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SURVEY OF INVESTMENT REGULATIONS OF PENSION FUNDS

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Background

This report describes the main quantitative investment regulations applied to pension funds in OECD and selected non-OECD countries as of December 2007.

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

The information collected concerns all forms of quantitative portfolio restrictions (minima and maxima) applied to pension funds at different legal levels (law, regulation, guidelines, etc). This year the survey was extended for the first time to non-OECD countries that participate in the meetings of the Working Private Pension Party (WPPP) as observers. These countries include Brazil, Chile, Colombia, Estonia, India, Israel, Russian Federation and South Africa.

The survey contains 4 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 other quantitative restrictions classified by type of regulation. Table shows the main changes to pension fund investment regulations during the period 2002-2007

Main regulatory changes during 2007

According to the information collected from government authorities, the main regulatory changes with respect to December 2006 occurred in Australia, Austria, Belgium, Hungary, Italy, Mexico, Portugal and Turkey.

In Australia, changes to Australian law in 2007 allowed superannuation fund trustees to invest in limited recourse instalment warrants over any asset a fund could invest in directly (for example, real property or listed securities). Instalment warrants entail a borrowing and so were not an allowable investment for superannuation funds.

In Austria, the regulation 'Besondere Veranlagungsvorschriften für Pensionskassen - BVV-PK' requires Pensionskassen not applying the regulation 'Risikomanagementverordnung Pensionskassen - RIMAV-PK' (Risk management) to maintain additional asset limits (in addition to the limits of the Federal Act on the Establishment, Administration and Supervision of Pensionskassen). [1] Since July 1st 2007, the maximum limits for derivatives and other asserts were reduced from 10% to 5% of the fund's assets. Additionally, the maximum limit for real estate was lowered from 20% to 10%.

Other important changes occurred in the Belgium pension system. Over the last year, Belgium introduced a new prudential framework, implementing the directive on the activities and supervision of institutions for occupational retirement provision (IORP Directive). Significant changes compared to the previous legislation are the prudent person rule for investments, with no investment restrictions other than the self-investment limit imposed by the Directive.

In Hungary, since 2007, private pension funds can establish voluntarily a life-cycle portfolio system (from 2009 this amendment will become mandatory). This system offers to pension fund members the option to choose between 3 different portfolios (conventional, balanced and growth). Additionally, the new regulation also establishes legal requirements for calculating an expected rate of return, for

[1] It was enacted in 2006, with a transition period until June 30th, 2007,

creating a return-adjustment reserve, while regrouping from this reserve to the funding reserve will be removed.

In Italy, following the implementing of the Directive IORP 2003/41/EC into the primary law on private pensions (Legislative decree 252/2005), quantitative limits on self investments have been integrated. For single-employer funds, investments in securities issued by the sponsoring employer shall be no more than 5% of the pension fund assets (10% in the case of a group). For multi-employer funds, investments in securities issued by the sponsoring employers shall be no more than 20% of the pension fund assets or 30% in the case of industry-wide pension funds.

The Retirement Savings System Law (Ley del Sistema de Ahorro para el Retiro) in Mexico introduced secondary regulation on the investment regime allowing 5 life-cycle funds (formerly there were two) and allowing funds to invest in new instruments. Due to the existence of new funds, new limits on each fund were set.[2] Other changes in the Mexican private pension system include the disappearance of the fees over the contributions to the funds, allowing only fees charged on the balance. Another major change was the introduction of the net return as the parameter that is used to assign those workers which do not specifically select a funds managers; formerly this parameter was a combination of all the fees charged by the pension fund managers to the workers.

In Portugal, important changes to investment regulations for occupational pension funds came into force in 2007 (Norma Regulamentar N.º 9/2007-R). These changes include the withdrawal of the 55% limit on equities and 50% on real estate, mortgages and loans to members; increase in the limit for non-harmonized investment funds from 5% to 10% and introduction of a 2% investment limit in a single non-harmonised investment fund. Additionally, the global limit on the amount of assets that can be used in securities lending by the pension fund, was raised from 10% to 40%; withdrawal of the 25% limit in real estate used by the sponsors of the fund (or by companies that hold a controlling ownership or group relationship with these sponsors) for occupational pension funds; withdrawal of the limit on ownership of shares or voting rights of an individual firm from each pension fund or group of pension funds managed by the same manager; and increase in the limit for group of sponsors (or companies that hold a controlling ownership or group relationship with the sponsors) from 5% to 10% for occupational pension funds.

In Turkey, important limits regarding the allocation of the pension contributions have been removed. These limits include the 15% cap on the foreign investment instruments and the 24% floor on government bonds.

Among Non-OECD countries, Chile introduced important changes to pension fund investment regulations during 2007. In June, a new regulation established new procedures to grant a license for new AFPs, through a list of requirements that AFPs' founding shareholders must comply. The Law also increased the minimum percentage of total investments that must be under custody, in order to strengthen safety in financial transactions. Finally, this Law authorizes the regulator to prohibit transactions between an AFP and its related entities, under qualified risk circumstances. In August, a new Law increased the global investment limit in foreign assets from 30% to 45%, but with gradual increases within the first nine months (35% for the first four months, 40% for the next four months, and 45% from the ninth month on). The Law also established that mutual funds shares and investment funds shares will be not considered in the limit for variable income securities, as long as they do not have any equities in their holdings.

[2] The new 5 life-cycle funds are: Basic Fund (Siefore Básica) 1 for 56 years old employees and older. Basic Fund 2 from 46 to 55 years old, Basic Fund 3 from 37 to 45 years old, Basic Fund 4 from 27 to 36 years old and Basic Fund 5 for workers who are less than 27 years old.

Furthermore, in Germany (pensionskassen) new regulation will come into effect on the 1st January 2008. This regulation will remove the 30% global limit on foreign investment instruments and the 10% limit on foreign bonds.

Spain announced during the course of 2007 that new investment regulation for pension funds would be implemented at the beginning of 2008 (this information is not included in the tables). For example, investment in Undertakings for Collective Investment in Transferable Securities (UCITS) will be allowed up to 20% in those UCITS admitted to trading in regular markets and 5% in UCITS not admitted. Investment in derivatives will be an open list with diversification rules according to the risk of the market or the risk of the other contracting party or even both of them. The new legislation also includes a joint limit for investments in equities, derivatives and deposits related to the same entity. This limit will be a 20% of total pension fund assets. Finally, investment limit in real estate will be a 30% of total assets.

