

IOPS ANNUAL REPORT 2018

Activities from January 2018 to December 2018
2017 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 85 Members and Observers representing supervisory bodies from 75 countries and territories worldwide - from Albania to Zimbabwe - covering all levels of economic development and bringing together all types of pension and supervisory systems.

The IOPS was formed in July 2004. 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.*

Report from the President of IOPS



Carlos Ramírez Fuentes
President of IOPS

HIGHLIGHTS

In 2018 the IOPS continued working with individual members and co-operating actively with other international organisations which have an interest in pension supervision. On 22 February, The Pensions Authority of Ireland hosted the IOPS Committee meetings in Dublin, Ireland.

The Committees meetings in Ireland were followed by an international seminar on pension supervision and regulation entitled “Building better retirement: ensuring value for money, implementing automatic enrolment and designing retirement pay-outs” organised jointly by The Pensions Authority, the IOPS and the OECD. The purpose of the seminar was to discuss a selected number of policy reform initiatives from the regulatory and supervisory perspectives. Special attention during the seminar was devoted to: 1) introduction of automatic enrolment programmes to increase private pension coverage; 2) designing the pay-out phase and 3) controlling and reducing costs and fees and ensuring value for money pension schemes. The seminar brought together senior officials from the pension regulatory and supervisory authorities with a rich representation from The Pensions Authority of Ireland and globally. The meetings in Dublin were perceived as highly successful, gathering 62 IOPS Delegates from 34 jurisdictions and approximately 50 Irish participants, allowing for a fruitful and informative exchange of views and experiences on a number of topical issues. The presentations delivered at the international seminar in Dublin are available on the IOPS web-site.

On 4-5 June 2018, the IOPS and the OECD Working Party on Private Pensions organised joint meetings in Paris, France. These were followed by the third international Research seminar organised jointly by OECD, IOPS and the International Network for Pensions, Aging, and Retirement Research (INPARR) that offered a unique forum where leading pension academics presented their research and interacted with the policymakers and supervisory community. The INPARR gathers the following leading academic institutions: the ARC Center of Excellence in Population Ageing Research (CCEPR), the Pension Research Council of the University of Pennsylvania and the Network for Studies on Pensions, Aging and Retirement (Netspar). The theme of the conference addressed the issue of consistency amid complexity with focus on such issues like retirement, health and pensions, ESG investment and pensions, choice and pension design, and new ideas for social protection. A special

session of the Seminar was also dedicated to the establishment of the International Pension Research Association. Around 165 persons, world leading academic researchers and the OECD and IOPS Delegates from 56 jurisdictions around the world took part in this event. The presentations of the Research Seminar, 6 June 2018, were made available on the OECD as well as on the IOPS web-site.

The IOPS Annual Meetings were held on 24-26 October 2018 in Beijing, China, and were hosted by the IOPS member authority, the China Banking and Insurance Regulatory Commission (CBIRC). The AGM and the IOPS committee meetings were followed by the OECD/IOPS Global Forum on Private Pensions, which had the theme of “Designing pension systems to cope with the ageing challenge” and gathered about 160 local guests, including representatives of the government of China, representatives of the private pension and asset management industry in the region and globally, as well as 87 international Delegates from 36 jurisdictions, including IOPS Members and officials from the OECD. The forum benefited from the knowledge and expertise of numerous speakers, including Mr Robert Jeremenko, First Assistant Secretary, Department of the Treasury of Australia, Mr Preston Rutledge, Assistant Secretary of Labor of the United States, Professor Hazel Bateman from the Centre of Excellence in Population Ageing Research (CEPAR) and the University of New South Wales in Australia, as well as IOPS delegates. Participants discussed several important topics, such as the ways to design pension system with the use of public and private components, how to adjust regulatory framework to encourage innovation in the design of pension products to mitigate longevity risk. The event also provided an occasion to thoroughly discuss the ESG investment by pension funds as well as pension projections (including their design, communication with the members and supervision). The forum was privileged to welcome the participation of Mr Guo Shuqing, Chair of the China Banking and Insurance Regulatory Commission who provided opening remarks as well as Mr Liang Tao, Vice Chair of the China Banking and Insurance Regulatory Commission who delivered closing remarks. The presentations delivered at the Global Forum in Beijing, China are available on the IOPS web-site.

Special thanks are due to all participants of IOPS meetings and the authorities that hosted the meetings for their initiatives and hospitality. The organisation of the Technical Workshops back to back with the Committee meetings proved to be a very useful initiative offering to our Members a valuable source of practical information on highly technical issues related to the supervision of private pension entities. Again, we are grateful to the senior management of the hosting authorities for their support of such initiatives and all colleagues who contributed to these technical seminars.

This year brought also an important development in our Organisation. During the Dublin meetings in February 2018 the discussions were initialised on how IOPS should more efficiently deal with various current and future supervisory challenges. A brainstorming session on the future goals and priorities of IOPS was held in the premises of the Pensions Authority of Ireland in Dublin on 21 February 2017. The meeting was attended by 16 Delegates including Members of the IOPS Executives Committee and selected highly engaged Members of IOPS Technical Committee and the Secretariat. The meeting offered a unique opportunity for an open and constructive discussion on the elaboration of a future IOPS strategic plan. In result, a survey on IOPS objectives, future challenges and priorities as well as the ways to implement priorities in the Programme of Work was sent to the Members in March 2018. In their responses Members confirmed that IOPS purposes and objectives are up to date. This and other findings from the survey were presented in a summary report for further discussion at the June IOPS meeting. Thanks to the extensive consultations and rich feedback received from our Members, I was able to develop, with the support of the Secretariat, a proposal for IOPS strategy. The IOPS Strategy for 2019-2024, was approved at the Beijing AGM on 25 October 2018.

The Organisation will focus on anticipating major developments in areas covered by IOPS and will pursue its standard-setting work and elaboration of relevant international guidelines and tools in

supervisory area. This work will reflect major private pensions developments and should further increase its international visibility and policy impact. The adopted strategy document set up the following priorities for IOPS to work on in the next five years:

- Extend the supervisory knowledge and develop the international guidelines and good practices in the area of investments and risk management;
- Update and further develop supervisory knowledge and the international guidelines and good practices in the area of Risk-based supervision (RBS) in private pensions;
- Build the supervisory knowledge and develop the international guidelines and good practices in the area of Fintech and Digitalization in private pensions and use of innovative technologies by supervisors themselves;
- Continue developing and updating international supervisory standards and good practices by conducting research and provision of supervisory guidance in the area of identified challenges faced by supervisors (such as investment issues, prudential supervision including risk-based approach, digitalisation, consumer protection and communication, governance, and changing nature of private pension systems);
- Undertake research on selected supervisory issues as identified by IOPS members;
- Provide technical assistance to IOPS members for selected regulatory and supervisory issues and challenges;
- Continue work on improving the internal and external communication of the Organisation.

