OECD OCDE

SURVEY OF INVESTMENT REGULATIONS OF PENSION FUNDS

June 2006

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Background

This questionnaire is the follow-up of the document "Survey of Investment Regulation of Pension Fund" discussed at the June 2005 meeting of the Working Party on Private Pensions.

Four previous documents described quantitative investment regulations on pension funds in OECD countries as of December 2001, as of December 2002, as of December 2003, and as of December 2004. In the current document are included all regulatory changes that took place during 2005. The information is therefore updated to 31st December 2005.

The questionnaire covers all types of private pension plans financed via pension funds. Where regulatory vary depending on the type of plan (occupational, personal, mandatory, voluntary, DB, DC, etc), delegates are requested to identify the types of plan that the investment regulation apply to.

The information collected concerns all forms of quantitative portfolio restrictions (minima and maxima) applied to autonomous pension funds in OECD countries at different legal levels (law, regulation, industry norms, etc).

The survey contains 3 different tables:

- Table 1: contains only portfolio ceilings on pension fund investment by broad asset classes.
- Table 2: contains additional quantitative restrictions on foreign investment.
- Table 3: contains additional quantitative restrictions classified by type of regulation.

See "Guidance Notes for completion of Country Profile" on how to interpret and update the information provided.

Table 1: Portfolio limits on OECD pension fund investment in selected domestic asset categories

Country	Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
Australia	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit. - Loans or financial assistance to members is not permitted.	- No limit.
Austria	- 50%	- 20%	- No limit.	- No limit.	- 5% hedge funds and private equity funds.	- No limit.	- 10%
Belgium	- No limit if listed. - 10% if non-listed (20 % if invested in companies supervised by the CBFA (”Commission Bancaire, Financière et des Assurances”, Banking, Finance and Insurance Commission).	- No limit.	- No limit if listed. - 10 % limit if non-listed (20% if invested in companies supervised by the CBFA).	-10 % limit for investment funds not having a European passport.	-10% limit for investment funds not having a European passport.	- No limit for secured loans, limit of 5% for unsecured loans.	- No limit.
Canada	- No limit.	- 15% (if in resource property). - 25% (real estate and resource property).	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.
Czech Republic	- No limit.	- 10%	- No limit.	- No limit.	- No limit.	- 0% (not allowed)	- 10%
Denmark	- 70%	- No limit (if gilt-edged).	- No limit (if gilt-edged). 70% (if non-gilt edged).	- 70% (no limit, for UCITS with only listed gilt-edged bonds as underlying assets).	-10% hedge funds, private equity funds and other funds.	- No limit (if gilt-edged). - 2% (if non gilt edged).	- No limit.

Table 1: Portfolio limits on OECD pension fund investment in selected domestic asset categories

Country		Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
Finland		- 50% (listed). - 10% (non-listed).	- 40%	- No limit.	- No limit, when the fund invests in bonds; 50% when the fund invests in equities.	- 5% hedge funds.	- 70% if mortgage loans including investment in real estates and buildings; 10% if subordinated loans[1]	- No limit.
Germany	**Pensions-kassen**	- 35% (listed). - 10% (non-listed).	- 25%	- 50%	- 35% (incl. equity).	- 5% hedge funds.	- 50% (if mortgage) - 50% (if other)	- 50%
	Pensionsfo nds	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.
Greece		- Up to 70% of technical provisions or of the total portfolio in pension funds where members bear the investment risk.	- No limit.	- Government Bonds : No limit - Corporate Bonds: Up to 70% of technical provisions or of the total portfolio in pension funds where members bear the investment	- Up to 5% of technical provisions may be invested in investment funds and new financial products[2] .	- Up to 5% of technical provisions may be invested in investment funds and new financial products1.	- Loans are not permitted.	- No limit

[1] No limit if a debtor or a guarantor is an EEA State, municipality, a municipal authority, a parish located in an EEA State, a deposit bank or an insurance company licensed in an EEA State or a bank or an insurance company comparable to the above mentioned.

[2] In total without distinction between retail investment funds and private investment funds.

Table 1: Portfolio limits on OECD pension fund investment in selected domestic asset categories

Country	Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
			risk				
Hungary[3]	- Non-listed equities: 10 % (both of domestic and foreign equities).	- MPF: 5% directly, 10% together with real estate investment funds. - VPF: 10% directly or through real estate investment funds.	- Government bonds: No limit - Hungarian corporate bonds: 10% - Hungarian municipalities bonds: 10% - Mortgage bonds: 25 %	- 50%	- Hedge fund: 5 % - Private equity fund: 5 %	- MPF: 0% - VPF: Max. 30% of the total amount of the individual account of the member who took the loan. - VPF: 5% of all assets can be given only to fund members.	- No limit.
Iceland	- 50% (joint limit with units or shares of other collective investment undertaking). - 10% non-listed (joint limit with bonds and units or shares of other collective investment undertaking).	- 0%	- 50% in bonds issued by financial institutions. - 50% in municipality bonds. - 10% non-listed securities (joint limit with equities and units or shares of other collective investment undertaking).	- Open-end: underlying assets are added to directly owned assets of same type. - Units or shares of other collective investment undertaking: ▪ 50% joint limit with equities. ▪ 10% non listed securities (joint limit with bonds and equity). ▪ 10% limit in funds that are not directed by public surveillance.	Units or shares of other collective investment undertaking; - 50% joint limit with equities. - 10% non listed securities (joint limit with bonds and equity). - 10% limit in funds that are not directed by public surveillance.	- No limit.	- No limit.

