

IOPS PRINCIPLES OF PRIVATE PENSION SUPERVISION

Ross Jones – President IOPS
Deputy Chairman, Australian Prudential Regulation Authority

IOPS/OECD MENA Workshop- February 2nd 2009

www.iopsweb.org

Outline

Aim and purpose of IOPS

- Standard setting body on pension supervisory matters
- Promotion of international cooperation on pension supervision
- Provision of a world wide forum for information exchange on pension supervision
- Provision of research into supervision issues

IOPS Principles of Private Pension Supervision

Principle 1 : Objectives

National laws should assign clear and explicit objectives to pension supervisory authorities

- Strategic objectives
- Responsibilities and duties

IOPS Principles of Private Pension Supervision

Principle 2 : Independence

Pension supervisory authorities should have operational independence

- Autonomy in day-to-day operations and decision making
- Funding to ensure independence
- Appointment procedures transparent
- Judicial review

IOPS Principles of Private Pension Supervision

Principle 3 : Adequate resources

Pension supervisory authorities require adequate financial, human and other resources

- Able to conduct functions efficiently and independently
- Funding to ensure independence

IOPS Principles of Private Pension Supervision

Principle 4 : Adequate powers

Pension supervisory authorities should be endowed with the necessary investigative and enforcement powers to fulfil their functions and achieve their objectives

- Powers appropriate to the system being supervised
- Powers appropriate to the manner of supervision

IOPS Principles of Private Pension Supervision

Principle 5 : Risk orientation

Pension supervision should seek to mitigate the greatest potential risks to the pension system

- Objectives of supervision should be risk-based
- Allocate supervisory resources to highest risk areas
- Pro-active approach

IOPS Principles of Private Pension Supervision

Principle 6 : Proportionality and consistency

Pension supervisory authorities should ensure that investigatory and enforcement requirements are proportional to the risks being mitigated and that their actions are consistent

- Important to have the appropriate range of legal powers and tools
- Similar cases dealt with in similar manner

IOPS Principles of Private Pension Supervision

Principle 7 : Consultation and cooperation

Pension supervisory authorities should consult with the bodies they are overseeing and cooperate with other supervisory authorities

- Industry consultation assists to get “buy-in”
- Information exchange with co-regulators at home and under cross-border arrangements promotes efficiency and supports preventative measures

IOPS Principles of Private Pension Supervision

Principle 8 : Confidentiality

Pension supervisory authorities should treat confidential information appropriately

- Only release if permitted by law
- If in doubt, check first
- Principle extends “down the line”

IOPS Principles of Private Pension Supervision

Principle 9 : Transparency

Pension supervisory authorities should conduct their operations in a transparent manner

- Adopts clear, transparent and consistent processes
- Regularly reports on policy and performance
- Subject to external review
- Publishes industry information

IOPS Principles of Private Pension Supervision

Principle 10 : Governance

The supervisory authority should adhere to its own governance code and should be accountable

- Controls, checks and balances
- Code of conduct
- Decisions are reviewable
- Accountable to eg. Parliament, members and beneficiaries