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

Country	Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
OECD COUNTRIES							
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	- Shares, negotiable securities equivalent to shares, corporate bonds and other equity securities and other assets[3]: - 70% (commitments without minimum yield guarantee) - 50% (commitments with minimum yield guarantee[4]).	- No limit (see also table 3).	- See equity.	- Limits apply to the underlying components of investment funds.	- Limits apply to the underlying components of investment funds.	- No limit.	- No limit
Belgium	- No limit	- No limit.	- No limit	- No limit-	No limit-	- No limit	- 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.
Finland **Voluntary**	- 50% (listed). - 10% (non-	- 40%	- No limit in government bonds, local	- No limit, when the fund invests in	- 5% hedge funds.	- 70% if mortgage loans	- No limit.

[3] Investment in debt securities, shares and securities equivalent to shares which are not admitted to trading on a regulated market < 30%.

[4] In this case additional up to 20% investment grade bonds are possible

Country	Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
pension plans	listed).		government bonds and bonds issued by corresponding institution. - 10 % (non-listed); other than government bonds, local government bonds and bonds issued by corresponding institution.	bonds issued by government, local government or correspondin g institution; 10% (non-listed) - 50% when the fund invests in equities; 10% (non-listed).		including investment in real estates and buildings; 10% if subordinated loans5.	
Finland **Statutory pension plans**	- No limit (listed) - 15 % (non-listed). The limit 15 % is set for the total number of non-listed securities (excluding real estate investments) including equities.	- No limit	- No limit - 15 % (non-listed). The limit 15 % is set for the total number of non-listed securities (excl real estate investments) including bonds other than government, local government and corresponding bonds	- No limit - 15 % (non-listed); when the fund invests in non-listed securities (excl real estate investments)	- 15 % (non-listed). The limit 15 % is set for the total number of non-listed securities (excl real estate investments).	- No limit - 5 % in unsecured loans if a debtor is other than government, local government or correspondin g institution	- No limit
Germany Pensionskasse n	- 35% (if listed). - 10% (non-listed).	- 25%	- 50%	- depends in what the funds invest (see e.g. limits for equity and bonds) “look through” principle.	- 5% hedge funds.	- 50% (if mortgage) - 50% (if other)	- 50%
Germany Pensionsfonds	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.
Greece	- 70% in pension funds where members bear the investment risk.	- No limit.	- Government Bonds : No limit - Corporate Bonds: 70% in pension funds where members bear the investment	- 5% of in investment funds and new financial products[6] .	- 5% in investment funds and new financial products.	- Loans are not permitted.	- No limit

[5] 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.

[6] This is a joint limit for retail investment funds and private investment funds.

Country	Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
			risk				
Hungary[7]	- Listed: No limit. - 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 %	- MPF: No limit - VPF: No limit.	- Derivative fund: 5 % - Risk capital: 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.	- Listed: No limit.
Iceland	-Max. 60% listed equities. -Max. 10% non-listed securities within OECD and Liechtenstein (joint limit with bonds and units or shares of other collective investment undertaking). - Max 60% joint limit with listed equities and shares in funds that are not directed by public surveillance.	- 0%	-Max. 50% in bonds issued by financial institutions. -Max. 50% in municipality bonds. -Max. 10% non-listed securities within OECD and Liechtenstein (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. -Max. 10% non listed securities within OECD and Liechtenstein (joint limit with bonds and equity).	-Max. 50% in investment funds not having a European passport. -Max. 10% in investment funds not directed by public surveillance. -Max. 60% (joint limit with equities).	- 0%	- No limit
Ireland	- No limit.	- No limit[8].	- No limit.	- No limit.	- No Limit.	- No limit.	- No limit
Italy[9]	- No limit.	- Only indirect investment allowed.	- No limit.	- Closed-end funds (retail and private): 20% of the pension	- Closed-end funds (retail and private): 20% of the pension fund's	- 0%	- 20% (including short-term bills).

[7] MPF stands for mandatory pension fund and VPF for voluntary pension fund.

[8] Regulations effectively limit aggregate unquoted investments to 50% of total assets for schemes with more than 100 members. Same regulation applies for private investment funds and loans.

[9] 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.

Country	Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
				fund's asset and 25% of the closed-end fund's value. In the 20% limit investments in real estate funds are included.	asset and 25% of the closed-end fund's value. In the 20% limit investments in real estate funds are included.		
Japan	- No limit.	- Not permitted.	- Not limit.	- No limit.	- No limit.	- Not permitted.	- No limit.
Korea **Personal pension**	- 10% (non-listed)	- 15%	- Not limit.	Not limit.	- Not limit.	- Not limit.	- Not limit.
Korea **Corporate 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-).	- Equity fund [10]: · DB: 30% · DC: not permitted. - Balanced fund : · DB: 40 % · DC: not permitted. **-** Bond Fund : · DB: no limit. · DC: no limit.	- DB: Not permitted. - DC: Not permitted.	- DB: Not permitted. - DC: Not permitted.	- DB: No limit. - DC: No limit
Luxembourg **SEPCAV and ASSEP**[11]	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.
Luxembourg – CAA supervised pension funds **(all values are for DB CAA supervised pension funds. For DC CAA supervised pension funds, CAA considers each investment strategy separately).**	- 10% by issuer. 5% if asset is not traded. For non traded assets, the overall limit is 10%. The sum of issuers >5% has to be <=40% of the total assets . There is a 5% limit for affiliated companies to the pensionfund,	- Real Estate is only taken into account up to 80% of the value of the building; 10% overall limit and 5% for a single object/set of objects considered as a single investment	- 10% by issuer. 5% if asset is not traded. 1% for issuers outside OECD. Exception: government bonds	- No distinction retail/private investment fund. 15% by investment fund, or by investment segment of an investment fund. 25% if investment compliant with 85/611/CE.	- No distinction retail/private investment fund. 15% by investment fund, or by investment segment of an investment fund. 25% if investment compliant with 85/611/CE.	- Not allowed, except for liquidity reasons and temporarary. Subordinated loans may be allowed, if they have an undefined term and if their reimburseme nt is subject to CAA's approval	- 20% global and by issuer, except for terms < 3months preceding reception of a contribution, a surrender or market turmoils

[10] 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.

