

**MINISTRY OF SOCIAL SECURITY
NATIONAL SUPERINTENDENCE FOR PENSION FUNDS – PREVIC
(BRAZILIAN PENSION FUND SUPERVISORY BODY)**

ACTIVITIES REPORT 2009

BRASÍLIA/DF – MARCH/2010



Proteção para o trabalhador e sua família

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I. INTRODUCTION

It is important to mention, first of all, the evolution of this system that is now stronger with the establishment of the National Superintendence for Pension Funds - Previc, and more developed in terms of management and results. The government of president Luiz Inácio Lula da Silva innovates the General Social Security Regime - RGPS to improve the service for all citizens.

One of the main improvements has occurred with the implementation of the automatic acknowledgment of rights, thus allowing the grant of benefits in 30 minutes. We are also expanding the network of agencies and sending the notification to the insured address, communicating that he/she has reached the conditions for retirement and, if he/she so wishes, he/she may apply for the benefit. RGPS is directly responsible for the protection of 72 million individuals.

Brazil has also been standing out in another important area for the economy, the development of the country and, mainly, for 2.5 million workers. They invest their savings in pension funds as a guarantee of a better future, with more comfort and dignity for their families. Today, this sector already pays 700.000 monthly benefits. Due to formalization and supervision by the government, the pension funds are improving their management, thus ensuring more safety for the workers.

As ministry of Social Security and congressman for the fourth time in office, I have in many occasions contributed for the strengthening of this fundamental sector for the Brazilian economy. I have dedicated myself for the approval of Complementary Laws n^os. 108 and 109, for the new tax regime and, now, along with several of my peers, for the establishment of Previc.

The size and importance of the pension fund system demanded a compatible response from the State. And this occurred on December 23rd, 2009, when the President of the Republic, Luiz Inácio Lula da Silva, sanctioned the law that established the autarchy. Today, there are 370 closed pension funds entities, with 1,037 social security plans, 2,712 sponsors and assets of R\$ 502 billion.

I would like to point out the effort made by the Secretariat for Pension Funds - SPC, since 2003, to strengthen the sector. A very important work was performed, especially with the unions and associations that could create their own pension funds plans. The Associative Pension Funds already have 27 entities, 45 plans and gathers 450 trade associations, and coverage about 100,000 individuals.

The strengthening of this system is a victory for the Brazilian worker and a major institutional achievement for the entire Brazilian society.

José Pimentel
Ministry of Social Security

II. MESSAGE FROM THE BOARD OF DIRECTORS

It is with great pleasure that the Collegiate Board of Directors for the National Superintendence for Pension Funds – Previc presents this activities report to the closed pension funds system in particular and to the Brazilian society as a whole.

Our enthusiasm is justified by the fact that the Brazilian Congress approved, in December 2009, the establishment of Previc, an independent body, provided with administrative and financial autonomy, and intended for the supervision of pension funds activities.

This fact may be considered a milestone in the recent history of the Brazilian pension funds; and we may also point out the notable development in the sector's regulation. That is the case of Resolution CMN n°. 3.792, proposed by SPC, which provides the guidelines to apply the guarantee resources from plans administered by closed pension funds – EFPC, including the until then unprecedented possibility of the funds investing overseas. This rule not only confirmed the importance of control and risk management, but also reinforced the importance of the leaders' fiduciary responsibility and simplified the rules applicable to pension funds investments.

Another piece of news was the establishment of criteria and limits for the cost of EFPC administrative expenses, as well as the definition of the way, the means and the frequency of submission of accountancy statements.

Special emphasis must be given to the Recommendation CGPC n°. 2, which gives provisions on the adoption, by supervising entity, of the methodology of Risk Based Supervision – RBS, an approach recommended by the International Organization of Pension Supervisors – IOPS.

A goal sought by the SPC in 2009, and which resulted in Instruction n°. 32, was to exempt the EFPCs, with their excellence and their financial and social security educational programs, from submitting printed versions of the annual report for information to participants and beneficiaries.

We must also mention Instruction n°. 30 that empowers the supervisory body to make the preliminary analysis, by electronic means, of the applications sent to the SPC. This considerably reduced the time for the entities operation authorization.