[3] MPF stands for mandatory pension fund; VPF for voluntary pension fund.

Table 1: Portfolio limits on OECD pension fund investment in selected domestic asset categories

Country		Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
Ireland		- No limit.	- No limit. Note: Regulations effectively limit aggregate unquoted investments to 50% of total assets for schemes with more than 100 members.	- No limit.	- No limit.	- No Limit. Note: Regulations effectively limit aggregate unquoted investments to 50% of total assets for schemes with more than 100 members.	- No limit. Note: Regulations effectively limit aggregate unquoted investments to 50% of total assets for schemeswith more than 100 members.	- No limit
Italy[4]		- No limit.	- Only indirect investment allowed.	- No limit.	- Closed-end funds (retail and private): 20% of the pension fund's asset and 25% of the closed-end fund's value. In the 20% limit investments in real estate funds are included.	- Closed-end funds (retail and private): 20% of the pension fund's asset and 25% of the closed-end fund's value. In the 20% limit investments in real estate funds are included.	- 0%	- 20% (including short-term bills).
Japan		- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.
Korea	**Personal Pension**	- 10% (non-listed)	- 15%					

[4] The limits described refer to the funds instituted after the setting up in 1993 of the current regulatory framework. A softer regime applies to the funds instituted before this date.

Table 1: Portfolio limits on OECD pension fund investment in selected domestic asset categories

Country		Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
	Corporate Pension (Retire-menmt Pension)	- DB: 30% (listed) - DC: Not permitted.	- DB: Not permitted - DC: Not permitted.	- DB: No limit (Investment Grade : above BBB-) - DB: No limit (Investment Grade: above BBB-).	- DB[5]: ▪Equity fund : 30% ▪Balanced fund : 40% ▪Bond Fund : no limit - DC: ▪Equity fund: not permitted. ▪Balanced fund: not permitted. ▪Bond fund: no limit.	- DB: Not permitted - DC: Not permitted.	- DB: Not permitted - DC: Not permitted.	- DB: No limit - DC: No limit
Luxembourg[6]		- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.
Mexico		- 15% (through dated Financial Protected Notes linked to equity indexes approved by the CONSAR).	- Not allowed.	- No limit: federal government. - No limit: AAA any other issuer; - 35%: AA any other issuer; - 5%: A any other issuer.	- 0% (not mutual funds allowed, though SIEFORES are allowed to invest in ETFs).	- Not allowed.	- 0%	- 250,000 in local currency and US$25,000 in foreign currency plus the required amount for currency matching.
Netherlands		- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.
New Zealand		- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.
Norway		- 35%	- No limit.	- 30% (corporate)	- 30%		- 1% (unsecured loans)	- No limit.

5 Equity funds: Funds investing in equities more than 60% of its net assets. Balanced Funds: Funds investing in equities between 40%-60% of its assets. Bond Funds: Funds investing in bonds more than 60% of its assets.

6 The Luxembourg information concerns the pension funds governed by the law of 13 July 2005 relating to institutions for occupational retirement provision in the form of pension savings companies with variable capital (SEPCAVs) and pension savings associations (ASSEPs)

Table 1: Portfolio limits on OECD pension fund investment in selected domestic asset categories

Country		Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
Poland[7]	**OPF**	- 40% (listed on primary market) - 7.5% (on secondary market or non-listed) .	- 0%	- 40% (mortgage) but no more than 15% in non-listed ones - 40% (municipal) - 40% (corporate)	- 10% (close-ended) - 15% (open-ended)	- Not allowed.	- Equal to investment in the shares of the borrower.	- 20%
	EPF	- 5% in shares issued by EPF management society shareholder	- 0%	- 10% in bonds and shares issued by EPF management society shareholder	- No limit.	- Not allowed.	- Equal to investment in the shares of the borrower.	- No limit.
Portugal		- 55%, but maximum 15% joint limit in non-listed and non-OECD equities and bonds.	- 50% (includes mortgage, loans to members, real estate and property investment funds units).	- No limit, but maximum 15% joint limit in non-listed and non-OECD equities and bonds.	- No limit in harmonized funds and 5% in non-harmonized.	- 5% in non-harmonized.	- 50% (includes mortgage, loans to members, real estate and property investment funds units).	- No limit.
Slovak Republic		- up to 80%	- No allowed.	- No limit.	- 50%	- Not allowed.	- Not allowed.	- No limit.
Spain		- No limit. - 30% in securities not admitted to trading on a regulated market.	- 20% (joint limit with mortgage loans).	- No limit. - 30% in bonds not admitted to trading on a regulated market.	- No limit (whenever UCITs satisfy legal requirements).	- 30% in private investment funds (individually, 2%). Exception: Investment Funds that invest in other Investment Funds (this exception is not applicable to spanish private investment funds).	- 20% (joint limit with real estate). Loans to members are not permitted.	- No limit.

[7] OPF stands for open pension fund, EPF for employee pension funds (closed funds); NIF stands for national investment funds.