[11] 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)

Country	Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
	and 10% for the sum of affiliated companies						
Mexico	- 0% for Basic Fund 1 - 15% for Basic Fund 2 - 20% for Basic Fund 3 - 25% for Basic Fund 4 - 30% for Basic Fund 5 - 30% for voluntary funds.	- Through Mexican REITS (FIBRAS): - 0% for Basic Fund 1 - 5% for Basic Fund 2 - 5% for Basic Fund 3 - 10% for Basic Fund 4 - 10% for Basic Fund 5	- No limit: federal government. - Aggregate limits for same credit rating: · No limit: AAA any other issuer. · 35%: AA any other issuer. · 5%: A any other issuer. - Individual issuer limits apply. o Securitised instruments: - 10% Basic Fund 1, 15% Basic Fund 2, 20% Basic Fund 3, 30% Basic Fund 4, 40% Basic Fund 5. o Structured instruments: - 0% Basic Fund 1, 1% Basic Fund 2, 5% Basic Fund 3, 7.5% Basic Fund 4, 10% Basic Fund 5.	- Mutual funds are not allowed, though SIEFORES are allowed to invest in Exchange-Traded Funds (ETFs).	- 0%	- 0% - Repos and securities lending allowed. Limits depends on credit risk of counterpartand exposure net of collateral.	- No limit.
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.
Poland: OPF[12]	- 40% (listed on primary market) - 7.5% (on secondary market or non-listed).	- 0%	- No limit in treasury bonds - 40% (mortgage) but no more than 15% in non-listed ones. - 40% (municipal).	- 10% (close-ended). - 15% (open-ended).	- 0%	- Equal to investment in the shares of the borrower.	- 20%

[12] Mandatory, personal pension funds

Country	Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
			- 40% (corporate).				
Poland: EPF[13]	- 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	- No limit for occupational pensions. - 55% for PPR pension funds[14]	- No limit for occupational pension funds. - 20% for PPR[13] pension funds.	- No limit.	- No limit[15] .	- No limit[14].	- No limit for occupational pension funds - 20% in mortgages for PPR[13] pension funds.	- No limit for occupational pension funds. - 20% for PPR[13] pension funds.
Slovak Republic	- up to 80%	- 0%	- No limit.	- 50%	- 0%	- 0%	- 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.
Sweden[16]	- FSR: 0 % - IR: 25 % (if quoted), 10 % (if unquoted). - OP: no limit if quoted,	- FSR: Allowed, but only up to 4/5 or 2/3 of ratable value, depending	- FSR: no limit (other bonds than those issued by a state or of equal quality must be issued	- FSR: 0 % - IR: Investments can only be made in funds that primarily invest in	- FSR 0 % - IR: Investments can only be made in certain funds that primarily	- FSR: no limit (only loans with some form of mortgage guarantee or equal security	- FSR: 0 % - IR: 75 % - OP: No limit.

13 Voluntary, employees (occupational) pension fund

14 Personal retirement pension funds

15 Although Private and Retail Investment Funds do not have specific limits Investment Funds are subject to other quantitative Investment limits – see table 3.

16 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. OP stands for rules applicable to providers of occupational retirement pensions in accordance with the Directive 2003/41/EC.

Country	Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
	10% if unquoted.	on type of estate, or 70 or 60 %, respectively, of the estate´s estimated market value. - IR: 25 % - OP: No limit.	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. - OP: 10 % if unquoted.	assets that would be allowed for direct investment. The type of asset in the 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). - OP: No limit.	invest in assets that would be allowed for direct investment. The type of asset in the 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). - OP: No limit.	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). OP: 10 % if unquoted	
Switzerland	- 50% (overall limit in equities, including domestic and foreign). - 30% sub-limit on domestic equities.	- 50% overall limit. - There is also a combined limit of 70% on real estate and equities.	- No limit.	- Information is not available.	- Information is not available.	- 75% mortgage (maximum of 80% of market-value of the real estate).	- No limit.
Turkey[17]	- No limit.	- 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.
NON OECD COUNTRIES							

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

Country	Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
Brazil	- 50% in companies with good corporate governance rating; 45% in companies with regular governance rating and 35% for non-classified companies; - 20% for private equity investment.	- 11%[18]	- No limit for federal government bonds, treasuries; - 80% others bonds.	- No limit.	- No limit.	-15% for loans; - 10% for real state financing.	- 80%[19]
Colombia	- 30% in equities with high and medium market liquidity and stocks from privatization processes. - 5% in equities with Low or minimum liquidity.	- Not allowed.	- 40%	- 5%	- 5%	- Not allowed.	- 2% excluding the contributions and investment's due capital and interests received during the last 10 working days.
Chile[20]	- Limit for variable income securities[21]: • 80% fund A • 60% fund B • 40% fund C • 20% fund D • 0% fund E - Domestic public limited companies (sub-limit): • 60% fund A • 50% fund B • 30% fund C • 15% fund D • 0% fund E	-Direct investment is not allowed	- Government bonds: • 40% fund A • 40% fund B • 50% fund C • 70% fund D • 80% fund E - Bond of Public and private companies: • 30% fund A • 30% fund B • 40% fund C • 50% fund D • 60% fund E - Convertible bonds (sub-limit) • 30% fund A	- Joint limit for closed-ended and open-ended mutual funds shares and committed payments: • 40% fund A • 30% fund B • 20% fund C • 10% fund D • 0% fund E - Sub-limit mutual fund shares: • 5% fund A • 5% fund B • 5% fund C • 5% fund D	- Not allowed.	- Joint limit for time deposit, bonds and other financial instruments: • 40% fund A • 40% fund B • 50% fund C • 70% fund D • 80% fund E	

18 From 1st of January 2009, the limit will be of 8%.

19 Investment limit depends of the credit risk of the bank.

20 A new Law implemented in August 2002 requires to each Pension Fund Administrator (AFP) to offer mandatory four different types of funds, called simply Funds B, C, D and E, which vary according to the degree of risk. AFPs may also offer voluntarily a Fund A. The funds are differentiated by the proportion of their portfolio invested in variable income securities (such as equities) and fixed income (such as bank deposit, mortgages, or government bond that offer a low level of risk or variability).

21 Including public limited company shares, real estate public company shares, mutual fund shares and investment fund shares.