The approval, by the Congress, of Law n°.12.154, December 23rd, 2009, that established Previc, is a fundamental step towards the improvement and institutional consolidation of pension funds regulation and supervision. The project for the new body, which had full support from the pension funds system and the Brazilian financial and capital markets, consolidates the developments made by the supervision of pension funds in the last years.

Therefore, with the progress in the regulation area of this supervisory body and the subsequent creation of an independent body to perform the supervision of the pension funds, we may soon extend the pension funds for a greater number of Brazilians. This is our goal for 2010: improve supervision, so that pension funds become not only an instrument for the development of the country, but also represent safety to the Brazilian workers after retirement.

Collegiate Board of Directors

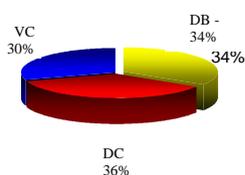
III. PROFILE OF THE PENSION FUNDS SYSTEM

Brazil currently has the eighth pension fund system in the world in absolute terms, which shows its power in its 31 years of regulatory existence.

III.1. Population

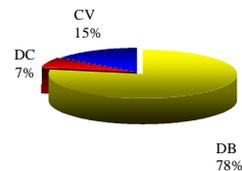
The Brazilian pension fund system currently has 370 EFPC, 1,037 pension funds plans, 2,712 sponsors, 2.53 million participants and beneficiaries, with a net worth of R\$ 502 billion, distributed in three types of benefit plans (defined benefit – DB, defined contribution – DC and variable contribution – VC), as shown in the charts below.

Chart 1
Number of plans
by type



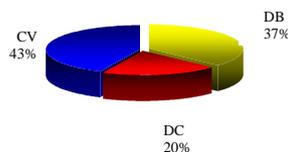
Source: Previc (Nov/2009).

Chart 2
Investments by type of plan



Source: Previc (Nov/2009).

Chart 3
Participants and Beneficiaries
by type of plan



Source: Previc (Nov/2009).

As for the development, the pension funds for unions, established by the Complementary Law nº. 109/2001, and implemented as of 2003, currently has 27 entities and 45 plans, gathers 450 trade associations, unions and cooperatives, thus forming a reserve of R\$ 712 million, which aims to ensure the coverage of approximately 100,000 individuals.

III.2. Equity and results

Table 1 shows the equity and the results of the pension funds systems in 2008 and 2009. The total assets of the system exceeded ½ trillion reais in December 31st, 2009 (growth of 14.1% in relation to the previous year), for investments around R\$ 480.8 billion.

Table 1 – Social assets of Pension funds benefit plans - 2008 and 2009 (Amounts in R\$ billion).

Description	2008	2009	Variation (%)
Asset	439.64	501.68	14.1
Investments	413.39	480.79	9.4
Surplus	39.20	66.72	70.2
Contingency Reserve	25.87	35.03	35.4
Special Reserve	13.33	31.68	137.7
<i>Deficit</i>	(23.73)	(10.72)	(54.8)

Source: Previc (March 2010).

With the results as of 2009, there was a raise in the number of plans of the defined benefit – DB with surplus, from 77 (in 2008) to 82 plans (in 2009), and a significant reduction of DB plans with deficit, from 143 plans (in 2008) to 62 (in 2009).

III.3. Investments

Table 2 below breaks down the allocation of resources of pension funds benefit plans by class of financial assets in 2009.

Table 2 – Investments of the pension funds by financial asset in 2009 (Amounts in R\$ billion).

Description	Amount	%
Government Bonds	214.31	44.6
Commitment Transactions	20.58	4.3
Corporate Bonds	45.18	9.4
Credit Assignments	0.63	0.1
Deposits	0.13	0.0
Stock	155.67	32.4
SPE	1.75	0.4
Real Estate	12.84	2.7
Operations with Stakeholders	12.11	2.5
Derivatives	0.90	0.2
Investment Funds (1)	15.61	3.2
Amount payable and receivable	1.08	0.2
Total	480.79	100.0

Source: Previc.