Table 1: Portfolio limits on OECD pension fund investment in selected domestic asset categories

Country	Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
Sweden[8]	- FSR: 0 % - IR: 25 % (if quoted), 10 % (if unquoted).	- FSR: 4/5 or 2/3 of ratable value, depending on type of estate, or 70 or 60 %, respectively, of the estate´s estimated market value. - IR: 25 %	- FSR: no limit (other bonds than those issued by a state or of equal quality must be issued by a credit institution or be guaranteed by such an institution) - IR: no limit if issued by a state or of equal quality - 75 % if other (of which a maximum of 50 % may be issued by companies other than credit institutions) - 10 % if unquoted.	- FSR: 0 % - IR: type of asset in fund must be added to directly owned assets of the same type and the total not exceeds the limit for the asset in question (e.g. 25 % for quoted shares).	- Information is not available.	- FSR: no limit (only loans with some form of mortgage guarantee or equal security are allowed unless the debtor is the Swedish state or a Swedish municipality). - IR: No limit if the debtor is a state or an equally financially stable subject. - 75 % if the debtor is a credit institution or other company of which the latter may stand for a maximum of 50 %. - 25 % (mortgage guarantee in real estate). - 10 % (other security).	- FSR: 0 % - IR: 75 %
Switzerland	- 50% (overall limit in equities, including domestic	- 50% overall limit. - There is also a combined limit of	- No limit.	- Information is not available.	- Information is not available.	- 75% mortgage (maximum of 80% of market-value of	- No limit.

[8] The Swedish information concerns friendly societies. There are also pension foundations, but these are not subject to uniform investment rules and are therefore not covered here. FSR stands for the investment rules specific to friendly societies. IR stands for the investment rules specific to insurance companies, as most friendly societies have been granted an exception to apply these rules. The rules only concern assets held to cover technical provisions and have been simplified, given their complex nature.

Table 1: Portfolio limits on OECD pension fund investment in selected domestic asset categories

Country	Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
	and foreign). - 30% sub-limit on domestic equities.	70% on real estate and equities.				the real estate).	
Turkey[9]	- 76%	- 0%	- No limit.	- 10%	- Information is not available.	- 10% (if loans to plan members or others).	- 10%
United Kingdom	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No employer-related loans.	- No limit.
United States	- Some limits on employer securities.	- Some limits on real estate leased to employers.	- Some limits on employer bonds.	- No limit.	- No limit.	- No employer-related loans	- No limit.

[9] In Turkey, pension investments are executed through pension mutual funds.

Table 2: Please state if there are any investment restrictions on investment in securities issued abroad in addition to those listed in table 1

Portfolio limits on pension fund investment in selected foreign asset categories

Country	Gobal investment limit in foreign assets	Specific investment limits in selected foreign asset categories						
		Equity	Real Estate	Bonds	Retail investment funds	Private investment funds	Loans	Bank deposits
Australia	- No limit.							
Austria	- Max. 50% in assets in OECD countries (including: equities, real estate assets and bonds).	- 30%	- 10%					
Belgium	- No limit.	- No limit if listed. - if non-listed) 10% (20% if invested in companies in the European Economic Area supervised by a public authority with a role similar to that of the CBFA.		- Max. 10% for bonds issued by non-OECD countries or companies in these countries or by international organisations in which no member country of the European Economic Area participates.	-10% for mutual investment funds not having a European passport.	10% for mutual investment funds not having a European passport.	No limit for secured loans, limit of 5% for unsecured loans.	
Canada	- No limit.							
Czech Republic	- Foreign investment is permitted only in case of the securities traded in OECD markets.							
Denmark	No limit for OECD countries							
Finland	- Max. 10% in assets in OECD countries other than EEA							

Table 2: Please state if there are any investment restrictions on investment in securities issued abroad in addition to those listed in table 1

Portfolio limits on pension fund investment in selected foreign asset categories

Country		Gobal investment limit in foreign assets	Specific investment limits in selected foreign asset categories						
			Equity	**Real Estate**	**Bonds**	**Retail investment funds**	**Private investment funds**	**Loans**	**Bank deposits**
		countries.							
Germany	**Pensions-kassen**		- 35% in EU equity. - 10% in non-EU equity.	- 25% in EU property.	- 10% in non-EU bonds.				
	Pensionsfonds	- No limit.							
Greece		- Investment is permitted only in EU and EEA countries.							
Hungary		- Within investments made abroad the ratio of investments made in non-OECD countries shall not exceed 20%.		- Only in European Economic Area and Hungary.	- Max. 10% foreign corporate - Max. 10% foreign municipalities.				
Iceland		- Investment only permitted in OECD securities.							
Ireland		- No limit.							
Italy[10]		- Securities (debts and equities) issued by non-OECD residents: 5% if traded on regulated markets; 0% if not traded on regulated markets.	-						
Japan		- No limit.							

[10] The limits described refer to the funds instituted after the setting up in 1993 of the current regulatory framework. Different, less stringent limits apply to the funds institute before this date.