Country	Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
			• 30% fund B • 10% fund C • 5% fund D • 0% fund E -Mortgage bonds: • 40% fund A • 40% fund B • 50% fund C • 60% fund D • 70% fund	• 0% fund E			
Estonia	- Mandatory system: • 50% progressive funds. • 25% balanced funds. • 0% conservative funds. - Voluntary system: • No limit.	- Mandatory system: 40% - Voluntary system: 70%	- Listed: No limit - Unlisted: 10%	- No limit.	- No limit.	- 10%	- Mandatory system: 35% - Voluntary system: No limit.
India[22]			-25% of assets must be invested in central government bonds -15% of assets must be invested in state government bonds or bonds of public sector enterprises guaranteed by central or state government 30% are required to be invested in bonds of public financial institutions or public sector enterprises				

[22] Information refers to non-state pension funds.

Country	Equity	Real Estate	Bonds	Retail Investment Funds	Private Investment funds	Loans	Bank deposits
Israel[23]	- No limit.	-No limit.	- No limit.	- No limit.	- No limit.	- No limit.	- No limit.
Russian Federation[24]	- 65%	- Not allowed.	- Russia government bonds: No limit - Regional government bonds: 40% - Municipal bonds: 40% - Mortgage bonds: 40% - Bonds of Russian issuer: 80%	- Not allowed.	- Not allowed.	- Not allowed.	- 20% (Deposits in roubles and balances in accounts with lending institutions)
South Africa	- 75% (overall limit). - 5% in unlisted shares, unlisted convertible debentures, shares and convertible debentures listed in the Development Capital Sector of the Johannesburg Stocks Exchange (JSE).	- 25%	- No limit on bills, bonds and securities issued and guaranteed by the government.	- Not allowed.	- Not allowed	- 5% to participating employer. It can increases to 10% with the approval of the Registrar and members of the fund. - Housing loans to members limited to 95% of the fair value of the fund.	- No limit on total of deposits in banks, mutual banks and South African Futures Exchange (SAFEX) - 20% limit per bank or mutual society

[23] Old pension funds are private sector defined-benefit pension plans established until 1999. New pension funds are private sector defined-contribution pension plans established after 1995. The new pension funds and the old pension funds must invest 30% in designated bonds, and the remaining has no limit. New pension funds and Old pension funds must invest 30% in designated bonds, and the remaining has no limit.

[24] Information refers to new defined contribution system

Table 2: Portfolio limits on pension fund investment in selected foreign asset categories

Country	Global 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
OECD COUNTRIES								
Australia	- No limit.							
Austria	- 30%							
Belgium	- No limit.							
Canada	- No limit.							
Czech Republic	- Foreign investment is permitted only in case of the securities traded in regulated OECD markets.			- Bonds issued by governments and central banks of OECD Member Countries and bonds issued by EIB, EBRD and IBRD on a foreign market.				
Denmark	- No limit for OECD countries.							
Finland **Voluntary pension plans**	- 10% in assets only in OECD countries other than EEA countries.							
Finland **Statutory pension plans**	- 20 % in assets in countries other than OECD countries							
Germany **Pensionskassen**[25]	- 30%	- 10% in non EEA equity		- 10% in non EEA bonds				
Germany **Pensionsfonds**	- No limit.							
Greece	- Investment							

[25] New regulation came into effect on the 1st January 2008

Country	Global 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
	is permitted only in EU and EEA countries.							
Hungary	- Within investments made abroad, the ratio of investments 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[26]	- 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.							
Korea **Personal Pension**	- 20% (it applied only to personal pension insurance). The other types of personal pension including trusts and investment funds have no restriction on these limits.)							
Korea **Corporate Pension (Retirement**	- DB: No limit - DC: Total 30%.	- DB: 30% (listed)27 .	- DB: Not permitted. - DC: Not permitted.	- DB: No limit. - DC: Permitted.	- DB: 30%. - DC: Permitted only for	- DB: Not permitted. - DC: Not permitted.	- DB: Not permitted . - DC: Not	- DB: Not permitted . - DC: 30%

[26] 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.

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

Country	Global 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
Pension)		- DC: Not permitted.			bond funds.		permitted .	
Luxembourg **SEPCAV and ASSEP**	- No limit.							
Luxembourg – CAA supervised pension funds	- 5% overall limit if no guarantee from a OECD country. - 1% by issuer	- 1%	- 1%	- 1%	- 1%	- 1%	- Not allowed	- 1%
Mexico	- 20%	- 20% up to the limit of the correspon ding fund[28].	- 0%	- 20% (For Fixed Income, at least A-).	SIEFORES are allowed to invest in Exchange-Traded Funds (ETFs).	- 0%	- For Repos and securities lending, Individual counterp arty limits, net of collateral.	
Netherlands	- No limit.							
New Zealand	- No limit.							
Norway	- No limit.							
Poland	-OPF: 5% -EPF: at least 70% of assets denominated in Polish zloty							
Portugal	- No limit .	- 15%[29] joint limit in non-regulated markets[30] for equities and bonds for occupatio nal pension funds and 10% for		- 15% joint limit in non-regulated markets[25] for equities and bonds for occupatio nal pension funds and 10% for				

[28] The investment regime in foreign equity can be done through indices, replication; this can be done directly, through derivatives or through ETFS.

[29] This limit can be exceeded if, for the excess of the limit, the pension fund manager applys risk management techniques to hedge against the risks involved (namely credit risk, counterparty risk)

[30] Euro Area, OECD countries and other recognized as such by the Portuguese Pension Fund Supervisory Authority – ISP

Country	Global 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
		PPR pension funds.		PPR pension funds.				
Slovak Republic	- 70%[31]							
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.				
NON OECD COUNTRIES								
Brazil	- Foreign investment is limited to 2% - 3% through retail investment funds and restricted to Brazilian Depositary Receipts (BDRs) and stocks listed in the MERCOSUR capital markets.	- Not allowed.	- Not allowed.	- Not allowed.	- Within the investment funds, maximum 20% in stocks and private bonds, and a minimum 80% in Brazilian foreign debt.	- Not allowed.	- Not allowed.	- Not allowed.

