the IOPS within other international forum.

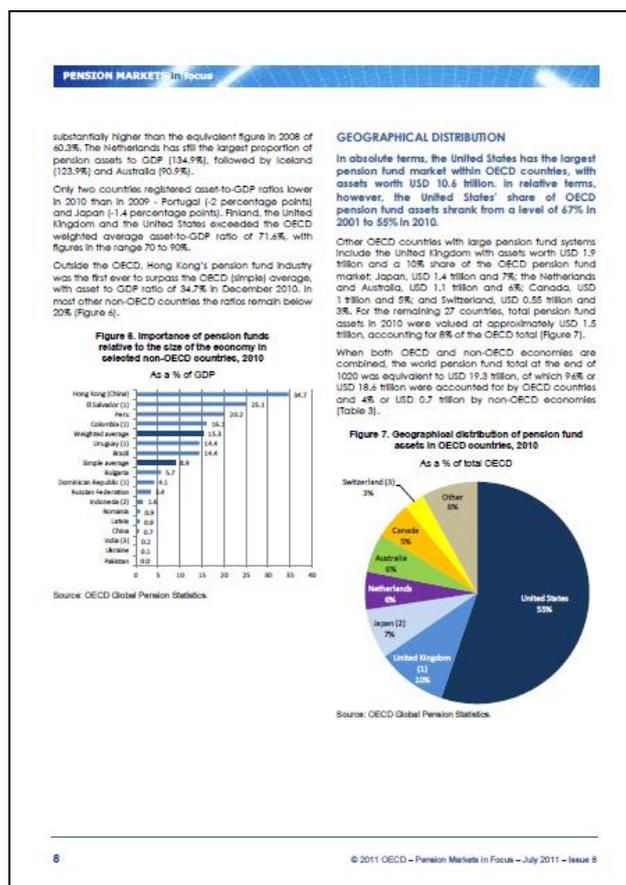
## OTHER

Further information is being added regularly to the IOPS Toolkit website. In 2011, CONSAR of Mexico provided a case study to be uploaded. Our Latin American colleagues at the AIOS are also planning to translate the Toolkit into Spanish.



Mexico Risk-based Supervision Case Study available on [www.iopstoolkit.org/casestudies](http://www.iopstoolkit.org/casestudies)

Work on updating the joint ISSA/IOPS/OECD regulatory database continued during 2011 – with IOPS/OECD Secretariat taking over responsibility for updating and extending the content of the complementary private pension database, which continues to be hosted by the ISSA. A broad range of IOPS Members provide statistical information for the OECD Global Pension Statistics Project, with statistical data on the pension systems of IOPS Members now available via the IOPS website. Selected statistics for IOPS Members are also available via the OECD's Pensions Markets in Focus publication.



OECD Pension Markets in Focus - available via [www.oecd.org/daf/pensions/pensionsmarkets](http://www.oecd.org/daf/pensions/pensionsmarkets)

Overviews of the pension systems in almost all IOPS Member countries are being drafted and are also available on the website, and a research section has been added, providing background information and papers by research topic and by country. Members are invited to provide recent reports on their pension systems for inclusion in the research database.

The on-line video library has also been further developed with additional interviews with Technical Committee Members, and experts, and a section dedicated to financial education campaigns relating to pensions from around the world.



**Solange Berstein**  
Chair of the IOPS Technical Committee



## Report of the Secretariat

### André Laboul

Secretary General of IOPS

The IOPS Secretariat provided a wide range of support to the IOPS membership during the year. In addition to supporting the membership base, servicing the Executives and organising meetings, the Secretariat has, on the request of the Executive Committee, continued in an increased analytical role, which will be developed further in the coming years. In addition to drafting papers and guidelines, increased editorial and analytical support was provided to project teams, which resulted in the publication of further papers in the IOPS Working Paper series.

In 2011 IOPS received a secondee provided by a member country for the first time. I would like to thank APRA for their generous and kind support of the Organisation. The practical supervisory experience of the secondee proved highly valuable for the Secretariat. I hope that such an arrangement can be repeated in the future.