Table 2: Please state if there are any investment restrictions on investment in securities issued abroad in addition to those listed in table 1

Portfolio limits on pension fund investment in selected foreign asset categories

Country		Gobal investment limit in foreign assets	Specific investment limits in selected foreign asset categories						
			Equity	**Real Estate**	**Bonds**	**Retail investment funds**	**Private investment funds**	**Loans**	**Bank deposits**
Korea	**Personal Pension**	- 20% (it applied only to a personal pension insurance. The other types of personal pension including trusts and investment funds have no restriction on these limits.)							
	Corporate Pension (Retiremenmt Pension)	- DB: No limit - DC: Total 30%.	- DB: 30% (listed)[11] . - DC: Not permitted.	- DB: Not permitted. - DC: Not permitted.	- DB: No limit. - DC: Permitted.	- DB: 30%. - DC: Permitted only for bond funds.	- DB: Not permitted. - DC: Not permitted.	- DB: Not permitted. - DC: Not permitted.	- DB: Not permitted. - DC: 30%
Luxembourg		- No limit.							
Mexico		- 20%	- 15%[12]						
Netherlands		- No limit.							
New Zealand		- No limit.							
Norway		- No limit.							
Poland	**OPF**	- 5%							
	EPF	- 5%							
Portugal		- No limit for OECD countries.	- 15% joint limit in non-listed and non-OECD equities and bonds.		- 15% joint limit in non-listed and non-OECD equities and bonds.				

[11] Only for listed equities traded in designated markets, including NASDAQ ; New York, America, Tokyo, London, Euronext Paris, Deutsch, Hong Kong and Singapore stock exchanges.

[12] The investment regime in foreign stocks follows the same constraints than the investment in domestic stocks, trough Principal Protected Notes, whose capital is protected upon maturity and tied to index shares.

Table 2: Please state if there are any investment restrictions on investment in securities issued abroad in addition to those listed in table 1

Portfolio limits on pension fund investment in selected foreign asset categories

Country	Gobal investment limit in foreign assets	Specific investment limits in selected foreign asset categories						
		Equity	Real Estate	Bonds	Retail investment funds	Private investment funds	Loans	Bank deposits
Slovak Republic	- 70%[13]							
Spain	- No limit.							
Sweden	- No limit.							
Switzerland	- 30% (overall limit on foreign investments).	- 25% in equities.	- 5%	- 20% in foreign currency bonds (30% for foreign CHF bonds).				
Turkey	- No limit.							
United Kingdom	- No limit.							
United States	- No limit.	- Some limits on employer securities.	- Some limits on real estate leased to employers. Indicia of ownership must be subject to U.S. jurisdiction.	- Some limits on employer bonds.				

[13] At least 30% of the pension assets managment funds must be invested in Slovak securities. There are no specific limits that could be applied to different asset categories.

Table 3: Other quantitative regulations of pension fund assets in OECD countries

Country	Investment regulation			
	Investment limit in single issuer/isuue	**Self-investment / Conflicts of interest**	**Other quantitative rules**	**Ownership concentration limits**
Australia	- None, but trustees must consider diversification in making asset allocation.	- Limited to 5% .	- None.	- None.
Austria[14]	- Max. 10% of the same issuer for bonds, loans, bank deposits (except if the issure is a state) - Max. 5% of the same issuer for shares, securities on participation capital, index certificates.	- Permitted, but requires the explicit approval of the Supervisory Board and limited to 10%.	- At least 35% of the assets must be invested in mortgage bonds, government bonds, and debentures denominated in Euro. - Max. 10% in derivatives (only through investment funds).	- None.
Belgium	- Max. 10% for investment in a single property (real estate). - Max. 5% in unsecured loans and 1% in such loans per issuer. - A maximum of 5% per issuer applies, 10% for companies in the European Economic Area supervised by the CBFA or a public authority with a role similar to that of the CBFA. - 5 % in a single real estate certificate - 10 % in a single real estate or different imovable properties sufficiently close to each other to be considered as a single investment.	- Limited to 15% of the free assets.	- The minimum diversification requirements only apply for the covering assets, for the free assets the sole limitation is the limit on self-investment. - Derivatives used as a covering asset are only allowed to lower the investment risk or for an efficient portfolio management, on top of that, they are limited to 5 % if they are not used for coverage of specific risks.	- None.
Canada	- Max. 10% of total book value of assets may be invested in securities stocks, bonds and notes of one company or person. - Max. 5% for investment in a single property (real estate) or any one resource property.	- Permitted, but limited to 10% of the fund's assets. Other conflict rules also apply, e.g. related party rules. - Securities must be acquired on a public exchange.	- None.	- Funds may own maximum 30% of voting shares of one company[15].

[14]Pension funds refers to Pensionskassen, which are under the supervision of the Financial Market Authority.

[15]The 30% limit does not apply to a fund's investments in corporations established to acquire and hold real property, resource properties, or other permitted investments.