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

Country	Global 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
Colombia	- 20%[32]	- Not allowed.	- Not allowed.	- 20% (joint limit).	- 20% (joint limit).	- Not allowed.	- Not allowed.	- 20% (joint limit).
Chile	- Joint limit for all funds: 40%			- Convertible bonds: • no sub-limit for fund A and B • 10% fund C • 5% fund D • 0% fund E				- Time deposits: 2% (each fund).
Estonia	- No Limit	- No Limit	- No Limit	- Mandatory system: 20% in not listed in EEA and OECD countries. - Voluntary system: No limit.	- Mandatory system: 30% in non EEA and OECD countries. - Voluntary system: No limit.			- 30% in Baa3 and smaller ratings.
India								
Israel	- 70% in any country which is BB- rated at least.							
Russian Federation[33]	- 10% (20% since 2010)							
South Africa	- Limited to 20% of the total fair value of the assets of a fund.	- Limited to 20% of the total fair value of the assets of a fund.	- Limited to 10% of the total fair value of the assets of a fund. - 5% limit on any single property or property development	- Limited to 20% on bills, bonds and securities issued or guaranteed by a foreign government	- Not allowed.	- Not allowed.	- Limited to 20% of the total fair value of the assets of a fund.	- Limited to 20% of the total fair value of the assets of a fund.

[32] Joint limit for fixed interest securities issued, backed or guaranteed by foreign governments, foreign central banks, international organization or foreign banks and participations in mutual funds of international investment that invest exclusively in fixed interest securities.

[33] Information refers to new defined contribution system

Country	Global 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
			project.					

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

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
OECD COUNTRIES				
Australia	- None, but trustees must consider diversification in making asset allocation.	- Limited to 5%.	- None.	- None.
Austria[34]	- 5% - 10% for investments in assets for issuer which belong to one group\ - Cash at bank and in hand: 25 % at the same banking group.	- Limited to 5%.	- The regulation 'Besondere Veranlagungsvorschriften für Pensionskassen requires Pensionskassen not applying the regulation 'Risikomanagementverordnung Pensionskassen - RIMAV-PK' (Risk management) to maintain additional asset limits (in addition to the limits of the Federal Act on the Establishment, Administration and Supervision of Pensionskassen). e.g.: - Derivatives 5 % - Other assets 5 % - Real Estate 10 %	- None.
Belgium	- None	- investments in the sponsoring undertaking shall be no more than 5% of the portfolio as a whole and, when the sponsoring undertaking belongs to a group, investments in the undertakings belonging to the same group as the sponsoring undertaking shall not be more than 10% of the portfolio.	- None	- 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[35].

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

[35] 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.

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
Czech Republic	- Max 10% in securities issued by a single issuer (however, this limit is not applicable on bonds issued by governments and central banks of OECD Member Countries and bonds issued by EIB, EBRD and IBRD on a foreign market). - 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 (however, this limit is not applicable on bonds issued by governments and central banks of OECD Member Countries and bonds issued by EIB, EBRD and IBRD on a foreign market).
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.		- 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.

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
Finland **Voluntary pension plans**	- Assets should be diversified and decentralised within the diversified groups. - Max 25% 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
Finland **Statutory pension plans**	- Assets should be diversified and decentralised within the diversified groups. - Max. 10% in one single investment target, if it pertains to (i) a single piece of real estate or a real estate corporation, (ii) debt obligations that are secured by investments in (i) - Max. 5%: (i) in equities, bonds or other engagements of a single corporation (ii) in debt obligations secured by a single corporation.	- Max. 5% may be invested in the sponsoring employer.	- Currency matching for at least 80%. - Max. 20% of the assets and obligations may be denominated in currencies other than the euro.	- Max. 5%: (i) in equities, bonds or other engagements of a single corporation (ii) in dept obligations secured by a single corporation.
Germany **Pensionskasse n**	- Max. 5% in securities issued by a single issuer, except 30% for state loans and bonds, bank deposits and mortgage bonds.	- Max. 5% may be invested in the sponsoring employer in the case of single-employer plan; in the case that a plan is sponsored by more than two employers, investments in these companies shall be limited to no more than 15 %.	- 70% currency matching requirement.	- Permitted, but limited to 10% of the nominal capital of one and the same company.
Germany **Pensionfonds**	- Max. 5% in securities issued by a single issuer, except 30% for state loans and bonds, bank deposits and mortgage bonds.	- Max. 5% may be invested in the sponsoring employer; in the case that it is sponsored by more than two employers, investments in these companies shall be limited to 15 %.	- 70% currency matching requirement.	- Permitted, but limited to 10% of the nominal capital of one and the same company.

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
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 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. 2% from the same risk fund management company's different risk funds.	-MPF: Funds may not have ownership 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).	- Repo deals: 20 % for securities issued by government only - Swap deals: 10 % - Cash in hand: max. HUF 500,000 - Security loaning deals: 30 % - Risk funds: 5 % - Derivative funds: 5 % - Securities lending: 30 %	- MPF: Funds shall not directly 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 (exception 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, equities and units or shares of investment funds and open-end funds. - Borrowing not allowed unless investing in real estates that are essential for the operation of the fund. - Foreign currency exposures of more than 50% must be hedged. -Investing in investment funds that are financed with borrowing and short sale no allowed.	- 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).

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
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 ssuer 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 solvency.	- 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 instruments is limited to using them to contribute to risk reduction or to facilitate efficient portfolio management	- 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 solvency.
Italy[36]	- Max. 15% of the pensions fund’s asset in securities issued by a single issuer or connected group of companies.	- For single-employer funds, investments in securities issued by the sponsoring employer shall be no more than 5% of the pension fund assets (10% in the case of a group) . - For multi-employer funds, investments in securities issued by the sponsoring employers shall be no more than 20% of the pension fund assets or 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[37], DB: None, but the pension legislation stipulates that each pension fund should endeavour to avoid concentration of investment on a specific asset category.	- EPF, DB: Investment on securities with the purpose of pursuing interests of someone other than the pension fund is prohibited.	- EPF: None.	- EPF: None.
	- TQP[38]: not regulated			

[36]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.