Taliya Cikoja, IOPS Secondee provided by APRA

## MAIN TASKS COMPLETED DURING 2011

### DOCUMENTS

The Secretariat drafted two Working Papers, *Working Paper No. 15: Comparative Information Provided by Pension Supervisory Authorities and Information Paper No. 1: Pension Supervisory Authorities and Financial Education: Lessons Learnt*. The Secretariat also worked with project leaders The Netherlands and Germany on the third Working Paper: *Working Paper No. 13: Pension Funds' Use of Alternative Investments and Derivatives: Regulation, Industry Practice and Implementation Issues*.

The joint '*IOPS/OECD Good Practices on Pension Funds' Use of Alternative Investments and Derivatives*' were completed, including input from a public consultation, and were approved by IOPS Governing Members at the 2011 Annual General Meeting.

The Secretariat is leading the on-going work on supervisory structures and intermediaries.

As with the Global Forum held in previous years, the papers presented at the 2011 event in Cape Town, have been collected and will be released as a publication in 2012.

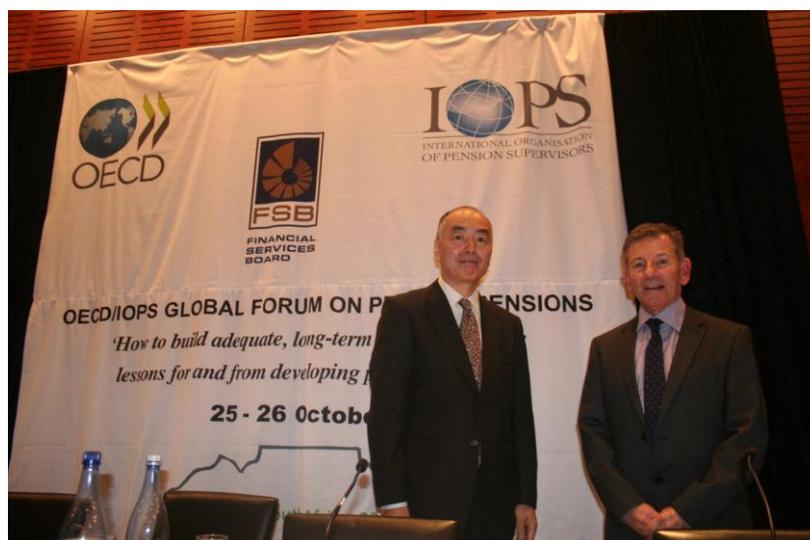
The Secretariat was closely involved with and assisted the work of various other project teams, helping to fulfill the intended 2010-2011 Programme of Work of the organization. The Secretariat further assisted in the collection and dissemination of documents for other IOPS projects undertaken during 2011.

Building of the on-line electronic research library continued during 2011 – extended by a series of video interviews on relevant supervisory topics. The library includes country profiles describing the main features of public and private pension systems in individual IOPS Members' jurisdictions and internationally comparative statistics for the vast majority of the IOPS membership. The IOPS Secretariat, along with our OECD colleagues, has also taken on the role of updating and extending the joint ISSA/OECD/IOPS complementary private pension database.

Finally, the Secretariat coordinated the production of numerous other documents, including through continued assistance to the Executive and Technical Committees in the preparation of the agendas for the Committee meetings, the updated Programme of Work, the Annual Budget of the Organisation, President's and other reports, including the IOPS 2011 Annual Report.

## MEETINGS

The Secretariat played a key role in the organisation of the *OECD/ IOPS Global Forum on Private Pensions* held in Cape Town, South Africa in October – with thanks to the Financial Services Board of South Africa for their assistance. Marketing of the conference by the Secretariat helped to ensure that this annual event continued to attract a wide ranging audience, and raised interest from potential new Members in the African region.



Ross Jones, IOPS President and Mr. Rintaro Tamaki, Deputy Secretary-General, OECD

The Secretariat also organised the IOPS outreach events in the MENA region, the sub-Saharan African region and also the Latin American region. IOPS regional Members, other regional representatives, IOPS delegations and the IOPS President, and Secretariat took part in lively and extremely well received meetings, covering the practical topics of most relevance to the supervisory authorities in the area. The Secretariat would like to thank our hosts - the Insurance Commission of Jordan, the National Pension Commission of Nigeria, and the Superintendente Adjunta de Administradoras Privadas de Fondos de Pensiones of Peru – for their help in organising these events.