I am fully convinced that by working on the above priorities, the IOPS will be able to meet successfully future challenges related to pension supervision and will continue bringing value to its Members, contributing to better supervision and protection of pension savings in private pension systems in the world.

MEMBERS

Two supervisory bodies expressed interest in 2018 to join the Organisation as from the next year. The entities that will join the Organisation are: the Croatian Financial Services Supervisory Agency (HANFA) as the IOPS Governing Member and the Executive Permanent Secretariat of National Commission of Social Protection (SEP/CNPS) of Burundi as the IOPS Associate Member.

Our on-going goal is expand the membership base of our Organisation through our out-reach events, bilateral contacts and with the help of our 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 incorporate their valuable input into our work.

IOPS is very grateful to its Members who have supported our efforts to expand the membership of the Organisation. Indeed, our best source of recruitment is through our membership. Members are therefore encouraged to get in touch and develop their relationship with supervisory authorities in their regions and help work towards further increasing the membership of our Organisation in 2019.

On behalf of myself and the whole Membership, I would like to express the most sincere thanks to Mr Stephen Glenfield, former General Manager, South West Region - Specialised Institutions Division of the Australian Prudential Regulation Authority (APRA) who has been serving as IOPS Vice Chair of the Technical Committee and IOPS Treasurer since June 2014. Stephen was a long-standing and active delegate at IOPS since the establishment of the Organisation and I would like to thank him for his excellent contribution to the work of the International Organisation of Pension Supervisors. He was one of the driving forces of our Organisations offering his knowledge and expertise in the pension supervisory domain to support the standard-setting activities, research and policy work developed by the Organisation.

MEETINGS

The following meetings were held in 2018:

- Informal brainstorming meeting on IOPS strategy; 21 February – Dublin, Ireland;
- Executive and Technical Committee meetings; 22 February – Dublin, Ireland; 4-5 June – Paris, France; 24 October – Beijing, China;
- IOPS/OECD/The Pensions Authority of Ireland International Seminar on Private Pensions: Building better retirement: ensuring value for money, implementing automatic enrolment and designing retirement pay-outs, 23 February, Dublin, Ireland;
- INPARR-OECD-IOPS Research Seminar: Consistency amid complexity: Navigating the future of pensions, 6 June, Paris, France;
- Annual General Meeting, 25 October, Beijing, China;
- OECD/IOPS Global Forum on Private Pensions: Designing pension systems to cope with the ageing challenge, 25-26 October, Beijing, China.
- IOPS/ACAP Supervisory training workshop, Rabat, Morocco, 5-7 December 2018



IOPS Supervisory Training Workshop, 5-7 December 2018, Rabat, Morocco

In the front row: Mr Brendan Kennedy, Pensions Regulator, The Pensions Authority, Ireland, Chair of the IOPS Technical Committee; Mr Dennis Olouch, Deputy Manager, Supervision, The Retirement Benefits Authority (RBA) of Kenya; Ms Ann Devos, Co-ordinator Prudential Supervision, Supervision of Supplementary Pensions Financial Services and Markets Authority, (FSMA), Belgium; Mr Othman Khalil El Alamy, Secretary General, Supervisory Authority of Insurance and Social Security (ACAPS), Morocco).

AIMS

The Organisation successfully worked towards fulfilling a range of aims and objectives during 2018, including the following:

AIM	Achievement 2018
<i>Standard setting body on pension supervisory issues</i>	<p>The IOPS released its Good Practices on the Role of Pension Supervisory Authorities in Consumer Protection Related to Private Pensions after a series of discussion by IOPS Members and public consultation process.</p> <p>Representatives of the Organisation participated in the work of other bodies promoting the standards developed by the IOPS (e.g. OECD Working Party on Private Pensions, G20-OECD Task Force on Financial Consumer Protection -</p>

	<p>OECD).</p> <p>The IOPS continued a revision process of its Principles of Private Pension Supervision in light of the recent revision of the OECD Core Principles of Private Pension Regulation, which include the IOPS Principles as its Core Principle 6 and developments in the supervisory techniques and approaches that have taken place since the last revision of the IOPS Principles in 2010. This work is still in progress.</p>
<i>Worldwide forum for dialogue and exchange</i>	<p>The IOPS organised jointly with OECD, and the International Network for Pensions, Aging, and Retirement Research (INPARR) the international research seminar on the future of retirement income plans.</p> <p>The joint OECD/IOPS Global Forum on private pensions was organised in Beijing, China.</p> <p>The IOPS continued collaboration with other international institutions (e.g. the World Bank, Latin American Pension Fund Supervisors (AIOS), International Association of Insurance Supervisors (IAIS), International Social Security Association (ISSA), International Actuarial Association and International Federation of Pension Funds Administrators (FIAP)).</p>
<i>Participate in work of relevant international bodies</i>	<p>See description of activities in the section <i>Relations with other organisations</i> under this table.</p>
<i>Promote, conduct, facilitate distribution and communication of research</i>	<p>During 2018 the IOPS released three Working Papers.</p> <p>The IOPS continued revision of its website, including its research section and electronic library on the IOPS website that provides research on pension supervision and related topics.</p> <p>Members also receive the leading academic pension journal, 'The Journal of Pension Economics and Finance' (JPEF) developed under the aegis of the IOPS and OECD. The Journal publishes original research papers on topics including pension fund management, the regulation of pensions, and pensions and labour markets. The Issues & Policy section reviews the state of debate on current public policies and other major aspects of the</p>