[37]EPF-employee pension fund

[38]TQP-tax qualified plan

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
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[39].	- None - The deposit commission of derivatives is limited to 3% of the fund.	▪None
Korea **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 **SEPCAV and ASSEP**	- 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 diversification of 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.
Luxembourg **CAA supervised pension funds**	- 10%; 5% if not traded; 1% outside OECD	- 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.	- Proper diversification of the assets is required but no quantitative limit exists.	- No qualified participations allowed
Mexico	- Max 5% in debt issued by a single issuer (except for Mexican Federal Government and the Central Bank) rated AAA in local scale or A or better in global scale. - Max. 3% in debt issued by any single issuer (except for Mexican Fed Government and the Central Bank) rated AA. - Max 1% in debt issued by any single issuer (except for Mexican Federal Government and the Central Bank) rated A. - In addition to the latter two restrictions, in debt issued by any single issuer (except for Mexican Fed Government and Central Bank) rated AA and A cannot exceed 3% combined. - Max. 15% in debt issued by companies belonging to the same group. - Max. 20% of the amount outstanding of any single issue	- Investment in instruments issued by financial institutions with which the Afore has any kind of financial relationship is prohibited. - If the institution to whom the Afore has relationship with is not a financial institution, 5%.	- At least 51% of the assets must be invested in inflation-linked or inflation protected securities (only for conservative Fund 1). - The portfolio risk is subject to a VaR limit of 0.6% for Basic Fund 1, 1% for Basic Fund 2, 1.3% for Basic Fund 3, 1.6% for Basic Fund 4, and 2% for Basic Fund 5. - 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 currency is A-. - Issues must be rated by two authorized rating companies. - Derivative trades may take place in organized markets or	- Up to 20% of the amount outstanding of any single issue (except for Mexican Fed Gov and Mexican Central Bank).

[39]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

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
	(except for Mexican Fed Gov and Mexican Central Bank).		over-the-counter. - Credit derivatives are forbidden. - OTC 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 annually 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 value of 7% or less of its overall assets in other currencies.	- None
Poland	OPF[40] 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	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	EPF – at least 70% of assets denominated in Polish zloty.	OPF: if shares of one issuer exceed 1% of 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.

[40] Open pension funds (mandatory)

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
	managed by one investment society. - Max. 5% in all securities issued by a single issuer or of two or more affiliated issuers.	shareholders.		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	- Investment limit per issuer: Max. 10% fund value .[36] - Investment limit per group of companies that hold between them, or with the pension fund manager, a controlling ownership or group relationship: Max. 20% fund value for occupational pension funds and 15% for PPR pension funds. [36] - Investment limit in a single non-harmonised investment fund: Max. 2% for occupational pension funds.	- Investment limit per issuer (when the issuer is a sponsor of the pension fund): Max. 5% fund value. [36] - Investment limit per group of sponsors or companies that hold a controlling ownership or group relationship with the sponsors: Max. 10% fund value. [36] - The fund is not allowed to own securities issued by the pension fund manager or 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 except if the securities are traded in regulated markets. - The fund is not allowed to own securities issued by the sponsors or by companies that hold a controlling ownership or group relationship with these sponsors except if the securities are traded in regulated markets. Other conflict rules also apply e.g. related party rules.	- Max. 30% in assets denominated in currencies other than the currency in which the pension fund's liabilities are denominated. [41] - Assets used in securities lending: Max. 40% of fund value. - Max: 10% in non-harmonized investment funds for occupational pension funds and 5% for PPR pension funds. Non-harmonized funds are those that do not respect Directive 85/611/CEE and the corresponding updates. However, some non-harmonized funds are not considered to this limit (e.g Real estate, index funds…)	

[41] These limits can be exceeded if, for the excess of the limit, the pension fund manager applis risk management techniques to hedge against the risks involved (namely credit risk, counterparty risk and exchange rate risk)

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
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.
Spain	- Max. 5% in securities issued or guaranteed by the same entity, plus the liabilities guaranteed by it. - Max. 10% in securities issued or guaranteed by the same group of companies, plus the liabilities guaranteed by it. This general rule has some exceptions[42]: - 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-capital institution.

[42] 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.

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
Sweden	FSR limits: none. IR and OP 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. OP limits: investment in the sponsoring undertaking shall be no more than 5 % and when the sponsoring undertaking belongs to a group, investment in the undertakings belonging to the same group as the sponsoring undertaking shall not be more than 10 % of the portfolio.	FSR limits: No investments in derivatives allowed. IR limits: see first table. No derivatives in assets held to cover technical provisions. Max. 20% in assets denominated in currencies other than the currency in which the liabilities are denominated. OP limits: Risks related to currency matching have to be limited.	FSR limits: none. IR limits: none. OP limits: none.
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	- 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. - 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.

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
		management of partnerships whose shares they purchased.		
United Kingdom	- General requirement for diversification and suitability.	- Yes, employer-related investment is limited to 5%.	- No other quantitative portfolio restrictions	- None.
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 sides 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 pass through entities (partnerships and S corporations) and collectibles (art, coins, etc.). - 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.	- Indicia of ownership of plan assets must be under the jurisdiction of US courts. - Investment vehicles with <25% benefit plan investors not subject to ERISA. Fiduciaries remain liable, however, for decision to invest in such vehicles.	- None.
NON OECD COUNTRIES				
Brazil	- None for the federal government's bonds; and - 30% for single issuer or connected group of companies.	- Max. 10% may be invested in the sponsoring employer or connected group of companies.	- 80% in fixed income securities with low credit risk and up to 20% in fixed income securities with medium/high credit risk. - Derivatives: when for protection, until the limit of the financial positions, and when for speculation, the pension funds should have disentailed federal government's bonds of any operations[43].	- Pension Funds in Brazil can hold a maximum 20% of the capital of a single company.

[43] Changes in the investment rules for Brazil's by National Monetary Council (CMN) / Regulation of The National Monetary Council) are in process.

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
Colombia	- Max. 10% of the fund's value in securities issued by a single issuer, including their controlled companies, its holding or parent company and the controlled companies of the last one[44]. - Max. 30% on any single issue, including securities from a securitization process[45].	- Max. 10% in investments on companies related to the administrator of the pension fund. - Investment limits by issuer are reduced to 5% when the investment is on securities whose issuer or guarantor is a company related to the administrator of the pension fund.	- The uncovered position on foreign currency cannot be higher than 30% of the pension fund value.	- Max. 10% of equity and 10% of bonds convertible to shares (BOCEAS) issued by a single company.

[44] This limit does not apply for securities issued or warranted by the Colombian Nation, the Colombian Central Bank and for "REPO" transactions carried out through the Compensation Chamber of the "Bolsa Nacional Agropecuaria".
[45] This limit does not apply to investments on CDT and CDAT issued by credit entities, and securities issued or warranted by the Colombian Nation, the Colombian Central Bank, FOGAFIN and FOGACOOP.