The Secretariat also engaged in the establishment, operation, preparation, and organisation of meetings for the Executive and Technical Committees (which met three times during the year) and for

the Annual General Meeting of the Governing Membership. The help of the Insurance Commission of Jordan, CONSAR of Mexico and the Financial Services Board of South Africa, and OECD staff in the organisation of these meetings was greatly appreciated.

Support was additionally provided for the Chairmen of the committees.

## **COOPERATION WITH OTHER INTERNATIONAL BODIES**

The IOPS Secretariat continues to work closely with the OECD's Working Party on Private Pensions, in particular on topics such as pension funds' risk-management systems (including alternative investments), ensuring that work was coordinated and synergies gained and any overlaps and duplication in projects avoided.

IOPS was represented at the meeting of the OECD Task Force on Financial Consumer Protection and provided input into the High Level Principles on Financial Consumer Protection and Education, being drafted for the G20.

Additionally, the Secretariat worked towards the extension of the ISSA/IOPS/OECD database on complementary and private pensions, adding new country profiles to the IOPS website.

The IOPS Secretariat continues to coordinate with the IAIS's Pensions Coordination Group and received input into various IOPS projects.

The Secretariat was also in contact with the Secretariat of the FSB, with the objective of strengthening cooperation between the two bodies.

The IOPS continues to work closely with our counterparts in Europe (EIOPA) and Latin America (AIOS).

## **ADMINISTRATION AND OTHER**

The Secretariat continued their work during 2011 to build the IOPS Membership base, contacting and following up with potential Members. The regional workshops in particular proved fertile ground for making new contacts.

Communication and record keeping in relation to existing Members was also undertaken, with the Secretariat striving to ensure that Delegates received documents in time to review them before meetings. Comments and suggestions from Delegates in relation to the on-going projects and reports were also coordinated.

The Secretariat also organised the nomination and election of the IOPS president and half the Executive Committee.

Finally, the Secretariat continued to update and develop the IOPS website, as well as launching and regularly updating social networking groups for IOPS.

## **PLANS FOR 2012**

Secretariat and other project activity can be expected to continue during 2012. It is expected that, in most cases, the Secretariat will maintain its high level of editorial support and analytical contributions to IOPS work and projects during 2012.

A set of good practices on the governance of Pension Supervisory Authorities will be drafted.

Support will also be provided for the other IOPS projects identified in the Programme of Work. This will include analytical input and editing for on-going IOPS project reports and potentially contracting and working with consultants to provide specialized input into selected projects. The Secretariat is also available to commission and edit further papers for the IOPS Working Papers Series.

Upon request, the Secretariat will also take the lead on selected analytical projects and provide support for discussion on recent developments and important events.

The Secretariat will continue to work on the development and update of the joint ISSA/IOPS/OECD complementary private pension database during 2012, improving the range and depth of the regulatory and statistical data available for IOPS Members.

The IOPS has a wide variety of meetings planned for 2012, which will require planning and preparation on the part of the Secretariat - including a back-to-back meeting with the OECD's Working Party on Private Pensions in June and the OECD/IOPS Global Forum on Private Pensions, scheduled to be held in Santiago, Chile in October.

Continued support will be provided to existing Members, from circulating meeting documents to dealing with ad hoc requests for information and assistance. The Secretariat also hope to bring on board a series of new Members during 2012 who have previously expressed interest in the organisation, and will continue to contact other organisations that could benefit from IOPS membership and provide useful input in our continued Programme of Work.

Finally, I would like to thank the IOPS Governing Members for the renewal of the partnership agreement with the OECD for a further three years. We look forward to continuing to provide secretariat support and to working with the IOPS in the future.



**André Laboul**  
Secretary General IOPS

## Executive Committee Members 2011

### IOPS President and Chair of Executive Committee

Mr. Ross Jones Deputy Chairman, Australian Prudential Regulatory Authority

### Vice-President

Mr. Edward Odundo Chief Executive, Retirement Benefits Authority, Kenya

#### Elected in 2009 to serve until end-2011

<b>Egypt</b>	Egyptian Insurance Supervisory Authority (EISA)
<b>India</b>	Pension Fund Regulatory and Development Authority (PFRDA)
<b>Italy</b>	Pension Fund Supervision Commission (COVIP)
<b>Jordan</b>	Insurance Commission