	<p>pension's field. Printed copies of the Journal were distributed to the Members at the Paris Committee meetings and the OECD/IOPS Global Forum on Private Pensions.</p> <p>Access to the electronic version of the JPEF is available to the Members through IOPS web-site: www.iopsweb.org</p>
<i>Assist countries with less developed private pension arrangements</i>	<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 December, in co-operation with the Supervisory Authority of Insurance and Social Security of Morocco (ACAPS) the IOPS organised a supervisory training workshop in Rabat, Morocco that was attended by approximately 20 colleagues from the ACAPS.</p> <p>The IOPS Committee Meetings and Conference in Dublin, Paris and Beijing saw attendance from non-member countries such as Denmark, Estonia, Finland, Japan, Kyrgyzstan, Latvia, Malaysia, Mongolia, Norway, Singapore, Sweden, and the United States. IOPS Members pursue their efforts supported by the Secretariat to expand the Membership of the Organisation in the future.</p>
<i>Develop database of private pension and supervisory systems worldwide</i>	<p>The IOPS continues to work with its partners from the ISSA and OECD to update and develop a comprehensive regulatory and statistical database covering private pension systems worldwide. 2018 update of the joint ISSA/OECD/IOPS Complementary and Private Pension database and IOPS supervisory profiles comprised G20 countries.</p>

RELATIONS WITH OTHER ORGANISATIONS

The IOPS continued to work closely with other organisations in 2018. Such collaborations included:

- **G20:** The IOPS Secretary General, André Laboul, represented the Organisation in the Investment Forum in Argentina organised as a high-level event in the framework of G20 activities under the Argentina presidency
- **OECD:** The IOPS continues to work closely with the OECD's Working Party on Private Pensions jointly organising research conferences, joint summer meetings and the Global Forum. This year, the summer joint meeting was held in Paris, France, while the Global

Forum took place in Beijing, China. The OECD continues to provide Secretariat support to the IOPS via the partnership agreement signed by the two organisations in 2005 and renewed in 2017 at the AGM held in Mauritius. The IOPS also continued to contribute to the G20/OECD Taskforce on Financial Consumer Protection, the Taskforce on Pension Statistics and the G20/OECD Taskforce on Institutional Investors and Long-Term Financing.

- **ISSA:** the joint database on complementary and private pensions is further being updated and extended by the three organisations involved (IOPS, ISSA and OECD).
- **World Bank:** representatives continue to attend IOPS meetings and provide input and comments to IOPS projects.
- **IAA:** the two organisations continue to co-operate, comment on their work programmes and publications as well as organise regular working meetings.
- **IAIS:** the two organisations continue to co-operate in respect of monitoring developments, co-ordinating respective work of each organisation and participating in events where relevant. In 2018 the joint IAIS and IOPS report “Retirement income business in insurance companies” was released to IAIS and IOPS members.
- **AIOS:** the two organisations provide regular exchange of information and the representative of AIOS attended and actively contributed to the joint OECD/IOPS Paris meeting.
- **EIOPA:** the IOPS and EIOPA provide regular updates of each other's work.

FUTURE MEETINGS

2019

- 6-8 March, Committee Meetings and Seminar, New Delhi, India;
- 10-11 June, Committee Meetings, OECD, Paris, France jointly with the OECD WPPP;
- October (dates tbc), Committee Meetings, AGM & OECD/IOPS Global Forum on private pensions, Tirana, Albania.

2020

- February-March (dates tbc), Committee Meetings and Seminar, host country tbc;
- 15-16 June, Committee Meetings, OECD, Paris, France jointly with the OECD WPPP;
- October (dates tbc), Committee Meetings, AGM & OECD/IOPS Global Forum on private pensions, Yerevan, Armenia.

Finally, I would like to confirm my resignation from the position of IOPS President which is effective as of 1 December 2018. The reason for my resignation is the end of my term as the President of the National Commission of the Retirement Savings System (CONSAR). The Vice-President of the Organisation, Dr. Olga Fuentes, will be acting as IOPS President until the elections of the new IOPS President that will be organized at the extraordinary Annual General Meeting on 5 March 2019 in New Delhi, India.

I thank you all for your support during this time and wish all the best to the IOPS community.



Carlos Ramírez Fuentes
President of IOPS



Report by the Chair of the Technical Committee

Brendan Kennedy

Chair of the IOPS Technical Committee

The Technical Committee of IOPS is an essential group tasked with developing principles, standards and good practices on pension supervisory issues and on regulatory issues related to pension supervision. The Technical Committee is also the primary forum through which members discuss and share experiences relating to pension supervision and contribute to the development and issuance of IOPS Working Papers. Participation in Technical Committee

meetings is open to all IOPS members.

Over the year, three meetings of the Technical Committee were held which were all well supported by the membership. The June meeting in Paris was again a joint meeting with the OECD Working Party on Private Pensions which provided a valuable opportunity to share and discuss the work of IOPS with a broader group of private pension policymakers and regulators as well as private pension industry representatives and other stakeholders.

The outputs and ongoing work of the Committee are set out in some detail below. The value of a body such as IOPS is that it is able to draw upon the collective experiences of a broad membership of pension supervisors. The quality of outputs of the IOPS is driven by the contributions of these Members who are urged to participate and provide input whether through participation in project teams, responses to surveys and information requests or through the meeting processes where papers are discussed and commented. I would particularly like to thank those who drafted, edited and supplied input for the Working Papers released, or further developed, this year. I would also like to thank the Secretariat for their efforts in the development of the papers completed and progressed throughout the year and also for the substantial background work needed in arranging the meetings of the Committee so that they can run efficiently and productively.

Going forward, the Technical Committee is committed to an ambitious program of work that will continue to explore the frontiers of developments in private pension systems globally. To achieve these ambitions, we look forward to the ongoing commitment of the membership, the support of the secretariat and ongoing collaboration with our external partners.

PROGRAMME OF WORK (POW) 2018-2019

PRINCIPLES AND GUIDELINES

IOPS Good Practices on the Role of Pension Supervisory Authorities in Consumer Protection Related to Private Pensions:

The IOPS finalised the work on its Good Practices on the Role of Pension Supervisory Authorities in Consumer Protection Related to Private Pensions in February 2018. After receiving valuable comments from IOPS members last year, the IOPS launched a public consultation in October 2017, receiving highly prized input from various international sources.

RESEARCH AND PUBLICATIONS

During 2018, 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.

Three Working Papers were released during 2018. The IOPS working paper N° 31 analyses qualitatively and quantitatively the investment behaviour of pension fund sectors in Chile, Mexico, Poland, and Italy during and after the 2008-09 financial crisis until 2014-2016. The working paper N° 32 investigates fees and charges that are applied in private pension systems in 44 jurisdictions. The working paper N° 33 reviews the most significant applications of digital technologies for the private pension sector and assesses the current and foreseen impact of these technologies on pension supervision. Abstracts of the papers published 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 the results of research and policy analysis conducted throughout the year. They are developed with the important input and assistance of Technical Committee Members, and are circulated to encourage discussion and comment and feed policy debate in their respective jurisdictions. They represent the views of the authors and may not represent the opinion of the IOPS members as a whole.