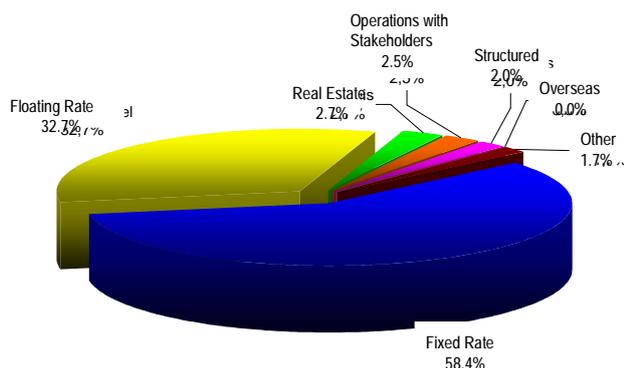
Note: (1) FIP, FIEE, multimarket funds and funds with optional opening of portfolio (up to 3% of the plan resources, pursuant to Instruction n°. 14, dated 2007).



We can highlight the relative raise in the participation of the floating rate segment (stock and SPE), from 28% in 2008 to 33% in 2009; this is mostly a result of the Brazilian stock market in that period.

The investments from the pension funds are distributed, according to art. 9 of LC n° 109, dated 2001, and Resolution CMN n°. 3.792, dated 2009, in six macro-segments of application. Chart 4 shows a concentration (58%) of the applied resources in the fixed rate segment, both in Government Securities or private bonds.

Chart 4 – Pension funds Investments, distributed in allocation segments, on December 31st, 2009.



Source: Previc.

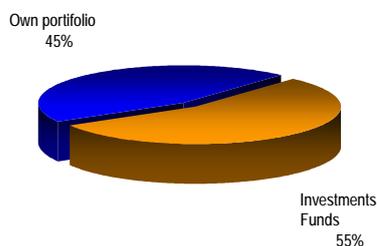
Note: Other = Derivatives, amounts payable and receivable, funds with optional opening portfolio.

As for the management (Chart 5), there was a slight raise of participation of its own account in the pension funds total investments, from 42% in 2008 to 45% in 2009, thus representing a balance between the resources administrated by the EFPC themselves and by the outsourced management (Investment Funds).

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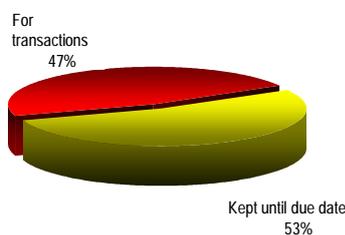


Chart 5
Management of the investments in 2009



Source: Previc.

Chart 6
Government Securities by category in 2009



Source: Previc.

As for the pricing of the government securities, as shown in Chart 6, there was a raise in the portion of assets in the category of kept until their due dates, from 41% to 53%.

Table 3 – Government and Private Securities in the pension funds investment portfolio in 2009 (Amounts in R\$ billion).

Description	Amount	%
Government Bonds		
LFT	26.39	12.3
LTN	13.45	6.3
NTN-B	123.48	57.6
NTN-C	40.01	18.7
NTN-F	8.56	4.0
Privatization Currencies, Guaranteed Credits	2.41	1.1
Total of Government Bonds	214.30	100.0
Corporate Bonds		
Bank Credit Bill – CCB	4.33	9.6
Real Estate Credit Bill – CCI	0.77	1.7
Bank Deposit Certificate – CDB	21.21	46.9
Subordinated CDB	0.60	1.3
Certificate of Agribusiness Credit Rights - CDCA	0.12	0.3
Real Estate Receivables Certificate – CRI	0.75	1.7
Debentures	13.68	30.3
Real Estate Bill	0.23	0.5
Promissory Note	0.68	1.5
Other	2.81	6.2
Total of Corporate Bonds	45.18	100.0

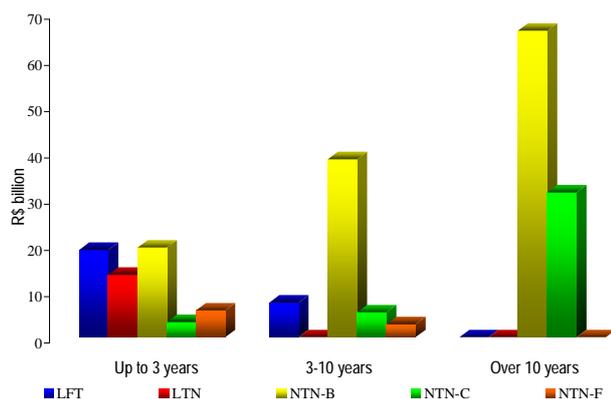
Source: Previc.