#### Elected in 2010 to serve until end-2012

<b>Hungary</b>	Hungarian Financial Services Authority (HFSA)
<b>Netherlands</b>	De Nederlandsche Bank (DNB)
<b>South Africa</b>	Financial Services Board (FSB)
<b>Turkey</b>	Undersecretariat for the Treasury
<b>Ex Officio – Australia (IOPS President)</b>	Australian Prudential Regulatory Authority (APRA)
<b>Ex Officio – Kenya (IOPS Vice President)</b>	Retirement Benefits Authority (RBA)
<b>Ex Officio – Chile (Chair of Technical Committee)</b>	Superintendencia de Pensiones
<b>Ex Officio – Hong Kong, China (Vice-Chair of Technical Committee)</b>	Mandatory Provident Fund Schemes Authority (MPFA)
<b>Ex Officio – United Kingdom (Treasurer)</b>	The Pensions Regulator

## Technical Committee Members 2011<sup>2</sup>

### Chair

Mrs. Solange Berstein

Superintendent of Penions, Chile

### Vice -Chairman

Mr. Darren McShane

MPFA, Hong Kong, China

<b>Albania</b>	Financial Supervisory Authority
<b>Armenia</b>	Central Bank of Armenia
<b>Australia</b>	Australian Prudential Regulation Authority
<b>Austria</b>	Financial Markets Authority
<b>Belgium</b>	Financial Services and Markets Authority
<b>Botswana</b>	Non-Bank Financial Institutions Regulatory Authority
<b>Brazil</b>	Superintendência Nacional de Previdência Complementar - PREVIC
<b>Bulgaria</b>	Financial Supervision Commission
<b>Cayman Islands</b>	Cayman Islands Monetary Authority
<b>Chile</b>	Superintendencia de Pensiones
<b>China</b>	Chinese Insurance Regulatory Authority
<b>Colombia</b>	Superintendencia Financiera de Colombia
<b>Costa Rica</b>	Superintendencia de Pensiones
<b>Czech Republic</b>	National Bank
<b>Egypt</b>	Egyptian Financial Supervisory Authority
<b>France</b>	Autorité de Contrôle Prudentiel
<b>Germany</b>	Federal Financial Supervisory Authority
<b>Ghana</b>	National Pensions Regulatory Authority
<b>Hong Kong, China</b>	Mandatory Provident Fund Authority
<b>Hungary</b>	Hungarian Financial Supervisory Authority
<b>India</b>	Pension Fund Regulatory and Development Authority
<b>Indonesia</b>	Capital Market and Financial Institutions Supervisory Agency
<b>Ireland</b>	Pensions Board
<b>Isle of Man</b>	Insurance and Pensions Authority
<b>Italy</b>	Pension Funds Supervision Commission
<b>Jamaica</b>	Financial Services Commission
<b>Jordan</b>	Insurance Commission
<b>Kazakhstan</b>	Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Institutions
<b>Kenya</b>	Retirement Benefits Authority
<b>Korea</b>	Financial Services Commission
<b>Korea</b>	Financial Supervisory Service
<b>Kosovo</b>	Banking and Payments Authority of Kosovo
<b>Lichtenstein</b>	Financial Market Authority
<b>Luxembourg</b>	Commission de Surveillance du Secteur Financier
<b>FYRO Macedonia</b>	Agency for Supervision of Fully Funded Pension Insurance
<b>Malawi</b>	Central Bank
<b>Malta</b>	Financial Services Authority
<b>Mauritius</b>	Financial Services Commission
<b>Mexico</b>	Comision Nacional del Sistema de Ahorro para el Retiro

<sup>2</sup> Please note that participation in Technical Committee meetings is open to all IOPS members.