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
Chile	- Financial sector (individual funds): • Max. 10%*VF[46]*RF[47] in current account and time deposits and debt securities issued by a single issuer. • Max. 7%*VF in current account and time deposits, debt securities and shares issued by a single issuer. - Foreign sector (individual funds): • Max. 0.5%*VF in equities issued by a single issuer. • Max. 5%*VF*RF in debt securities issued by a single issuer. • Max. 1%*VF in mutual and investment funds issued by a single issuer. • Max. 1%*VF in exchange traded funds (ETFs). • Max. 1%*VF * RF in structured notes (capital protected notes) issued by foreign institutions. • Max. 0,5%*VF in short-term deposits. - Company sector: (individual funds): • Max. 7%*VF*RF in debt securities issued by a single company. • Max. 3%*VF*RF in debt securities issued by a single company with less than 3 years old. • Max. 7%*VF*RF in bonds, commercial papers and shares issued by a single company. • Max. 15%*VF*RF in bonds, commercial papers and shares (individual companies) issued by a group of companies. • Max. 35% shares issued by investment funds. • Max. 35% of outstanding shares of a mutual funds. • Max between 5% x VF x FC x FL and 7% subscribed shares, in public limited company shares (FC: concentration factor; FL: liquidity factor)	- Max. 1%*VF in all securities of a company related to the Pension Fund Administrator. - Max. 5%*VF in all securities of all companies related to the Pension Fund Administrator.	- Net foreign currency exposure: • 43% fund A • 28% fund B • 22% fund C • 17% fund D • 10% fund E - Risk hedging operations: • The limit is given by the total fund investment subject being hedge.	- Max 15% in all shares, bonds and commercial paper issued or guaranteed by companies belonging to a single group.

[46] VF means value of the fund.

[47] The weighted average risk factor (RF) is obtained by adding the products of: the risk factor corresponding to the instrument or series issued or guaranteed by the institution and the proportion represented by the amount of the respective Fund investment in each instrument, as compared with the total value of the Fund investments in different debt securities from the same issuer. The risk factors are determined according to the rating of the instrument. Categories AAA and N-1 receive factor 1, risk category AA receives 0.9, risk category A receives 0.8, categories BBB and N-2 receive 0.6 and risk category N-3 receives factor 0.3.

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
Estonia	- Securities issued by a single issuer: • Mandatory system: 5% • Voluntary system: 10% - Securities issued by a single group: • Mandatory system: 20% • Voluntary system: 20% - One persons contract of pledge: • Mandatory system: 10% • Voluntary system: 10% - Deposits issued by a single issuer (or group): • Mandatory system: 5% • Voluntary system: 5% - Securities issued by a single fund: • Mandatory system: 10% • Voluntary system: 10% - Investment in funds of same fund manager: • Mandatory system: 10% • Voluntary system: 50% - Investment in a a single property: • Mandatory system: 2% • Voluntary system: 5% - Investment in one state security: • Mandatory system: 35% • Voluntary system: 35%	- On behalf of a management company qualifying holding may not, directly or indirectly, be acquired or held through any shares carrying voting rights. - A management company may not acquire or hold in any person more than 50 % of the securities and money market instruments issued by the management company.	- It is prohibited to issue securities, short-selling, give loan. - Derivatives 10%	- A management company may acquire no more than: • 10% of the non-voting shares of any single body; • 10% of the debt securities of any single body; • 10% of the money market instruments of any single body; • 25% of the units of another investment fund specified in § 264 of this Act.
India				

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
Israel[48]	- Max 10% of securities (bonds, stocks, loans, deposits etc) issued by a single company. - Pension funds should not lend to a "group" (borrower together with an entity which has the majority controlling interest in the borrower and an entity which is controlled by the borrower), more than 15% of the pension fund's assets. - Max 40% in a series of debentures.	- Any pension fund should not invest in an entity which has a controlling interest greater than 20% or has the majority controlling interest in the managing company of the pension fund. - Investment in a subsidiary which is controlled by anyone who has a 20% or has the majority controlling interest in the managing company of the pension fund is prohibited unless it is a publicly traded company - The total investment in all the related parties is limited to a maximum of 5% of the pension fund's assets - A pension fund ca purchase securities via an underwriter which is a related party up to 10% of the total securities issued in each offering. - A pension fund ca purchase/ sell securities via a broker which is a related party up to 20% of the total securities purchased or sold during the calendar year.	- The investment value in one real estate asset should not exceed from 5% of pension fund's assets. - The total investment in income producing property from the total investment in real estate should be 75% at least. - The investment value of options that were acquired should not exceed from 5% of pension fund's assets. - The value of the collateral (due to options, futures and short sales) should not exceed from 10% of pension fund's assets. - 30% of the Pension fund's assets are invested in earned marked government bonds (Until 2003 70% of the pension funds assets were invested in these bonds as part of the reforms in the pension market the percentage is being reduced to 30%).	- A pension fund can hold a maximum up to 20% of the controlling interests in a company, as long it does not have a controlling interest.

48 The new pension funds and the old pension funds must invest 30% in designated bonds.

	Investment limit in single issuer/issue	Self-investment / Conflicts of interest	Other quantitative rules	Ownership concentration limits
Russian Federation	- Max 5% in securities of one issuer or a group of connected issuers. - Max 10% in deposits placed with lending institution (or members of one bank group) and securities issued by this lending institution (members of one bank group). - Max 10% in stocks of one issuer (of issuer's capitalization). - Max 10% in bonds of one issuer (of the aggregate volume of the issuer's bonds in circulation). - Max 30% in securities of one issuer in the aggregate investment portfolio (of the total volume of securities in circulation of one issuer). - Max 35% in government bonds of the Russian Federation of one issue.	- Max 20% in securities issued by affiliated companies of management company and the specialised depositary.		
South Africa	- Max. 20% in securities issued by a single banking institution or mutual bank. - Max. 20% in bills, bonds and securities issued or guaranteed loans to or guaranteed by a single local authority, development boards, Rand Water Board, Eskom, Landbank of South Africa, Local Authorities Loans Fund Board. - Max. 5% in a single property or property development project. - Max. 15% in shares and convertible debentures listed on the JSE of any one company with a market capitalisation of R2 billion or more. - Max. 10% in shares and convertible debentures listed on the JSE of any one company with a market capitalisation of less than R2 billion - Max. 2.5% in any asset that is not listed in regulation 28	- Max. 5% in investments in the business of the participating employer (up to 10% with the approval of the registrar and members of the fund).	- Max. 5% on South African Futures Exchange (SAFEX).	- None

Table 4: Main Changes to pension fund investment regulations during the period 2002-2007