The government bonds represent 44.6% of the Brazilian pension funds investments. We point out, as seen in table 3, that most of the bonds (about 75% of the total) is referred to price indexes (NTN-B and NTN-C). Such characteristic of the portfolio shows that managers seek to relate their assets to their actuarial commitments.

The Corporate Bonds represent 9.4 % of the Brazilian pension funds investments. As seen in table 4, most of the bonds are CDB (46.9%) and Debentures (30.3%).

The distribution of the Government Bonds by due date (see Chart 7) also constitute important information on the pension funds investment management. The Government Securities, including their own portfolio and the Investment Funds are distributed as follows: 28.6% expire in up to 3 years; 25.5% expire in between 3 and 10 years; and 45.9% expire in over 10 years.

**Chart 7 – Government Bonds by expiration date
(Amounts in R\$ billion)**



Source: Previc.

Table 4 shows the EFPC investments return rate compared to the minimum actuarial rate of most of the DB plans (INPC + 6% p.a.), as well as to some of the main fixed rate (DI / Selic) and floating rate (Ibovespa) indicators. The nominal rate of return for the period 2003-2009 is 223.3%. The performance of the pension funds investments in 2009 (21.48%) has direct relationship with an outstanding appreciation of stock in the year (70.4%).

Table 4 – Pension funds return rate 2003 - 2009, in %.

Description	2003	2004	2005	2006	2007	2008	2009	Accrued
Nominal rate of return	27.05	20.05	17.85	23.60	21.31	(1.27)	21.48	223.25
TMA (INPC + 6 % p.a.)	17.01	12.50	11.35	8.98	11.47	12.86	10.36	121.77
Actual return rate	8.58	6.71	5.84	13.42	8.83	(14.29)	10.08	42.82
Ibovespa	97.33	17.81	27.71	32.93	43.65	(41.22)	70.43	467.94
DI / Selic	16.50	17.75	18.0	13.25	11.18	13.66	9.84	154.45

Sources: Previc, IBGE, IPEAdata, Bovespa, FGV, Cetip, Anbima.

Preparation: Previc.

TMA = Minimum Actuarial Rate.

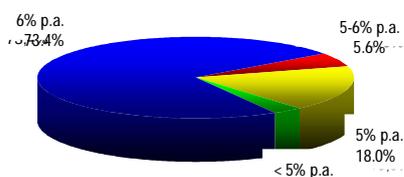
By comparison, the Organization for Economic Co-operation and Development – OECD member countries, presented an average nominal rate of return for pension funds until June 2009 of 3.5%.

III.4. Actuarial Parameters

The main technical actuarial parameters of a pension fund plan based on the capitalization regime are the interest rate and the longevity, established by the mortality tables.

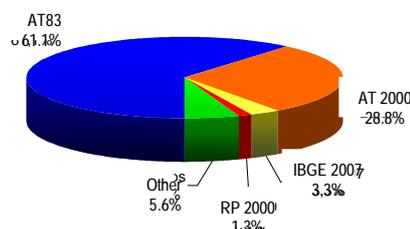
The interest rate, according to Chart 8, used for the discount of future commitments of retirement and pensions for the participants and beneficiaries is still 6% p.a (73.4%) in most of the plans of the defined benefit type.

Chart 8 – Discount rate of DB benefits plans



Source: Previc/DRAA 2 008

Chart 9 – Mortality rate for of DB benefits plans



Source: Previc/DRAA 2008

The longevity gains of the Brazilian population, shown by complete mortality tables published on an annual basis by the Brazilian Institute of Geography and Statistics – IBGE, were 3.2 years in this period in the last decade – figures which are superior to the European standard, of 2.0 years per decade. Such data reinforce the growing concern of the pension funds in updating this actuarial hypothesis to compensate the growth of mathematic reserves, which are necessary to cover the new population configuration in the country.