<b>Namibia</b>	Namibia Financial Institutions Authority
<b>Netherlands</b>	De Nederlandsche Bank
<b>Nigeria</b>	National Pensions Commission
<b>Norway</b>	The Financial Supervisory Authority
<b>Pakistan</b>	Securities and Exchange Commission
<b>Palestine</b>	Capital Markets Authority
<b>Peru</b>	Superintendencia de Bance, Seguros y AFP
<b>Poland</b>	Insurance and Pension Funds Supervisory Commission
<b>Portugal</b>	Instituto de Seguros de Portugal
<b>Romania</b>	Private Pension System Supervisory Commission
<b>Rwanda</b>	Central Bank
<b>Serbia</b>	National Bank
<b>Slovak Republic</b>	National Bank
<b>South Africa</b>	Financial Services Board
<b>Spain</b>	Ministry of Economy and Finance
<b>Suriname</b>	Central Bank
<b>Swaziland</b>	Office of the Registrar of Insurance and Pension Retirement Funds
<b>Tanzania</b>	Social Security Regulatory Authority
<b>Thailand</b>	Securities and Exchange Commission
<b>Trinidad &amp; Tobago</b>	Central Bank
<b>Turkey</b>	Undersecretariat of Treasury
<b>Turkey</b>	Pension Monitoring Center
<b>Ukraine</b>	State Commission for regulation of Financial Services Markets
<b>UK</b>	The Pension Regulator
<b>Zambia</b>	National Pension Scheme Authority
<b>OECD</b>	
<b>World Bank</b>	

## IOPS Members and Observers 2011

### Governing Members

<b>Albania</b>	Financial Supervisory Authority
<b>Armenia</b>	Central Bank of Armenia
<b>Australia</b>	Australian Prudential Regulation Authority
<b>Austria</b>	Financial Market Authority
<b>Belgium</b>	Banking, Finance and Insurance Commission
<b>Botswana</b>	Non-Bank Financial Institutions Regulatory Authority
<b>Brazil</b>	Ministério da Previdência e Assistência Social
<b>Bulgaria</b>	Financial Supervision Commission
<b>Cayman Islands</b>	Cayman Islands Monetary Authority
<b>Chile</b>	Superintendencia de Pensiones
<b>China</b>	China Insurance Regulatory Commission
<b>Colombia</b>	Superintendencia Financiera de Colombia
<b>Costa Rica</b>	Superintendencia de Pensiones de Costa Rica
<b>Czech Republic</b>	National Bank
<b>Egypt</b>	Egyptian Financial Supervisory Authority
<b>France</b>	Autorité de Contrôle Prudentiel
<b>Germany</b>	Federal Financial Supervisory Authority

<b>Ghana</b>	National Pensions Regulatory Authority
<b>Hungary</b>	Hungarian Financial Supervisory Authority
<b>Hong Kong, China</b>	Mandatory Provident Fund Authority
<b>India</b>	Pension Fund Regulatory and Development Authority
<b>Indonesia</b>	Capital Market and Financial Institutions Supervisory Agency
<b>Ireland</b>	Pensions Board
<b>Isle of Man</b>	Insurance and Pensions Authority
<b>Israel</b>	Ministry of Finance
<b>Italy</b>	Pension Funds Supervision Commission
<b>Jamaica</b>	Financial Services Commission
<b>Jordan</b>	Insurance Commission
<b>Kazakhstan</b>	Agency of the Republic of Kazakhstan on Regulation and Supervision of Financial Market and Financial Institutions
<b>Kenya</b>	Retirement Benefits Authority
<b>Korea</b>	Financial Services Commission
<b>Korea</b>	Financial Supervisory Service
<b>Kosovo</b>	Banking and Payments Authority of Kosovo
<b>Lichtenstein</b>	Financial Market Authority
<b>Luxembourg</b>	Commission de Surveillance du Secteur Financier
<b>FYRO Macedonia</b>	Agency for Supervision of Fully Funded Pension Insurance
<b>Malawi</b>	Central Bank
<b>Malta</b>	Financial Services Authority
<b>Mauritius</b>	Financial Services Commission
<b>Mexico</b>	Comision Nacional del Sistema de Ahorro para el Retiro
<b>Namibia</b>	Namibia Financial Institutions Authority
<b>Netherlands</b>	De Nederlandsche Bank
<b>Nigeria</b>	National Pensions Commission
<b>Norway</b>	The Financial Supervisory Authority
<b>Palestine</b>	Capital Markets Authority
<b>Pakistan</b>	Securities and Exchange Commission
<b>Peru</b>	Superintendencia de Bance, Seguros y AFP
<b>Poland</b>	Insurance and Pension Funds Supervisory Commission
<b>Portugal</b>	Instituto de Seguros de Portugal
<b>Romania</b>	Private Pension System Supervisory Commission
<b>Rwanda</b>	Central Bank
<b>Serbia</b>	National Bank
<b>Slovak Republic</b>	National Bank
<b>South Africa</b>	Financial Services Board
<b>Spain</b>	Economy and Finance Ministry
<b>Suriname</b>	Central Bank
<b>Swaziland</b>	Office of the Registrar of Insurance and Pension Retirement Funds
<b>Tanzania</b>	Social Security Regulatory Authority
<b>Thailand</b>	Securities and Exchange Commission
<b>Trinidad &amp; Tobago</b>	Central Bank
<b>Turkey</b>	Undersecretariat of Treasury
<b>Turkey</b>	Pensions Monitoring Center
<b>Ukraine</b>	State Commission for regulation of Financial Services Markets
<b>United Kingdom</b>	The Pension Regulator
<b>Zambia</b>	National Pension Scheme Authority

