

# ASIA-PACIFIC REGULATORS' AND INDUSTRY DIALOGUE

## *Session 3*

### Preconditions for Industry Response

#### **Mrs Merrie Hennessy**

Policy Advisor, Australian Prudential Regulatory Authority  
APRA delegate to International Organisation of Pension Supervisors

### **SUMMARY PAPER**

#### **A brief introduction and update on IOPS**

##### **Origins**

- IOPS grew out of the International Network of Pension Regulators (INPRS), an informal network of regulators and supervisors
- Formed in 2004 as a formally constituted independent body to 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.

##### **Goal**

- 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.

##### **Membership**

- The organisation currently has around 60 members and observers representing approximately 50 countries and territories worldwide - from Albania to Zambia, from Finland in the north to Australia in the south - covering all levels of economic development and bringing together all types of pension and supervisory systems.
- The IOPS Executives also cover a range of different pension systems and supervisory approaches, with the first President from a specialist supervisor in the UK, succeeded recently by Ross Jones, deputy Chair of APRA, a vice President representing the Latin American approach, the Chair of the Technical Committee from a European Central Bank, Vice Chair from a trust based pensions system in Africa and, currently, the Treasurer from Australia.
- Annual fees are €7,500 €5,000 or €2,500 (according to the World Bank classification – see [How to Join](#) on the IOPs website ([www.iopsweb.org](http://www.iopsweb.org)))

## **Aims and achievements**

- ***Standard setting body on pension supervisory issues***
  - Publication in 2006 of the '*IOPS Principles of Private Pension Supervision*'
  - Approval in 2007 of '*Guidelines on Licensing of Pension Entities*' – joint with OECD, and '*Good Practices in Risk Management of Alternative Investments*'
  - Drafting of guidelines for '*On/off-site Supervision*' and '*The Use of Intervention Powers and Sanctions*' is continuing in 2008
- ***Worldwide forum for dialogue and exchange***
  - Conferences building in attendance numbers (over 150 registered delegates from 35 countries in Beijing in Nov 2007) and impact (high profile pensions academics and experts in Amsterdam in March 2007)
- ***Participate in work of relevant international bodies***
  - The IOPS continues to work closely with the OECD and World Bank via joint projects and held a back-to-back meeting with IAIS in 2007. IOPS Principles are being used in IMF FSAP investigations
- ***Assist countries with less developed private pension arrangements***
  - Workshop on pension supervision in Africa held Dakar, February 2008
- ***Promote, conduct, distribute + communication of research***
  - Building electronic library on its website
  - Working Paper series launched 2007
  - Members also receive the leading academic pensions journal, 'The Journal of Pension Finance and Economics'.

## **Program of work**

- ***Core elements of a risk-based approach to pension supervision and strategic planning***: joint publication with the World Bank due out shortly, including analytical papers and country case studies on supervisory authorities with leading risk-based pension supervision systems (Australia, Netherlands, Denmark, Mexico, UK). Work on risk-based supervision will continue in 2008, with the development of the IOPS 'Toolkit'
- ***Review of Supervisory System***: project led by UK looking at how IOPS members undertake the supervision of pension funds, attempting to identify trends. Information gathered for the project will be used to develop the ISSA/IOPS/OECD database on pension regulation and supervision.
- ***Information for members of DC schemes***: extensive information gathered from questionnaire responses. Conclusions focus on usefulness of combined pension projections, the necessity to present comparative information on costs and fees, the role of supervisors in providing information.

- Costs and fees: report comparing fees charged within mandatory, individual account pension systems, led by Mexico and Slovakia.
- Annuity Issues: examination of centralized quotation portals in Chile and the UK.
- Annuities – Interaction between supervisors: a project examining how different supervisory authorities overseeing the accumulation and pay-out phase of pensions should interact will be launched in 2008
- Mortality Tables: Norway will lead a project coordinating IOPS input into the IAA's work on mortality forecasting
- Supervisory Oversight of Pension Fund Governance: project led by Hong Kong looking at how supervisors tackle governance issues
- Governance of Pension Supervisory Authorities: a project will commence in 2008 looking at how pension supervisory authorities themselves are governed, with performance indicators for authorities developed

#### **Next meetings**

- 1st April Committee meetings at World Bank HQ Washington, followed by Contractual Savings Conference 2-4th April
- 25th June, Committee meetings, OECD HQ Paris (btob with OECD WPPP)
- 29-31st October, committee meetings, AGM and OECD/ IOPS Global Forum – Mombasa, Kenya