Table 3: Other quantitative regulations of pension fund assets in OECD countries

Country	Investment regulation			
	Investment limit in single issuer/isuue	**Self-investment / Conflicts of interest**	**Other quantitative rules**	**Ownership concentration limits**
Czech Republic	- Max 10% in securities issued by a single issuer. - Max. 10% or 20,000,000 Czech crowns in bank deposit in one bank. - Max. 10% for investment in a single property (real estate) or one movable asset.	- Investment in shares of other pension funds is prohibited	- 70% of total book value of assets must be invested in assets denominated in currency in which liabilities to participants are stated.	- Pension funds assets can not include more than 20% of the nominal value of securities issued by the same company.
Denmark	- Max 3% in securities issued by a single issuer (general rule).2% for small non-listed companies. - Max. 40% in mortgage bonds issued by a single issuer - Max. 10% in receivable amounts issued by a single bank. - Max. 10% in units in a branch of an investments fund or in a investment fund - Max. 10% in Contracts of reassurance issued by a single issuer. - Max. 10% in loans issued by a single issuer. - Max. 5% for investment in a single property.	- Max 3% in securities issued by a single issuer (general rule). 2% for small non-listed companies - Max. 40% in mortgage bonds issued by a single issuer - Max. 10% in receivable amounts issued by a single bank.	- Minimum 80% currency matching requirement. Euro can match up to 50% of other EU currencies (e.g. DKK) than Euro.	- Ownership is limited to carry out activities ancillary to the activities licensed. - It is allowed, through subsidiaries, to carry out other financial activities. - It is allowed temporarily to carry out other activities to secure or phase out exposures already entered into, or with regard to restructuring enterprises. - It is allowed to carry out the following activities: 1. Agency activities for insurance companies and other companies under the supervision of the Danish FSA. 2. Establishment, ownership and operation of real property as a long-term placing of funds.

Table 3: Other quantitative regulations of pension fund assets in OECD countries

Country		Investment regulation			
		Investment limit in single issuer/isuue	**Self-investment / Conflicts of interest**	**Other quantitative rules**	**Ownership concentration limits**
Finland[16]		- Assets should be diversified and decentralised within the diversified groups. - Max 25% in in one single investment. - Max. 5% in shares of the same company. - Max. 15% in one single investment target, if it pertains to (i) a single piece of real estate, a building or a real estate corporation, (ii) debt obligations that are secured by mortgage on one investment target or that are secured by shares and holdings in a single real estate corporation.	- Max. 25% may be invested in the sponsoring employer. - Max. 15% in one single functional investment target	- Currency matching for at least 80%. - Max. 20% of the assets and obligations may be denominated in currencies other than the euro. - 95 % of assets must be located in EEA countries, but may be to some extent invested in countries comparable to EEA countries (OECD countries).	- Of the assets and obligations of the gross sum of the pension, liability may be invested at most: 5% of quoted or of unquoted shares of a single corporation
Germany	**Pensionskassen**	- Max. 5% in securities issued by a single issuer, except 30% for state loans, bank deposits and mortgage bonds.	- Max. 5% may be invested in the sponsoring employer in the case of single-employer plan and a maximum of 15% may be invested in the sponsoring employee in the case of multi-employer plans.	- 70% currency matching requirement.	- Permitted, but limited to 10% of the nominal capital of one and the same company.
	Pensionfonds	- Max. 5% in securities issued by a single issuer, except 30% for state loans, bank deposits and mortgage bonds.	- Max. 5% may be invested in the sponsoring employer.	- 80% currency matching requirement.	- None.
Greece		- Investment is in accordance with the rules of prudent management, diversification and quality of investment choices.	- Up to 5% in financial instruments issued by the sponsoring undertaking. - Up to 10% in financial instruments issued by undertakings belonging to the same group as the sponsoring undertaking.	- Up to 5% of the 70% of technical provisions in shares which are not admitted to trading on the stock exchange. - Up to 30% of technical provisions may be invested in assets denominated in currencies other than those in which the liabilities are denominated.	- Investment is in accordance with the rules of prudent management, diversification and quality of investment choices
Hungary		- Max. 10% in securities issued by a single	-MPF: Funds may not have ownership	- Repo deals: 20 %	- MPF: Funds shall not directly

[16] The Insurance Supervision Authority is legally entitled to impose even lower limits to ensure that in covering their pension liabilities, pension foundations and pension funds take account of the yield and marketability of the assets and ensure that the assets are diversified and adequately spread

Table 3: Other quantitative regulations of pension fund assets in OECD countries

Country	Investment regulation			
	Investment limit in single issuer/isuue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
	issuer (except for state bonds). - Max 20% may be in the overall value of securities and deposits issued by an organisation belonging to the same banking group. - Max. 30% from the same fund management company's different investment funds. - Max. 2% from the same risk fund management company's different risk funds.	in business in which the founders of the fund, the employers of the fund members, the donors or service providers of the fund own more than 10% of the shares (exception ownership in service providers).	- Swap deals: 10 % - Cash in hand: max. HUF 500,000 - Security loaning deals: 30 % - Risk funds: 5 % - Derivative funds: 5 %	own more than 10% of the registered capital or equity of a business organisation for more than a year - Funds may own maximum 10% of the securities issued by the same issuer (exeption government papers, mortgage bonds and retail investment funds).
Iceland	- Max. 10% in securities issued by the same party or related parties. - Max. 25% jointly in securities and bank deposit issued by the same party or related parties. - Max. 25% can be deposed in one bank. - There are no limits on investment in securities guaranteed by the State. - Max. 5% in uncollateral corporate bonds issued by parties other than financial institutions.	- Loans to directors, members of the board or other staff of the pension fund are not permitted except if they are members of the fund and in such cases the loans must be in accordance with the rules that apply to loans to fund members in general.	- Max. 50% in securities other than bonds guaranteed by the State, collateral loans and securities mentioned above. - Borrowing not allowed. - Foreign currency exposures of more than 50% must be hedged.	- Funds may not own more than 15% of the shares of a single firm or shares of other collective investment undertaking, except for companies that exclusively handle services for the pension fund, or more than 25% of shares in a particular investment (open-end).
Ireland	- Regulations set out specific rules that must be applied to pension fund investment. - These rules require that assets must be invested in a diversified manner so as to avoid excessive reliance on any particular asset, issuer or group of undertakings. - Investments issued by the same issuer or group of issuers must not expose the scheme to excessive risk concentration. - Also any issue of securities can only represent up to a maximum of 10% of pension fund assets for purposes of proving	- Again the assets must be invested in a manner designed to ensure the security, quality, liquidity and profitability of the portfolio as a whole. - Any self-investment will be excluded for purposes of proving solvency. Disclosure of any self-investment must be made.	- Schemes (apart from single member schemes) may not borrow except for short term liquidity purposes. - Assets must be invested predominantly in regulated markets (in this case "predominantly" means at least 50% of the assets). - Investments which are not in regulated markets should be kept to a prudent level. - Investment in derivative	- Assets must be invested in a diversified manner so as to avoid excessive reliance on any particular asset, issuer or group of undertakings. - Any issue of securities can only represent up to a maximum of 10% of pension fund assets for the purposes of proving solvency. - Any self-investment will be excluded for purposes of proving