Country	Table 1: Portfolio ceilings on pension fund investment by broad asset classes	Table 2: Additional quantitative restrictions on foreign investment	Table 3: Additional quantitative restrictions classified by type of regulation
OECD COUNTRIES			
Australia	-	-	-
Austria	2003: Investment limit in loans of 10% was eliminated 2006: Investment limit in bank deposits of 10% was eliminated	-	2006: The regulation 'Besondere Veranlagungsvorschriften für Pensionskassen requires Pensionskassen not applying the regulation 'Risikomanagementverordnung Pensionskassen - RIMAV-PK' (Risk management) to maintain additional asset limits (in addition to the limits of the Federal Act on the Establishment, Administration and Supervision of Pensionskassen).
Belgium	-	-	-
Canada	-	2005: Investment limit in foreign investment of 30% was eliminated	-
Czech Republic	2005: Investment limits in investment funds of 25% was eliminated	-	2003: Increse from 5% to 10% the limit on one piece of real estate or one movable asset
Denmark	-	-	2005: Investment limits on loans per issuer increased from 1% to 10%
Finland	-	2005: Increase from 5% to 10% in the limit in foreign assets from OECD countries other than EEA countries	-
Germany Pensionskassen	-	-	2005: Currency matching requirement decrease from 80% to 70%
Germany Pensionsfonds	-	-	-
Greece	-	-	-
Hungary	2004 (VPF): Investment limit in equities of 60% was eliminated - 2005 (MPF): Investment limit in equities of 50% was eliminated	2005: Investment limit in foreign assets of 30% was eliminated	-
Iceland	-2006: Investment limit in shares issued by corporations was rised from 50% to 60%.	2004: Investment limit in listed foreign assets of 50% was eliminated - Investment limit in unlisted foreign assets of 10% was eliminated	-
Ireland	-	-	-
Italy	-	-	2007: following the implementing of the Directive IORP 2003/41/EC into the primay law on private pensions (Legislative decree 252/2005), quantitative limits on

			self investments have been integrated.
Japan	-	-	-
Korea Personal Pension	-	2003: Investment limit in foreign investment increased from 10% to 20%	2003: Investment limit in bonds and shares issued by one pension group or company increased from 5% to 10%
Korea Corporate pension	-	-	-
Luxembourg **SEPCAV and ASSEP**	-	-	-
Luxembourg **CAA supervised pension funds**	2005: Adoption of IORP directive restrictions	2005: Adoption of IORP directive restrictions	2005: Adoption of IORP directive restrictions
Mexico	2005: Investment limits in equities increased from 0% to 15%. 2006: Investment limit in equities for Additional Funds was expanded from 15% to 30%. 2007: New Basic Funds (3) were created according to the life cycle. New instruments were allowed leading to new limits. Investment limit in equities was expanded up to 30%.	2005: Investment limit in foreign investment increased from 0% to 20%.	2005: Mexico pension funds must offer two different funds with different risk/return profiles: Fund 1 (SIEFORE 1) with no equity exposure and a Fund 2 (SIEFORE 2) with an equity share of up to 15%. - Investment limit in government repos of 5% was eliminated. -The lowest rating permitted for instrument of Mexican corporation denominated in foreign currency increased from BBB- to BBB. 2006: Maximum limit for the Value at Risk (VaR) for the Basic Fund 2 was modified from 0.6% to 1.0% of the fund's assets. 2007: Maximum limits for VaR increased to 1.3% for Basic Fund 3, 1.6% for Basic Fund 4 and 2% for Basic Fund 5.
Netherlands	-	-	-
New Zealand	-	-	-
Norway	-	-	-
Poland	2005 (OPF): Investment limits in equities on secondary markets or unlisted decreased from 10% to 7.5% - Investment limits in corporate bonds increased from 20% to 40% 2005 (EPF): Investment limits in bonds increased from 5% to 10%	-	-
Portugal	2007 for occupational pension funds: withdrawn of the 55% limit on equities and 50% on real estate, mortgages and loans to members; increase in the limit for non-harmonized investment funds from 5% to 10% and introduction of a 2% investment limit in a	2007: Clarification of what is considered regulated market	2007: raised the global limit on the amount of assets that can be used in securities lending by the pension fund, from 10% to 40%; introduction of an investment limit in a single non-harmonised investment fund for occupational pension funds; withdrawn of the 25% limit in real estate used by the sponsors of the fund (or by companies that hold a controlling

	single non-harmonised investment fund		ownership or group relationship with these sponsors) for occupational pension funds; withdrawn of the limit on ownership of shares or voting rights of an individual firm from each pension fund or group of pension funds managed by the same manager; and increase in the limit for group of sponsors (or companies that hold a controlling ownership or group relationship with the sponsors) from 5% to 10% for occupational pension funds.
Slovak Republic	2005: Investment limits in equities increased from 25% to 80% - Investment limit in investment funds increased from 20% 50%	2005: Investment limit in foreign investment incresed from 15% to 70%	2005: Slovak pension funds must offer three different funds with different risk/return profiles: A conservative fund with no equity exposure and 100 % allocation into bonds and money market instruments. A balanced fund with an equity share of up to 50 % and a bond/money market instrument share of at least 50 %. A growth fund with an equity share of up to 80 %.
Spain	-	-	-
Sweden	-	-	-
Swtizerland	-	-	-
Turkey	2007: The 75% ceiling on equities was eliminated.	2007: The 15% cap on foreign investment was eliminated.	2003: The minimum investment requirement in government bonds decreased from 30% to 24%
United Kingdom	-	-	-
Unitd States	-	-	-
NON OECD COUNTRIES			
Brazil	-	-	-
Colombia	-	-	-
Chile			2002: Chile pension funds must offer four different funds with different risk/return profiles: fund B with an equity share of up to 60 %. Fund C with an equity share of up to 40 %. Fund D with an equity share of up to 20 %. Fund E with no equity exposure. Additionally, pension funds can offer voluntarily the fund A with an equity share of up to 80 % 2007: New procedures established to grant a license to new AFPs, and the minimum percentage of total investments that must be under custody were increased. Also, global investments limit in foreign assets is being increased gradually from 30% to 45%, and mutual fund shares and investment fund shares are not considered in the

			variable income securities limit as long as they do not invest any of their holdings in equities.
Estonia	2007 - Investment limits for real estate and real estate funds were increased from 10 to 40 % and for venture capital funds from 30 to 50%.	-	-
India	-	-	-
Israel	-	-	-
Russia	-	-	-
South Africa	-	-	-