IOPS Good Practices on the Role of Pension Supervisory Authorities in Consumer Protection Related to Private Pensions



Good Practices on the Role of Pension
Supervisory Authorities in Consumer
Protection Related to Private Pension
Systems

February 2018

Abstract: These Good Practices offer guidance to Pension Supervisory Authorities on how to ensure effective consumer protection in the field of private pensions. It is recognised that achieving the objectives of the Good Practices in many cases mean that supervisors need to have a strong mandate giving by legislators for performing these tasks. Their powers and role in consumer protection where appropriate and necessary should be strengthened by legislators.

The Good Practices focus on five key areas identified by the G20 High Level Principles (HLPs) and related Effective Approaches which are considered the most relevant from the pension supervisory perspective: HLP 2: Role of Oversight Bodies; HLP 4: Disclosure and Transparency; HLP 5: Financial Education and Awareness; HLP 6: Responsible Business Conduct and HLP 9: Complaints Handling and Redress.



WORKING PAPER NO. 31: Are pension funds a stabilising factor in financial markets? Evidence from 4 countries

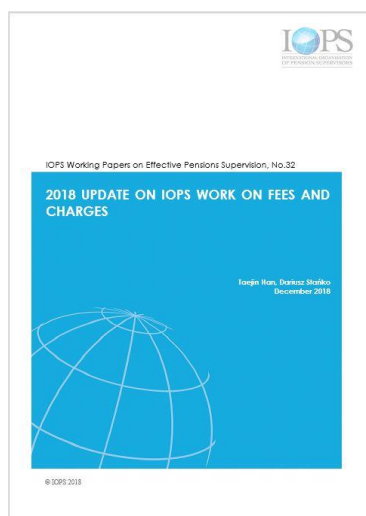
Abstract: The paper analyses qualitatively and quantitatively the investment behaviour of pension fund sector during and after the 2008-09 financial crisis until 2014-2016 in Chile, Mexico, Poland, and Italy. Four methods were used: an analysis of average quarterly transactions, a scatter plot analysis of the relation between average quarterly net purchases and quarterly changes in asset value, a correlation analysis of average quarterly transactions in equity market and its index values, and a regression analysis of average quarterly transactions in equity market and its index values.

All these methods suggest that Polish and Italian pension funds were, counter-cyclical in, respectively, domestic and foreign equity markets. There is also some weak evidence that Chilean may have acted pro-cyclically in domestic equity market and stronger evidence of pro-cyclicality in case of foreign equity market. In case of Mexican pension funds we were not able to arrive at any statistically significant conclusions.

During the recent financial crisis pension funds in Poland, Chile and Italy increased their net average purchases of risky assets (equities and private bonds). This seemed to be helpful to the credit market that suffered from credit crunch and liquidity shortage during the crisis.

Investment behaviour by pension funds might be influenced not only by their strategic decisions but also by other factors that are related to the institutional framework they operate in. These can be strategic asset allocation benchmark (Italy), performance system (Poland), investment portfolios chosen by members (potentially Chile). As result, the investment behaviour under the study may be triggered by the combined behaviour of pension fund managers and pension fund members. Moreover, the overall demand for risky and safe assets may be driven by the gradual maturing of these pension systems.

Pro-cyclicality or counter-cyclicality of pension funds should not be subject to valuation. The paper found that the presence of some strategic asset allocation index may help stabilise financial markets. Counter-cyclical behaviour by institutional investors seems to be good for the stability of financial markets and the economy in long-run. However, it is difficult to conclude, at least ex-ante, that a particular benchmark or investment behaviour is beneficial for pension fund members, and thus should be promoted by supervisors or policy makers. Investment decisions by pension funds should be governed solely by the interest of members and correspond to the local circumstances.



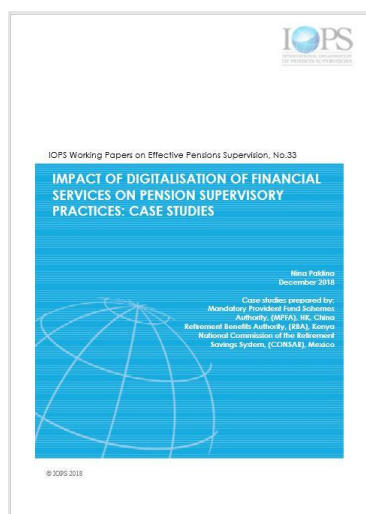
WORKING PAPER NO. 32: 2018 update on IOPS work on fees and charges

Abstract: The paper reviews fees charged in 85 different pension schemes in 44 selected jurisdictions (40 belonging to IOPS). It presents the current market average values as well as the legal ceilings. In 14 jurisdictions for which we had sufficient data for both 2014 and 2018, the major tendency is the decrease of average fees as compared to 2014. With regard to legal maximum fees, eight countries lowered them and one increased. Six jurisdictions did not change their legal maxima.

The paper analysed the extent to which various cost and fee elements are covered by fees charged from the pension plan members. We grouped jurisdictions by clusters with identical or very similar items already covered by pension fees. The responding supervisory authorities do not have knowledge on the quantified impact of cost items outside of the fees already paid. This finding calls for some action by pension supervisors to arrive at a better picture of cost elements that are included and not included in fees charged to the members.

The paper provides charge ratios by clusters indicating the impact of fees and charges on the final value of pension savings. We found no substantial differences in charge ratios due to the number of fee components but there are some differences due to the nature of the scheme. Occupational DC pension schemes and personal plans linked to employment tend to be generally much more cost effective than personal schemes where there is no direct link with employment.

WORKING PAPER NO. 33: Impact of digitalisation of financial services on pension supervisory practices: case studies



Abstract: This paper reviews the most significant applications of digital technologies for the private pension sector and concentrates on the assessment of the current and foreseen impact of digitalisation/new technologies on pension supervision. The paper covers also three country case studies from Hong Kong, China; Kenya and Mexico.

We analyse three key areas pertaining to the main theme of the project: major FinTech developments in the private pension sector, some of them being prompted by the supervisors; existing and evolving supervisory approaches and practices to the most significant FinTech developments in the private pension sector; and the ways supervisors themselves use innovative technologies ('Reg Tech' and 'SupTech') to make oversight and communication with stakeholders more cost-effective and efficient.