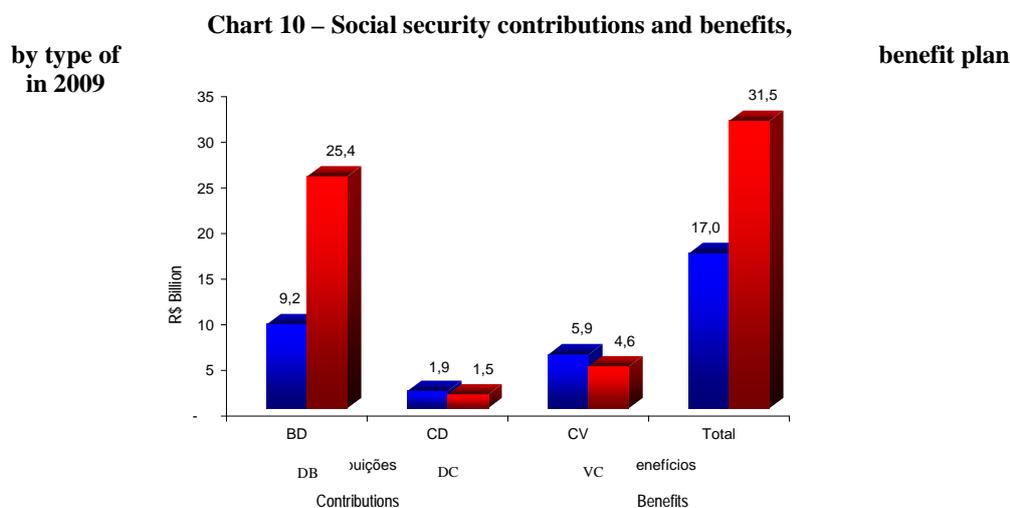
The results presented by Chart 9 show the prevalence (61%) for the use of table AT-83 (with life expectancy of 19.83 years at the age of 60), followed by AT-2000 (with e_{60} of 23.38 years) with percentage of 29%, by table IBGE-2007 (e_{60} of 21.10 years) used in the calculation of

pensions factor for granting benefits in the General Social Security Regime, by RP-2000 (with e60, 2009 of 24 years).

III.5. Revenues and expenses

With over thirty years of accumulation, the Brazilian pension fund system is in a stage of maturity, that is, the benefits that are paid exceed the contributions granted to benefit plans by sponsors, issuers, participants and beneficiaries. In 2009, the EFPC received R\$ 17.0 billion in contribution and paid R\$ 31.5 billion in social security benefits.

The contributions and benefits amounts (see Chart 10), calculated by type of benefit plan, prove that the DB plans are mature, with the amount of benefits exceeding the amount of contributions. The plans from other types (DC and VC), in their turn, are in most cases still in the phase of formation of welfare savings.



Source: Previc (March 2010).

III.6. Pensions Costs

Table 5 summarizes the costs for the benefit plans in 2009, focusing the percentage by type and by benefit plan status. The percentages represent the relationship between the contribution of sponsors to the pension funds and the amounts in the benefit plans participants' payroll.

Table 5 – Average contribution rate, by type of benefit plan, in 2009.

Type of Plan	Status	2009
Defined Benefit – DB	Maintenance	5.9 %
	Termination	9.9 %
	Global	7.6 %
Defined Contribution – DC	Maintenance	4.4 %

Type of Plan	Status	2009
	Termination	8.5 %
	Global	4.6 %
Variable Contribution - VC	Maintenance	5.1 %
	Termination	5.7 %
	Global	5.0 %

Source: Previc (March 2010).

In relation to the contribution of participants and beneficiaries for benefit plans, the percentages observed in 2009 in relation the compensations were as follows: 4.1% for participants of DB plans; 3.9% for participants of DC plans; and 4.1% for participants of VC plans.

III.7. Administrative Expenses

The administrative expenses in 2009, as a percentage of contributions of guaranteed resources from benefit plans or primary flow (sum of social security contributions and benefits) presented reductions compared to administrative expenses of pension funds in 2008, as seen in table 6.

Table 6 – Administrative expenses as percentage of the contributions of guaranteed resources and primary flow in 2008 and 2009.