Table 3: Other quantitative regulations of pension fund assets in OECD countries

Country	Investment regulation			
	Investment limit in single issuer/isuue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
	solvency.		instruments is limited to using them to contribute to risk reduction or to facilitate efficient portfolio management	solvency.
Italy[17]	- Max. 15% of the pensions fund's asset in securities issued by a single issuer or connected group of companies.	- Max. 20% may be invested in the sponsoring employer (this limit is 30% in the case of industry-wide pension funds).	- Short selling not allowed. - Borrowing not allowed, - Derivatives: financial leverage ≤ 1. - Pension fund must invest a minimum of 1/3 of its assets in the currency in which the benefits will be denominated (currency matching requirement). - Not listed securities: max 10% shares issued by OECD residents; max 20% securities issued by OECD residents different from States and International Organisations.	- Pension fund's investment must not constitute more than 5% of the nominal value of all voting shares of a listed company and not more than 10% of a non-listed company.
Japan	- EPF[18]: None, but the pension legislation stipulates that each pension fund should endeavour to avoid concentration of investment on a specific asset category.	- EPF: Investment on securities with the purpose of pursuing interests of someone other than the pension fund is prohibited.	- EPF: None.	- EPF: None.
	- TQP[19]: not regulated			

[17]The limits described refer to the funds instituted after the setting up in 1993 of the current regulatory framework. Different, less stringent limits apply to the funds institute before this date.

[18]EPF-employee pension fund

[19]TQP-tax qualified plan

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Korea	**Personal pension**	- Max 5% in loans to one business(5% for one person) - Max 10% in bonds and shares issued by a single issuer or 5% by affiliated companies.	- Loans are limited to 2% of the fund. - Bonds and share issued by the plan sponsor is limited to 3% of the fund[20].	- None - The deposit commission of derivatives is limited to 3% of the fund.	▪None
	Corporate Pension (Retirement Pension)	- DB: Max 10% in shares issued by a single issuer. In bonds, CP and RP, Max 5% issued by a single issuer and Max 15% done by affiliated companies. - DC: Max 30% in the all securities issued by a single issuer.	- DB: Max 5% in bonds, CP and RP issued by the connected companies of the sponsor. - DC: Max 10% in bonds, CP and RP issued by the connected companies of the sponsor.	- DB: None. - DC: None .	- DB: Max 10% of the capitalization of a company. - DC: None.
Luxembourg		- The investment in assets of the same issuer or of the issuers belonging to the same goupe shall not expose the pension fund to excessive risk. Proper diversificationof the assets is required but no quantitative limit exists.	- Max. 5% of assets may be invested in the sponsoring employer. - Max. 10% of assets may be invested in the companies belonging to the same group as the sponsoring employer.	- None.	- None.
Mexico		- Max 5% in debt issued by a single issuer (except for Federal Gov and the Central Bank) rated AAA. - Max. 3% in debt issued by any single issuer (except for Fed Gov and the Central Bank) rated AA. - Max 1% in debt issued by any single issuer (except for Federal Government and the Central Bank) rated A. - Max. 15% in debt issued by companies	- Max. 5% (or under special authorization 10%) of assets may be invested in securities issued by entities with which the Afore has any kind of financial relationship. Investment in instruments issued by financial institutions with which the Afore has any kind of financial relationship is prohibited.	- At least 51% of the funds's assets must be invested in inflation-linked or inflation protected securities (only for Basic Fund 1*). - The portfolio risk is subject to a VaR limit of 0.60%. - No limits in government repos. - The lowest rating permitted for fixed-income bonds of Mexican corporations denominated in foreign currency is BBB. - The lowest rating permitted for fixed-income bonds of foreign corporations denominated in foreign	- Up to 20% of the amount outstanding of any single issue (except for banks, Fed Gov and Mexican Central Bank).