Compared to other segments of the financial sector, digital innovations in the private pension area is still in a nascent stage and relate only to certain areas of pension service providers' activities as well as their interactions with supervisors.

Supervisors aim in the first place to offer support and foster financial innovation, through organisation of regular meetings, establishment of innovation hubs and/or regulatory sandboxes. In parallel, they also intend to closely monitor developments and address any emerging risks involved with FinTech for the financial sector and consumers.

Cyberattacks, stealing of pension assets and private information breaches, fraud are considered as the main areas for supervisory attention and priorities for supervisory examinations. Approach taken by a number of jurisdictions consists in adopting risk-centred and technology neutral regulatory and supervisory approaches, where the issues are treated according to the risk they pose and not the technology per se.

Still being at an early stage of development and adoption in most jurisdictions, technology enabled solutions (SupTech) are considered as important tools that could enhance the quality and cost effectiveness of supervisory oversight.

PROJECTS

In addition to the projects outlined above, the IOPS has worked on the following projects during 2018, which are expected to be finalised during the coming year:

- ***Revision of the IOPS Principles of Private Pension Supervision:*** The IOPS Governing Membership agreed at its Berlin Annual Meeting held on 29 October 2015 on the need to revise the IOPS Principles of Private Pension Supervision. These principles were last revised in 2010 and may warrant revision, in light of the adoption by the OECD Council in September 2016 of the OECD Core Principles of Private Pension Regulation (which include the IOPS Principles as its Implementing Guidelines for Core Principle 6 on Supervision) and developments in the supervisory techniques and approaches that have taken place since the last revision of the Principles. As a part of this broader project, the Members decided first to develop the guidelines on the application of ESG factors in supervision of pension fund investment and risk management.
- ***Supervisory guidelines on the integration of ESG factors in the investment and risk management of pension funds:*** The IOPS finalised discussions to develop a guidance that aims to help pension supervisors properly evaluate and supervise the investment decisions taken by pension fund managers with respect to the ESG factors. The Members agreed on the final version of the document and the Guidelines will be submitted to public consultation in early 2019.
- ***Supervision of pension investment management, including non-traditional investment, infrastructure and long-term investment:*** In this second stage of the project, initialised in 2018, the IOPS investigates the supervision of infrastructure and long-term investments by pension funds and ways it can be facilitated.
- ***Projections of retirement benefits:*** This project explores how projections are done in various IOPS jurisdictions and how they are communicated to the users as well as how projections and communication activities are supervised. The paper intends to identify common problems and good practices in the surveyed jurisdictions which may lead to developing IOPS good practices on supervision of pension benefits projections.
- ***Solvency of DB pension funds in current financial environment:*** The goal of the project is to understand the current solvency situation of defined benefit pension schemes. The paper may also provide estimates of the implications for them under the scenario of low interest rates prevailing until 2025 (tentative date).

OTHER

Work on updating and expanding of the joint ISSA/IOPS/OECD Complementary and private pension database continued during 2018. The 2018 update and development of the new profiles for inclusion in the joint ISSA/IOPS/OECD database focused on European countries. In conjunction with the update of the joint ISSA/IOPS/OECD profiles, IOPS supervisory profiles of various countries were reviewed.

Furthermore, a broad range of IOPS Members provide statistical information for the OECD/IOPS/WB Global Pension Statistics Project. Selected statistics for IOPS Members are available via the OECD's Pensions Markets in Focus publication and the OECD web-site (www.oecd.org/daf/pensions).

The IOPS Members are encouraged to continue to actively participate and provide, on a regular basis, the requested pension regulatory and statistical data/information as a part of the joint the ISSA/OECD/IOPS Complementary and Private Pensions database and the OECD/IOPS/WB Global Pension Statistics database. The work on the update of IOPS supervisory profiles for the whole Membership will be pursued in 2019.



2018 Edition of the OECD Pension Markets in Focus is available via

<http://www.oecd.org/daf/fin/private-pensions/pensionmarketsinfocus.htm>

IOPS Principles, Good practices and guidelines, Working Papers, Member countries' supervisory profiles, background information and papers by research topic and by country are available on the IOPS web-site: www.iopsweb.org. Members are invited to provide recent reports on their pension systems and developments in supervisory approaches and techniques for inclusion in the research database. The IOPS research web-page will be subject to on-going revision, restructuring and improvement.

Finally, I would like to congratulate Mr Michael James Cornwell, General Manager, Superannuation Specialised Institutions Division, the Australian Prudential Regulation Authority (APRA) for being appointed as the Vice Chair of the IOPS Technical Committee.

Brendan Kennedy
Chair of the IOPS Technical Committee



André Laboul
Secretary General of IOPS

Report of the Secretariat

The IOPS Secretariat continues to provide a wide range of support to the IOPS membership. In addition to supporting and working to extend the membership base, servicing the Executives and organising Committee meetings and Annual General Meetings, the Secretariat has, on the request of the Executive Committee, continued in an analytical role to provide intellectual input to the Organisation. 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. The role of the Secretariat was also instrumental in developing the IOPS strategy document for the next five years to come.

The secondment of Mr Taejin Han in the IOPS Secretariat has been extended by another year until mid-July 2019. I would like to sincerely thank Financial Supervisory Service of Korea for their agreement to continue Taejin's stay in our Secretariat and their generous and kind support of the Organisation. On behalf of the Secretariat, I would also wish to praise the analytical work delivered by Taejin and his valuable input and support of the Organisation's activities. The practical supervisory experience of the secondees continues to be highly valuable for the Secretariat. I hope that the secondee programme can continue in the future, with other Members joining and contributing to it. IOPS Members are invited to inform the IOPS Secretariat about their willingness to send their staff to support the work of the Secretariat.

Finally, I would like to welcome a new member of the Secretariat, Ms Caroline Lam who joined us this year to provide assistance to our work. I would also like to thank our long-standing assistant, Ms Sally Day-Hanotiaux for all her work for IOPS. Sally will continue providing her support in financial matters of the IOPS.



Ms Caroline Lam
Assistant, IOPS Secretariat

MAIN TASKS COMPLETED DURING 2018

DOCUMENTS

The Secretariat provided substantial analytical input to the on-going IOPS projects which led to the publication of the following documents: Good Practices on the Role of Pension Supervisory Authorities in Consumer Protection Related to Private Pensions, Working Paper No. 31 on pension funds investment behaviour in financial markets, Working Paper No. 32 on fees and charges and Working Paper No. 33 on the impact of digitalisation of financial services on pension supervisory practices.