### Associate Members

<b>Panama</b>	Sistema de Ahorro y Capitalización de Pensiones de los Servidores Públicos (SIACAP)
<b>South Africa</b>	National Department of Social Development
<b>IAIS</b>	<i>Cooperation Agreement</i>
<b>ISSA</b>	<i>Partnership Agreement</i>
<b>OECD</b>	<i>Partnership Agreement</i>
<b>World Bank</b>	<i>Partnership Agreement</i>

### Observers

<b>USA</b>	American Council of Life Insurers
<b>Europe</b>	European Federation for Retirement Provision
<b>Finland</b>	Finnish Centre for Pensions
<b>IAA</b>	<i>Reciprocal Membership</i>

### Secretariat

<b>Secretary General</b>	Mr. André Laboul	
<b>Secretariat</b>	Ms. Fiona Stewart fiona.stewart@oecd.org Tel: +33 145 24 14 52	Ms. Nina Paklina nina.paklina@oecd.org Tel: +33 145 24 84 78
	Ms. Sally Day-Hanotiaux sally.day-hanotiaux@oecd.org Tel: +33 145 24 96 61	



## Report of the Treasurer

**Philip Diamond**  
IOPS Treasurer

### **SUBJECT:**

### **IOPS ACCOUNTS AS OF 31 DECEMBER 2010**

Dear Governing Members,

The Treasurer reports that during the year ended 31 December 2010 the International Organisation of Pension Supervisors (IOPS) unwound much of our surplus from previous years. This was in line with our budget estimates.

There was a slight decline in membership fees from €356,493.60 in 2009 to €342,479.19. This represented a slight decline in the mix of payments (*i.e.* more payments of €5,000, fewer of €7,500). Membership fees and interest were the sole sources of income in 2010. Interest earned declined from €4,897.16 to €2,400.75.

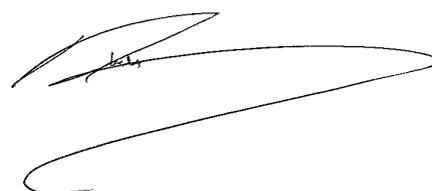
On the cost side, the major expense incurred by the Organisation during 2010 was for the Secretariat support provided by the OECD under the official partnership agreement between the OECD and the IOPS signed in 2005. A detailed description of services provided in 2010 was outlined in the reports provided by the OECD to the Treasurer. The total spend by the Secretariat was in line with budget. Conference and meeting expenses during 2010 amounted to €92,278.40, a rise from €54,843.44 in 2009. This reflected a slightly more expensive mix of meeting locations and the provision of a number of outreach meetings as detailed below. It should be noted that some of the costs from the Sydney meeting will be reimbursed by the OECD in 2011 (and a currency mispayment will also be unwound).

During 2010 the IOPS continued to develop a strong programme of work, held meetings of the Executive and Technical committees in Basel, Paris and Sydney, and the Annual General Meeting and joint OECD/IOPS Global Forum also took place in Sydney.

In addition, regional workshops were held in Istanbul and Warsaw. In recognition of the Organisation's non-profit status, funds built up as surplus during the initial 2004 -2007 period continued to be drawn down for project work during 2010. At its March 2007 meeting the Executive Committee adopted a reserving policy designed to hold a target 20% estimated membership fees as a contingency reserve, to cover uncertainties relating to the timing of receipt and levels of membership fee payments, from which the organisation's main income is derived. In addition, at the same meeting of the Executive Committee, it was agreed to build up an additional reserve amounting to 75,000 Euro over three years to cover potential future event expenditure, such as costs relating to conferences or regional

workshop programs. 2010 was the second year of draw down of this additional reserve. The total of the special and contingency reserves held at the end of 2010 was €118,493.