[20]In Retirement Pension, it is not permitted to invest in any security issued by the plan sponsor, the parent companies or subsidiary companies of the sponsor

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	belonging to the same group.		currency is A-. - Issues must be rated by two autorized rating companies. - Derivative trades may take place in securities markets or over-the-counter markets but only those permitted in the investement framework. - Credit derivatives are forbidden. - Derivative counterparties must also be rated.	
Netherlands	- Diversification is required, but no quantitative rules.	- Max. 5% may be invested in shares of the sponsoring employer, in case of exceeding assets; it can be 10% maximum.	- None.	- None.
New Zealand	- None.	- No limit but Trustees are required to notify members and beneficiaries annuallly if more than 10% of the market value of the assets at any time during the year were invested directly or indirectly in any employer who is a party to the scheme or in any company or entity associated with any such employer, and if so details of all such investments held during the year.	- None.	- None.
Norway	- Diversification is required. - Max. 0.5% of the portfolio can be invested in a single unsecured loan. - Max. 10% in a single securities fund or a single investment firm may in the aggregate not exceed 10% of the assets covering the technical provisions.	- Loans to the employer are permitted only if the loans are secured by pledge, and must not exceed 20% of the total assets. - The pension fund is not permitted to own shares or equity in the company for which the fund is founded.	- A minimum of 80% of assets must be denominated in the same currency as the pension fund's technical provisions (in the wide sense). This does not apply, however, if the pension fund in order to satisfy this requirement would have to hold net financial receivables in that currency to a	- None

Table 3: Other quantitative regulations of pension fund assets in OECD countries

Country	Investment regulation			
	Investment limit in single issuer/isuue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
			value of 7% or less of its overall assets in other currencies.	
Poland	OPF[21] and EPF limits: - Max. 10% in public mortgages issued by one entity. - Max. 5% deposited with a single bank or with two or more affiliated banks. One bank or a group of affiliated banks may be chosen in which up to 7.5% of assets may be deposited. Max. 2% (5%) in investment certificates of a single closed-end (open-end) investment fund or a single hybrid investment fund. Max. 15% in investment funds managed by one investment society. - Max. 5% in all securities issued by a single issuer or of two or more affiliated issuers.	OPF limits: - Assets may not be invested in securities issued by a pension fund company or its shareholders, controlled, controlling or associated entities. EPF limits: -5% in shares issued by EPF management society shareholders 10% in shares and bonds issued by EPF management society shareholders.	EPF – at least 70% of assets denominated in Polish zloty.	OPF – if shares of one issuer exceed 1% of OPF assets, maximum 10% of a single issue may be bought. If they fall below 1%, the maximum is increased to 20%. No more than 5% of OPF assets may be invested in all shares exceeding 10% of respective issues. As to close-end investment certificates – no more than 35% of a single issue. In cases of numerous issues of one issuer without noticeable differences between them, they are treated as one "big" issue.
Portugal	- Max. 10% fund value in instruments issued by one undertaking and loans granted to a single borrower. - Max. 20% in instruments issued by and loans made to companies that hold between them, or with the pension fund manager, a controlling ownership or group relationship, including bank deposits in credit institutions in an identical relationship.	- Max. 5% in quoted instruments issued by sponsors of the pension fund or by companies that hold a controlling ownership or group relationship with these sponsors. - Max. 25% in land or buildings used by the sponsors of the fund or by companies that hold a controlling ownership or group relationship with these sponsors - The fund is not allowed to own securities issued by the pension fund manager or unquoted securities issued	- Max. 30% in assets denominated in currencies other than the currency in which the pension fund's liabilities are denominated.	- Funds may not own more than 10% of the shares or voting rights of an individual firm. - The totality of shares held by the set of pension funds managed by the same pension fund manager may not confer to this body more than 20% of the share capital or voting rights of a single company nor permit it to exercise significant influence over the management of this company.

[21] Open pension funds (mandatory)

Table 3: Other quantitative regulations of pension fund assets in OECD countries

Country	Investment regulation			
	Investment limit in single issuer/isuue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
		by companies that are members of its governing bodies or that have a controlling ownership or group relation with the pension fund manager, or directly or indirectly hold more than 10% of its share capital or voting rights. - The fund is not allowed to own unquoted securities issued by the sponsors or by companies that hold a controlling ownership or group relationship with these sponsors. Other conflict rules also apply e.g. related party rules.		
Slovak Republic	- Max. 80% in Slovak government securities. - Max. 20% in Government securities of other single EU/OECD member country. - Max. 10 % of mortgages bons issued by a single bank. - Max. 3% in securities issued by a single issuer.	- The assets of the pension funds may not comprise: a) shares of joint-stock companies that have the share on basic capital of the pension management company larger than 5 %, b) shares of the depository of the pension management company, c)shares of the pension management company managing this pension fund, d)investment certificates of open unit funds managed by a management company with which the pension management company, managing this pension fund, forms a group with close relations.	- In the mandatory pension system, 100 % of pension assets of conservative pension funds must be invested in bond and monetary instruments. In case of balanced pension funds, at least 50 % of pension assets must be invested in bond and monetary instruments. - In the conservative pension funds, the pension assets must be fully hedged against currency risk. In the balanced pension funds, this ceiling is set 50 % (max), in the growth pension funds 20 % (max). - Derivatives investments are allowed only for purpose of hedging against currency risks. Value of these investments may not be larger than 5 % of the value of assets in pension funds	- The pension management company must ensure that its assets and assets in pension funds (managed by this company), comprised no more than 5 % of the nominal values of shares issued by one issuer or shares with voting rights, allowing the pension management company to exert a significant influence on management of the issuer.