The Secretariat was closely involved with and assisted the work of various other project teams, helping to fulfil the 2017-2018 Programme of Work of the Organisation. The Secretariat played a central role in organising and leading for certain projects Team work for a number of the IOPS projects undertaken during 2018.

The IOPS Secretariat, along with our OECD colleagues, has also taken on the role of updating and extending the ISSA/OECD/IOPS database and review of the IOPS supervisory profiles.

Finally, the Secretariat coordinated the production of numerous other documents, including the preparation of the agendas and briefings of the Executive and Technical Committee meetings, Annual General Meeting and our out-reach supervisory activities, the survey and report on IOPS members responses relating to IOPS strategy, the IOPS Strategy 2019-2024 report, the Programme of Work for 2019-2020, the Annual Budget of the Organisation, President's and other reports, including the IOPS 2018 Annual Report.

MEETINGS

The Secretariat engaged in the establishment, operation, preparation, and organisation of meetings for the Executive and Technical Committees held in 2018 in Dublin (February), Paris (June) and Beijing, China (October). Secretariat analytical and organisational support was also provided for the Annual General Meeting of the Governing Membership held in Beijing, China in October 2018.



**OECD/IOPS Global Forum on Private Pensions: Designing pension systems to cope with the ageing challenge,
25-26 October 2018, Beijing, China**

From the left: Mr Tao Liang, Vice Chair of the China Banking and Insurance Regulatory Commission (CBIRC); Mr Carlos Ramírez Fuentes, President of the International Organisation of Pension Supervisors (IOPS), President of CONSAR, Mexico; Mr Shuqing Guo, Chair of the China Banking and Insurance Regulatory Commission (CBIRC).

The Secretariat was involved in the planning and organisation of the IOPS/OECD/The Pensions Authority of Ireland International Seminar on Private Pensions held in Dublin, on 23 February, the INPARR/OECD/IOPS Joint Research Seminar held in Paris on 6 June, the OECD/IOPS Global Forum on Private Pensions held in Beijing on 25-26 October and the IOPS/ACAPS Supervisory training workshop held in Rabat on 5-7 December 2018.

Marketing of the Global Forum by the Secretariat helped to ensure that this annual event continued to attract a wide ranging audience. Indeed, 36 jurisdictions were represented at the Global Forum in Beijing, China from the Asian region and worldwide, including non-member delegations from the United States and Mongolia. Support was additionally provided for the Chairpersons of the committees and the Members on their specific requests.

COOPERATION WITH OTHER INTERNATIONAL BODIES

The IOPS Secretariat continues to work closely with the OECD's Working Party on Private Pensions for the purposes of elaboration of joint projects, elaboration of the programmes of the Annual OECD/IOPS Global Forum on private pensions and other international events where OECD and IOPS are taking part. The IOPS Secretariat was involved in organising the third international research seminar on pensions and aging issues in partnership with International Network for Pensions, Aging, and Retirement Research (INPARR) and OECD in Paris in June. The Secretariat represented the IOPS at the meeting of the G20/OECD Task Force on Financial Consumer Protection and the

G20/OECD Task Force on Institutional Investors and Long-Term Financing and provided related input on the topics discussed at these meetings. The Secretariat also delivered presentations on pension reforms at the Ukrainian Financial Forum held in October 2018 in Odessa and on pension projections: design and its supervision at the Global Forum on private pensions in October 2018 in Beijing. IOPS Secretary General participated in the Investment Forum organised on 29 November 2018 under the aegis of the Argentina G20 Presidency.

Additionally, the Secretariat worked towards the review and extension of the ISSA/IOPS/OECD database on complementary and private pensions and review of the IOPS supervisory profiles.

The IOPS Secretariat continues to co-operate with the IAIS and the IAA and provides a regular exchange of updates with these colleagues.

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

ADMINISTRATION AND OTHER

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. All IOPS working documents are available on the Members' Area ("O.N.E. Community Site of IOPS", former "Clear space"). A separate restricted page on O.N.E. Community Site of IOPS was created to access to the documents of the Executive Committee meeting. Comments and suggestions from Delegates in relation to the on-going projects and reports were also coordinated.

The Secretariat provided support to the IOPS Treasurer as well as organised the nomination and election of the Vice Chair of the IOPS Technical Committee, the IOPS Treasurer and the members of the Executive Committee at Annual General Meeting in Beijing, China.

The Secretariat continues efforts to update the IOPS website, as well as launching and regularly updating social networking groups for IOPS via the Members' Area.

Finally, I would like to thank the IOPS Governing Members for their continued collaboration with the Secretariat and their readiness to contribute to the work of the Organisation. 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 2018

IOPS President and Chair of Executive Committee

Mr Carlos Ramírez	President National Commission of the Retirement Savings System (CONSAR), Mexico (elected as the IOPS President on 24 October 2017, resigned on 1 December 2018)
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IOPS Vice-President

Dr Olga Fuentes	Deputy Chair of Regulation, Pensions, Superintendence of Chile (re-elected as IOPS Vice President on 24 October 2017)
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Ex Officio - Chair of Technical Committee

Mr Brendan Kennedy	Chief Executive Officer of the Pensions Authority of Ireland (appointed as the New Chair of the Technical Committee on 19 June 2017)
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Ex Officio – Vice Chair of Technical Committee

Mr Stephen Glenfield	(former) General Manager, South West Region, Specialised Institutions Division, Australian Prudential Regulation Authority (APRA) (former Vice Chair of the Technical Committee and IOPS Treasurer since 7 June 2016)
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Mr Michael James Cornwell	General Manager, Superannuation Specialised Institutions Division, the Australian Prudential Regulation Authority (APRA) (appointed as the new Vice Chair of the Technical Committee on 25 October 2018)
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Ex Officio – IOPS Treasurer

Mr Stephen Glenfield	(former) General Manager, South West Region, Specialised Institutions Division, Australian Prudential Regulation Authority (APRA) (former Vice Chair of the Technical Committee and IOPS Treasurer since 7 June 2016)
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Mr Prakash Seewoosunkur	Chief Operating Officer, the Financial Services Commission of Mauritius (appointed by the IOPS)
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Executive Committee through the written procedure on 13 November 2018)

Elected in 2018 to serve from 2019 until the end of 2020

Austria	Financial Market Authority
Brazil	Brazilian Pension Funds Authority (PREVIC)
China	Chinese Insurance Regulatory Commission
South Africa	Financial Services Board
Turkey	Ministry of Treasury and Finance