Our net assets at the close of 2010 were €167,066.17. With an operating loss of €73,949.35 recorded over the 2010 year, we may dip below our reserves by the close of 2011. We therefore have recommended to the Executive Committee that an increase in membership fees of 10% in 2012, (be considered for approval by the IOPS Governing Membership at the 2011 AGM), and to maintain a rolling review of the extent of our outreach activities to stabilise our financial position. This would be the first time the membership fees would have increased since the Organisation was created and would help restore our financial stability.



**Philip Diamond**  
Treasurer

The International Organisation of Pension Supervisors  
Dated: **30 November 2011**

2010 Members Payments

Albania	India	Mexico	Spain
Australia	Israel	Namibia	Suriname
Austria	Ireland	Netherlands	Swaziland
Belgium	Isle of Man	Nigeria	Thailand
Botswana	Italy	Norway	Trinidad & Tobago
Bulgaria	Jamaica	Pakistan	Turkey (Treasury)
Brazil	Jordan	Palestine	Turkey (PMC)
China	Kazakhstan	Panama	Ukraine
Chile	Kenya	Peru	United Kingdom
Costa Rica	Korea	Poland	Zambia
Czech Republic	Kosovo	Portugal	
Egypt	Liechtenstein	Romania	Finland
France	Malawi	Rwanda	South Africa (Ministry for Social Development)
			The World Bank
Germany	Malta	Serbia	ACLI
Hungary	FYRO Macedonia	Slovakia	EFRP
Hong Kong	Mauritius	South Africa	

**IOPS**  
**2 Rue André Pascal**  
**75 775 Paris Cedex 16**  
**France**

Neuilly-sur-Seine, 20 September 2011

**Report of the Auditors**  
**To the Members**  
**International Organisation of Pension Supervisors**

We have audited the accompanying balance sheet of the International Organisation of Pension Supervisors (the "IOPS") as of 31 December 2010 and the related statements of income for the year then ended. These financial statements are the responsibility of IOPS's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of IOPS as of 31 December 2010, in accordance with International Financial Reporting Standards



**Jean-Pierre MION**  
**Partner**

<b>International organisation of pension supervisors (IOPS)</b>				
<b>Statement of financial position</b>				
<b>As per 31 December 2010</b>				
<b>Assets</b>	<b>Notes</b>	2010 (Euro)		2009 (Euro)
Cash at bank		55,607.57		95,150.65
Short term deposit		110,983.56		213,262.70
Interest accrued		1,397.19		1,573.17
Sundry debtors and prepayments		26,914.60		-
<b>Total</b>		<b>194,902.92</b>		<b>309,986.52</b>
<b>Liabilities and net assets</b>				
Prepaid membership fees		14,986.75		62,471.00
Accrued expenses		12,850.00		6,500.00
<b>Total liabilities</b>		<b>27,836.75</b>		<b>68,971.00</b>
<b>Net Assets</b>		<b>167,066.17</b>		<b>241,015.52</b>
<b>Unrestricted Net Assets &amp; Reserves</b>				
Retained earnings before transfer		94,716.80		191,348.36
Changes in unrestricted net assets for the current year		- 73,949.35		- 332.84
		<b>20,767.45</b>		<b>191,015.52</b>
Transfer from Special Reserve		25,000.00		- 25,000.00
Transfer from Contingency Reserve		2,805.08		- 71,298.72
Retained Earnings after transfer		<b>48,572.53</b>		<b>94,716.80</b>
Special Reserve		50,000.00		75,000.00
Contingency Reserve		68,493.64		71,298.72
<b>Total Funds</b>		<b>167,066.17</b>		<b>241,015.52</b>

**International organisation of pension supervisors (IOPS)**  
**Statement of activities**  
**For the year ending 31st December 2010**