Description	2008	2009
Expenses on contributions (load fee)	16.00 %	14.90 %
Expenses on guaranteed resources (administration fee)	0.76 %	0.70 %
<i>Expenses on flow (contributions + benefits)</i>	7.28 %	6.91 %

Source: Previc (data drawn in March 2010).

Note: The percentages represent the system median, excluding those plans in special regimes.

For those multi-sponsored EFPC, due to their own characteristics of administration of a greater number of benefit plans, the level of administrative expenses in 2009 was lower than the general pension funds averages, reaching the percentage of 9.76% for the load fee and 0.58% for the administration fee.

IV. SPC ORGANIZATION AND OPERATION

The SPC, as a single and specific entity from the Ministry of Social Security, had the following main attributions:

- supervise, inspect, coordinate, guide and control the activities related to the pension funds regime operated by the EFPC;
- propose basic guidelines for the pension funds regime operated by the EFPC;
- ensure that participants and beneficiaries of benefit plans operated by EFPC have full access to information related to the management of their respective benefit plans; and
- authorize the constitution, operation, merger, spin-off, incorporation, association, transfer of control of the EFPC, examine and approve the statutes of the referred entities and the adhesion agreements entered into by sponsors and issuers, as well as authorize the withdrawal of sponsors, transfer of sponsorship, of groups, of participants, of plans and of reserves from the EFPC.

According to Decree nº. 6.417, dated March 31st, 2008, the SPC had five departments: Supervision Department – Defis; Licensing Department – Detec; Monitoring and Control Department – Democ; Institutional Relations Department – Derin; and Legal Department – Deleg.

At the supervision entity's front line, the supervision and authorization activities were until then performed by Defis and Detec, respectively. The intermediary analysis and monitoring area include the activities of control and monitoring, as well as accounting, actuarial, financial and legal analysis, which were performed by Democ and Deleg. Finally, Derin was in charge of the registration and TI areas, which receives stores and organizes the information sent by the EFPC.

IV.1. Strategic Plan

The SPC executed a Strategic Plan Workshop on April 3rd, 2009, in order to define the action strategy related to the fiscal year. The event gathered employees from the Secretariat and the works were executed in a participative and consensual way.

The following Guideline to be followed by the SPC was drawn from the meeting, formed by five great strategic prompts:

- (i) organization and operation of the supervisory body;
- (ii) risk based supervision;
- (iii) financial education;
- (iv) solvency rules; and
- (v) licensing of benefit plans.

SPC planning pointed out approval of then PL nº. 3.962, dated 2008 (which established Previc), as top priority, as a means of consolidation of the development achieved in the last years

of activity of the Secretariat and as institutional strengthening in the regulation and supervision of pension funds in Brazil.

IV.2. External Inspection

Annually, the pension funds supervision entity has undergone inspection from the Executive (CGU) and Legislative (TCU) branches control bodies.

In 2009, by the Federal Inspector General Office – CGU a management audit was carried out (in Audit Request – SA n°. 224744/2009 and Service Order – OS n°. 233972/2009) and two disciplinary administrative proceedings (PAD/CGU n°. 00190.022053/2008-57 and PAD/SE-MPS n°. 44000.000829/2009-24) were opened. The SPC annual accounting report is in the Ministry of Social Security website (<http://www.previdencia.gov.br/spc.php>).

By the Federal Accounts Auditing Court – TCU a tax record survey was executed before the Secretariat for Pension Funds (Court Decision n°. 1702/2009 – Plenary TC15303/2009-9).

IV.3. Staff

The SPC had a reduced staff (table 7), in view of the several supervisory legal attributions and responsibilities regarding the pension funds system. The technical staff was composed of civil servants from eight different public service careers, as well as external collaborators and outsourced professionals, totalizing 201 professionals in 2009. **In December 2009, the civil servants occupied 81% of SPC's commissioned positions** – a percentage above the set forth by Decree n°. 5.497, dated 2005 – which confirms the constant concern about a higher retention of technical competences within the public administration and consequent professionalization, thus strengthening and carrying on with the application of State policies.

Table 7 – Staff distributed by SPC department, in 2008 and 2009.