Elected in 2017 to serve from 2018 until the end of 2019

Botswana	Non-Bank Financial Institutions Regulatory Authority
Egypt	Egyptian Financial Supervisory Authority
India	Pension Fund Regulatory and Development Authority
Italy	Pension Funds Supervision Commission
Mauritius	Financial Services Commission (the seat became vacant on 13 November 2018 due to election of the representative of Mauritius as IOPS Treasurer)
Romania	Financial Supervisory Authority
Uganda	Retirement Benefits and Regulatory Authority

IOPS Members and Observers 2018

Governing Members

Albania	Financial Supervisory Authority
Armenia	The Central Bank of Armenia
Australia	Australian Prudential Regulation Authority
Austria	Financial Market Authority
Belgium	Financial Services and Markets Authority (FSMA)
Botswana	Non-Bank Financial Institutions Regulatory Authority
Brazil	Brazilian Pension Funds Authority (PREVIC)
Bulgaria	Financial Supervision Commission
Canada	Canadian Association of Pension Supervisory Authorities (CAPSA)
Chile	Pensions Superintendence of Chile
China	China Banking and Insurance Regulatory Commission (CBIRC)
Colombia	Financial Superintendence of Colombia
Costa Rica	Pensions Superintendence of Costa Rica
Czech Republic	The Czech National Bank
Dominican Republic	Superintendence of Pensions (SIPEN)
Egypt	Egyptian Financial Supervisory Authority (EFSA)
France	Prudential Supervisory and Resolution Authority (ACPR)
Germany	Federal Financial Supervisory Authority (BaFin)
Ghana	National Pensions Regulatory Authority
Gibraltar (UK)	Financial Services Commission
Guernsey	Financial Services Commission (GFSC)
Honduras	National Commission of Banking and Insurance of Honduras (CNBS)
Hong Kong, China	Mandatory Provident Fund Schemes Authority (MPFA)
Hungary	The Central Bank of Hungary
Iceland	Financial Supervisory Authority (FME)
India	Pension Fund Regulatory and Development Authority (PFRDA)
Indonesia	Indonesia Financial Services Authority
Ireland	Pensions Authority
Isle of Man	Isle of Man Financial Services Authority
Israel	Capital Market, Insurance & Savings Authority (CMISA)
Italy	Pension Funds Supervision Commission (COVIP)
Jamaica	Financial Services Commission
Jordan	Ministry of Industry, Trade and Supply
Kazakhstan	National Bank of the Republic of Kazakhstan
Kenya	Retirement Benefits Authority (RBA)
Korea	Financial Services Authority / Financial Supervisory Service
Kosovo	The Central Bank of the Republic of Kosovo
Lesotho	Central Bank of Lesotho
Liechtenstein	Financial Market Authority
Lithuania	Bank of Lithuania
Luxembourg	Financial Sector Supervisory Commission (CSSF)
FYRO Macedonia	Agency for Supervision of Fully Funded Pension Insurance (MAPAS)
Malawi	Reserve Bank of Malawi
Maldives	Capital Market Development Authority (CMDA)
Malta	Financial Services Authority (MFSA)
Mauritius	Financial Services Commission (FSC)
Mexico	National Commission for the Pension System (CONSAR)

Morocco	Supervisory Authority of Insurance and Social Security (ACAPS)
Mozambique	Mozambique Supervisory Institute of Insurance (ISSM)
Namibia	Namibia Financial Institutions Supervisory Authority
Netherlands	Central Bank of the Netherlands (DNB)
Nigeria	National Pensions Commission
Papua New Guinea	Bank of Papua New Guinea
Peru	Superintendence of Banking, Insurance and Pension Fund Administrators
Poland	Polish Financial Supervision Authority
Portugal	Insurance and Pension Funds Supervisory Authority
Romania	Financial Supervisory Authority
Russian Federation	Central Bank of the Russian Federation
Rwanda	National Bank of Rwanda
Serbia	National Bank of Serbia
Seychelles	Financial Services Authority
Slovak Republic	National Bank of Slovakia
South Africa	Financial Services Board (FSB)
Spain	Directorate General for Insurance and Pension Funds, Ministry of Economy and Enterprise
Suriname	Central Bank of Suriname
Swaziland	Office of the Registrar of Insurance and Pension Retirement Funds
Switzerland	Occupational Pension Supervisory Commission (OPSC)
Tanzania	Social Security Regulatory Authority
Trinidad & Tobago	Central Bank of Trinidad and Tobago
Turkey	Pension Monitoring Center
Turkey	Ministry of Treasury and Finance
Uganda	Uganda Retirement Benefits Regulatory Authority
Ukraine	National Securities and Stock Market Commission
United Kingdom	The Pension Regulator (TPR)
Zambia	Pension and Insurance Authority
Zimbabwe	Insurance and pension Commission

Associate Members

South Africa	National Department of Social Development
Tanzania	Bank of Tanzania
International Association of the Latin American Pension Fund Supervisors (AIOS)	<i>Partnership Agreement</i>
International Association of Insurance Supervisors (IAIS)	<i>Partnership Agreement</i>
International Social Security Association (ISSA)	<i>Partnership Agreement</i>
OECD	<i>Partnership Agreement</i>
World Bank	

Observers

**American Council of
Life Insurers (ACLI)
International Actuarial
Association (IAA)** *Reciprocal Membership*

Secretariat

Secretary General

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Mr Stephen Glenfield
Former IOPS Treasurer

Report of the Treasurer

SUBJECT:

IOPS ACCOUNTS AS OF 31 DECEMBER 2017

Dear Governing Members,

For the year ended 31 December 2017 membership fee income of the International Organisation of Pension Supervisors (IOPS) amounted to 470,160 euro. The level of membership fees that are received by the IOPS reflects a permanent member support for the activities of the Organisation.

The primary expense item during 2017 continued to be the Secretariat support provided by the OECD under the official partnership between both our Organisations. The amount charged for the current year was 430 000 euro.

Conference and meeting expenses were 43 026 euro in 2017, which is an increase on 23 000 euro in the previous reporting year. The IOPS held Executive Committee and Technical Committee meetings in Runaway Bay, Jamaica, Paris, France and Belle Mare, Mauritius. The Annual General Meeting and joint OECD/IOPS Global Forum took place in Belle Mare, Mauritius.