**CHANGES IN UNRESTRICTED NET ASSETS**

	2010 (Euro)	2009 (Euro)
<b>Revenue and gains</b>		
Membership fees	342,479.19	356,493.60
Interest	2,400.75	4,897.16
<b>Total unrestricted revenue and gains</b>	<b>344,879.94</b>	<b>361,390.76</b>
<b>Expenses</b>		
Audit	7,057.40	6,592.35
Bank fees and charges	969.65	1,081.44
Grants to OECD	-	30,000.00
Legal fees	-	-
OECD administration	294,323.28	268,500.00
Conference expenses	92,278.40	54,843.44
Subscriptions	11,760.71	706.37
Publishing Costs	12,439.85	-
Membership fee refund	-	-
<b>Total expenses</b>	<b>418,829.29</b>	<b>361,723.60</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>	<b>- 73,949.35</b>	<b>- 332.84</b>

<b>INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)</b>	
NOTES TO THE FINANCIAL STATEMENTS	
Year ending 31 December 2010	
<b>1 NATURE OF ORGANISATION</b>	
	The International Organisation of Pension Supervisors (IOPS) is an international body representing a range of members involved in the supervision of private pension arrangements. The Organisation's members cover all levels of economic development and bring together all types of pension and supervisory systems.
	IOPS is an association in accordance with French law. It is domiciled in Paris, France and receives membership fees from members worldwide.
<b>2 SIGNIFICANT ACCOUNTING POLICIES</b>	
	The accounts of the IOPS are drawn on the historical cost basis and income and expense items are recorded on the accruals basis.
<b>3 INCOME TAXES</b>	
	The Organisation is exempt from income tax.
<b>4 PAYMENTS TO THE OECD</b>	
	The IOPS paid the following amounts to the OECD:
	294,323.28
	Grant provided to meet secretariat and administrative support services, technical and liaison support.
	<b><u>294,323.28</u></b>
<b>5 CONFERENCE FEES</b>	
	The IOPS held three sets of meetings in Basle, Paris and Sydney and two regional workshops in Istanbul and Warsaw
	81,059.64
	9,618.76
	Relates to Rio de Janeiro 2009 expenses
	1,600.00
	Relates to Mombasa 2008 expenses
	<b><u>92,278.40</u></b>
<b>6 AUDIT</b>	
	The amount of €7,057.40 consists of an estimate of €6,800.00 of audit fees to be paid in 2010 relating to the audit of financial statements for the year ended 31/12/2010 plus an additional cost of €257.40 (above the amount accrued) for the 2009 audit.

<b>INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)</b>	
NOTES TO THE FINANCIAL STATEMENTS	
Year ending 31 December 2010 (continued)	
<b>6</b>	<b>SUNDRY DEBTORS AND PREPAYMENT</b>
	Consist of the following amounts:
	14,092.59 Reimbursements from OECD for Conference costs
	11,322.01 APRA refund for over payment of invoice 17437
	1,500.00 Secondment fee
	<b>26,914.60</b>
<b>7</b>	<b>ACCRUED EXPENSES</b>
	Consist of:
	6,800.00 Audit fee based on 2009
	6,050.00 Cambridge University Press Journal for 2010
	<b>12,850.00</b>
<b>8</b>	<b>PRE-PAID MEMBERSHIP FEES</b>
	Consist of:
	14,986.75 2011 membership fee received in 2010
	<b>14,986.75</b>
<b>9</b>	<b>RETAINED EARNINGS AND CONTINGENCY RESERVE</b>
	At its March 2007 meeting the Executive Committee resolved to set aside in the accounts of the Organisation a contingency reserve of 20% of membership fees for the year to provide against uncertainties in timing of receipt of income in future years.
	To maintain this figure in light of the reduction of membership income an €2.805.08 was transferred to Retained Earnings
	This amount has been transferred to Retained Earnings and is reflected in an increase to the opening retained earnings figure in the balance sheet.
<b>10</b>	<b>SPECIAL RESERVE</b>
	At the meeting of the Executive Committee on 21st March 2007 it was also agreed to build up an additional reserve amounting to €75,000 over 3 years to cover potential future event expenditure, such as costs related to conferences or regional workshop programs
	This amount was reached in 2009. €25,000 has been released to cover costs during 2010
<b>11</b>	While the IOPS is a non-tax paying organisation and accordingly would not normally accumulate a surplus or reserves, the Organisation was newly founded in 2004 with some uncertainty as to membership revenue and expenses in the first few years.
	Accordingly, the decision was taken to build up some initial reserves which were to be drawn down over the coming years, spending on increased staff support and other expert and professional input into IOPS projects