Description	2008	2009	GAB	Derin	Detec	Democ	Deleg	Defis
1. Active servants from SPC/MPS own staff	37	40	5	16	9	5	0	5
2. Staff requested working at the Unit, with onus (Banco do Brasil, CEF)	2	2	1	0	1	0	0	0
3. Staff requested working at the Unit, without onus (RFB/MF, Bacen, Dataprev, INSS, AGU and MPOG)	122	111	2	5	4	5	4	91
4. Occupants of positions of trust without employment relationship (DAS – Higher Direction and Assistance)	11	10	4	2	4	0	0	0
Subtotal	172	161	12	23	18	10	4	96
5. Outsourced staff + trainees + Intern (CESAM)	38	38	4	19	4	2	2	7
Total	210	201	16	42	22	12	6	103

Source: Previc.

IV.4. Training

As a supervisory and supervising entity, training is a relevant factor in the constant improvement of its employees, in view of the complexity of the pension funds area, which comprises from accounting, actuarial and legal matters to financial operations in the options and other derivatives markets, in addition to issues related to EFPC governance and internal controls.

In that context, the SPC prepared a training plan considering the purposes defined in Decree nº. 5.707, dated February 23rd, 2006, which established the policy and guidelines for the development of the federal public administration staff – direct, autarchic and foundational.

The training activities impact the improvement of technical analyses, the development of the professionals who act in supervision, in the generation of own knowledge within the institution and the personal growth of the servants.

In 2009, SPC servants attended international congresses and seminars in the segments of private pensions and financial and capital markets (fixed rate, Investment Funds, capital market law, participation funds).

The courses attended by SPC servants, were on the following topics: derivatives; risk management; stock market, pricing of financial assets; public ethics; public managers training; and strategic management.

SPC also continued with the Debate Series Program, which aimed at discussing and disseminating topics related to the pension fund regime, thus contributing for the professional development of the servants. The table below summarizes the talks held in the year.

Table 8 – Debate Series held at SPC in 2009.

Month	Topic	Institution
March	Actuarial liability	Actuarial consultancy
April	Administrative expenses	Multi-sponsored EFPC
May	Merger, spin-off and incorporation in the pension funds	Law firm
June	The operation of an EFPC	EFPC

Source: Previc

As another way of keeping up with the development of pension funds in the world, the bimonthly publication “*Clipping de Notícias – SPC Internacional*”, was prepared based on the best domestic and international information sources related to pension funds regulation and supervision. The *clipping* contains news from the international media, but also interpretation and analysis of facts.

The *clipping* was and continues to be an important information source for the research carried out in the normative updating process, by offering an opportunity for getting to know the changes made by international entities, as well as reactions by governments and pension funds systems to the market dynamics.

V. PREVIC

In 2009, SPC prioritized the submission and monitoring of the Bill 3.962, dated 2008 (then, in the Federal Senate, the PLC n°. 136, dated 2009), which culminated with the approval and publication of Law n°. 12.154, dated December 23rd, 2009, establishing the National Superintendence for Pension Funds – Previc.

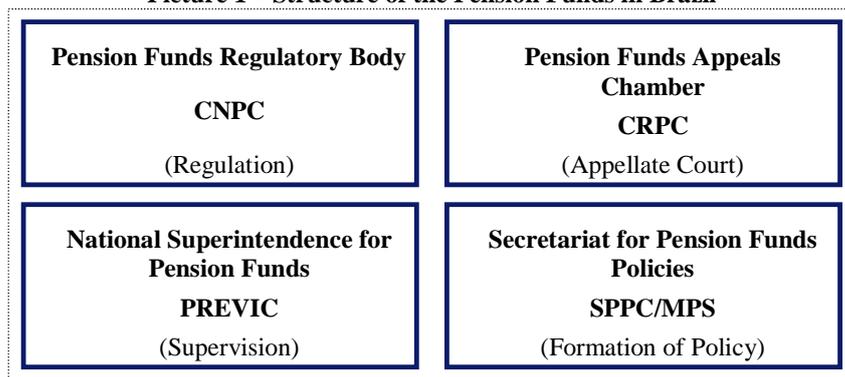
The monitoring activity included the preparation of data and information necessary for the processing of the referred house bill, which included the revision and suggestions regarding the bill wording, as well as the estimated costs of the body and projected revenues derived from the Pension Fund Supervision and Control Fee – Tatic.