The reserve policy adopted by the Executive Committee in 2007 is to hold a 20% target of the estimated yearly membership fee income as a contingency reserve, to cover uncertainties relating to the timing of receipt and level of membership payments. Due to the relative consistency of membership income between 2016 and 2017, no change has been made to the level of this reserve (106,150 euro). In addition, the Executive Committee decided in 2007 to build up an additional reserve to cover future event expenditure, such as costs relating to conference or regional workshop programs. No draw down from this special reserve was made in 2017.

On balance, IOPS ran an operating deficit of -20,624 euro for the year 2017. However, taking into account reserves and new members, the IOPS remains in a solid financial position to realise its goals.

A handwritten signature in black ink, appearing to read 'Stephen Glenfield'.

Stephen Glenfield
Treasurer

The International Organisation of Pension Supervisors
Dated: 6 October 2017

2018 Members Payments			
Albania	France	Liechtenstein	Rwanda
Armenia	Germany	Lithuania	Serbia
Australia	Ghana	Luxembourg	Seychelles
Austria	Hungary	Maldives	Slovak Republic
Belgium	Honduras	FYR Macedonia	Spain
Botswana	Hong Kong, China	Mauritius	Suriname
Bulgaria	Iceland	Mexico	Switzerland
Brazil	Indonesia	Mozambique	Tanzania (Social Security Regulatory Authority)
Canada	Israel	Namibia	Turkey (Pensions Monitoring Centre)
China	Ireland	Netherlands	Turkey (Ministry of Treasury and Finance)
Chile	Isle of Man	Nigeria	Uganda
Colombia	Italy	Papua New Guinea	Zambia
Costa Rica	Jamaica	Peru	South Africa (Ministry for Social Development)
Czech Republic	Kazakhstan	Poland	Tanzania (Bank of Tanzania)
Dominican Republic	Kenya	Romania	ACLI
Egypt	Korea	Russian Federation	

Report of the Auditors to the Members of International Organization of Pension Supervisors

IOPS Association

Financial year ended December 31, 2017

Opinion

We have audited the accompanying financial statements (the “Financial Statements”) of the International Organization of Pension Supervisors (“IOPS”), which comprise the Statement of financial position and the statements of changes in unrestricted net assets for the year ended 31 December 2017, and a summary of significant accounting policies and other explanatory information and notes.

In our opinion, the accompanying Financial Statements of IOPS for the year ended 31 December 2017 are prepared, in all material aspects, in accordance with the accounting policies disclosed in the notes to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibility for the Audit of the Financial statements section of our report. We are independent of IOPS within the meaning of the ethical requirements of IFAC and have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting policies disclosed in the notes to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing IOPS' ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate IOPS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing IOPS' financial reporting process.

Auditor's Responsibility for the Audit of the Financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IOPS' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on IOPS' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, further events or conditions may cause IOPS to cease to continue as a going concern.

Grant Thornton

IOPS Association

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Financial year ended December 31, 2017

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton
French Member of Grant Thornton International

A stylized, handwritten signature in black ink, appearing to read 'Vianney Martin'.

Vianney Martin
Partner

International organisation of pension supervisors (IOPS) Statement of financial position As per 31 December 2017			
Assets	Notes	2017 (Euro)	2016 (Euro)
Cash at bank		244,405	532,953
Short term deposit		118,313	118,313
Sundry debtors and prepayments	6	68,769	93,525
Secundee loan		-	-
Total		431,487	744,791
Liabilities and net assets			
Accrued Grants to OECD		-	265,533
Accrued expenses	7	7,500	34,647
Total liabilities		7,500	300,180
Net Assets		423,987	444,611
Unrestricted Net Assets & Reserves			
Retained earnings before transfer		313,461	268,315
Changes in unrestricted net assets for the current year		- 20,624	45,146
		292,837	313,461
Transfer to Contingency Reserve		-	-
Retained Earnings after transfer		292,837	313,461
Special Reserve		25,000	25,000
Contingency Reserve		106,150	106,150
Total Funds		423,987	444,611

International organisation of pension supervisors (IOPS) Statement of activities For the year ending 31st December 2017			
CHANGES IN UNRESTRICTED NET ASSETS			
	Notes	2017 (Euro)	2016 (Euro)
Revenue and gains			
Membership fees		470,160	527,922
Interest		492	
Total unrestricted revenue and gains		470,652	527,922
Expenses			
Audit		8,433	7,200
Bank fees and charges		274	1,591
Bad Debt Expense			44,000
OECD administration	4	430,000	398,300
Conference expenses	5	43,026	23,000
Subscriptions		7,000	7,000
Publishing costs		2,543	1,685
Waivered fees		-	
Miscellaneous		-	
Total expenses		491,276	482,776
CHANGES IN UNRESTRICTED NET ASSETS		- 20,624	45,146

INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

NOTES TO THE FINANCIAL STATEMENTS

Year ending 31 December 2017

1 NATURE OF ORGANISATION

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.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounts of the IOPS are drawn on the historical cost basis and income and expense items are recorded on the accruals basis.

3 INCOME TAXES

The Organisation is exempt from income tax.

4 PAYMENTS TO THE OECD

The IOPS paid the following amounts to the OECD:

430,000	Grant provided to meet secretariat and administrative support services, technical and liaison support.
<u>265,533</u>	Accrued Grants to the OECD 2016, paid early 2017.
<u>695,533</u>	

5 CONFERENCE FEES

The IOPS paid expenses relating to four sets of meetings in Rome, Mauritius, Jamaica and Bratislava.

15,566	Mauritius
3,442	Rome
19,615	Jamaica
<u>4,403</u>	Bratislava
<u>43,026</u>	

6 SUNDRY DEBTORS AND PREPAYMENT

Consist of the following amounts:

2015	22,025	Iceland, Panama, Rwanda and Thailand
2016	13,750	Thailand, Panama and Tanzania
2017	<u>32,994</u>	Lithuania, Portugal, Luxembourg, Rwanda and China
	<u>68,769</u>	

INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)**NOTES TO THE FINANCIAL STATEMENTS**

Year ending 31 December 2017 (continued)

7 ACCRUED EXPENSES

The accrued expenses of 2015 amount to:

7,500 Audit fee

7,500

The accrued expenses are the reservation of the audit fee of 2015 (paid early 2017) and reservation of the audit fee 2016.

8 The 2016 fees are levied in three bands according to the stage of economic development in the member's country. The bands are based on the World Bank's country classification.

9 Bad Debt Expense - 0