Table 3: Other quantitative regulations of pension fund assets in OECD countries

Country	Investment regulation			
	Investment limit in single issuer/isuue	**Self-investment / Conflicts of interest**	**Other quantitative rules**	**Ownership concentration limits**
Spain	- Max. 5% in securities issued or guaranteed by the same entity, plus the liabilities guranteed by it. - Max. 10% in securities issued or guaranteed by the same group of companies, plus the liabilities guranteed by it. This general rule has some exceptions[22]: - Max. 2% in securities not admitted to trading on a regulated market issued by the same undertaking and no more than 4% in securities not admitted to trading on a regulated market issued by undertakings belonging to a single group. - Max 5% in a single property. - Max 20% in the same UCIT.	-5% of its assets in securities issued by issuers belonging to the same group as the sponsoring undertaking.	- At least 70 % of pension funds assets must be invested in securities traded on organized markets (according to EU legislation in force), bank deposits, properties, mortgage loans and UCITs.	-5% of the face value in total outstanding securities issued or guaranteed by a single entity. However, Pension Fund shall invest a maximum of 20% of the face value in total outstanding securities issued by a risk-ca pital institution[19].

[22] Previous Limits shall not be applied to securities issued or guaranteed by the State or its organizations, by the regional authorities, by the local authorities, by equivalent Public Administration of OCDE countries and by international institutions and organizations of which Spain it is a member.

Table 3: Other quantitative regulations of pension fund assets in OECD countries

Country	Investment regulation			
	Investment limit in single issuer/isuue	**Self-investment / Conflicts of interest**	**Other quantitative rules**	**Ownership concentration limits**
Sweden	FSR limits: none. IR limits: - No limit for bonds issued by and loans granted to a state or an equally financially stable subject - Max. 5 % (10 % if the total of these investments does not exceed 40 % of the technical provisions and shares from the same issuer do not exceed 5 % of these provisions) in shares, bonds issued by a single company and loans granted to the same subject. - Max. 5 % in a single piece of real estate (or group of). - Max. 10 % in a single investment fund.	FSR limits: none. IR limits: none.	FSR limits: none. IR limits: see first table.	FSR limits: none. IR limits: none.

Table 3: Other quantitative regulations of pension fund assets in OECD countries

Country	Investment regulation			
	Investment limit in single issuer/isuue	**Self-investment / Conflicts of interest**	**Other quantitative rules**	**Ownership concentration limits**
Switzerland	- Max. 15% (5% for foreign assets) in debt instruments (except government bonds, banks and insurance companies) issued by a single issuer. - Max 10 % (5% for foreign assets) in equities of a single company.	- Max. 5% may be invested in the sponsoring employer.	- Investment in derivatives for hedging purposes only. - With a founded explanation the quantitative limits may be exceeded. - Limit of foreign currency of 30%	None.
Turkey	- Max. 10% in money and capital market instruments from one single issuer. - Max. 20% % in money and capital market instruments from one group. - Max. 2% in a single investment fund. - Max. 2% in a specific bank's deposits.	- Purchase of money and capital market instruments of the pension company and the portfolio manager is not allowed. - The total of the money and capital market instruments issued by companies where the pension company's and portfolio manager's: (1) Shareholders having more than 10% of its capital; (2) Chairman and members of board of directors; (3) General manager and vice general managers have separately or collectively more than 20% of its capital, and total money and capital market instruments issued by the company's and portfolio manager's direct and indirect partnerships may not exceed 20% of fund assets. - Pension funds are not allowed to intervene or be represented in the management of partnerships whose shares they purchased.	- Only money and capital market instruments which are traded in the stock exchange may be included in the fund portfolio. - Total amount of money and capital market instruments of the companies the fund invests more than 5%, may not exceed 40% of fund assets.These limitations are not applied for state bonds. - Max. 5% of the fund assets may be invested in money and capital market instruments issued by venture capital companies. - Max. 20% of fund assets can be invested in the Stock Exchange Money Market. - At least 24% of the contributions must be invested in government bonds. - Max. 15% percent of the contributions can be invested in foreign money and capital market instruments. - Investment in derivatives for hedging purposes only.	- The fund may not own 5% or more of capital or all voting rights in any partnership alone, and the funds established by a pension company may not own more than 20% of capital or all voting rights collectively, in any partnership.
United Kingdom	- General requirement for diversification and suitability.	- Yes, employer-related investment is limited to 5%.	- No other quantitative portfolio restrictions	- None.

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Country	Investment regulation			
	Investment limit in single issuer/isuue	**Self-investment / Conflicts of interest**	**Other quantitative rules**	**Ownership concentration limits**
United States	- General requirement for diversification. An exception applies for holding employer securities or real property under certain DC plans.	- No self dealing, representing two side of a single transaction, kickbacks to fiduciaries, or transactions with parties in interest, unless an exemption applies. - Special restrictions apply to certain types of investments, including ownership of passthrough entities (partnerships and S corporations) and collectibles (art, coins, etc.).	- Indicia of ownership of plan assets must be under the jurisdiction of US courts. - No employer securities or real property in excess of 10% of plan assets, but an exception applies for holding employer securities or real property under certain DC plans. - Investment vehicles with <25% benefit plan investers not subject to ERISA. Fiduciaries remain liable, however, for decision to invest in such vehicles.	- None.