After the publication of the Law, there was the preparation of Decrees n°.s. 7.075 and 7.078, both dated January 26th, 2010, which provided for Previc and the Ministry of Social Security – MPS structures, including the Secretariat for Pension Funds Policy – SPPC.

The regulation of the National Pension Funds Council – CNPC and the Pension Funds Appeals Chamber – CRPC, both entities are in the structure of the Ministry of Social Security, came with Decree n°. 7.123, dated March 3rd, 2010.

Picture 1 explains the functions of entities that monitor the pension funds in the Country after the publication of the abovementioned legal instruments.

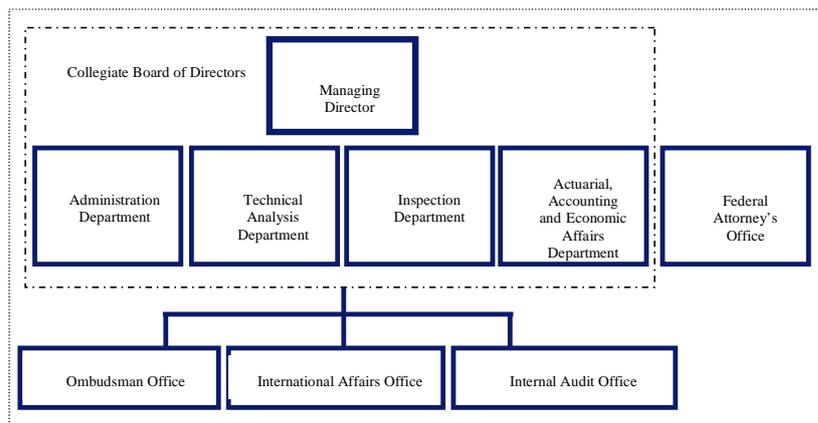
Picture 1 – Structure of the Pension Funds in Brazil



Source: Decrees n°.s. 7.075, 7.078 and 7.123, dated 2010.

Previc – a body of special nature with administrative and financial autonomy, bound to the Ministry of Social Security – is in charge of supervision of the pension funds regime operated by the EFPC. The autarchy is chaired by a collegiate board of directors as shown in picture 2. Previc has a federal attorney’s Office and its structure also includes the ombudsman Office, the international affairs office and the internal audit office.

Picture 2 – Previc Organization Chart



Source: Decree n°. 7.075, dated 2010.

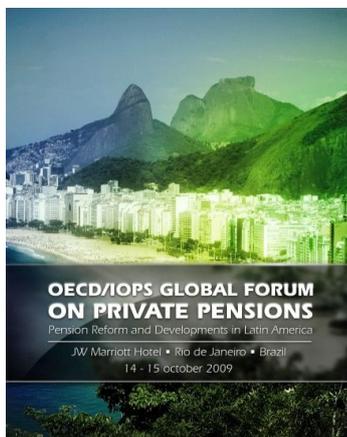
The Pension Funds Management Council – CGPC, that performed the functions of regulation entity and EFPC appeals judgment, was divided as follows: Pension Funds Regulatory Body – CNPC, a regulatory entity, and the Pension Funds Appeals Chamber – CRPC, final judgment entity for the actions in the administrative level of appeals filed by managers and EFPC, against Previc’s Collegiate Board decisions.

The Secretariat for Pension Funds Policies – SPPC, an entity from the structure of the Ministry of Social Security, also established by Law n°. 12.154, dated 2009, has the attribution of forming and monitoring policies and guidelines of the pension funds system, operated by the pension funds. Also, SPPC is in charge of proposing the issuance of rules regarding the pension funds system to CNPC, assess their impacts and support the interchange of domestic and international experiences. SPPC is also CNPC’s and CRPC’s executive secretary.

Finally, CRPC aims at analyzing and judging, closing the administrative level, the appeals filed against Previc’s Collegiate Board decisions. CNPC and CRPC will be composed of government and trade association members, as well as sponsors, EFPC issuers and participants, thus providing more control and social participation.

VI. OCDE/IOPS GLOBAL FORUM ON PRIVATE PENSIONS

The Global Forum on Private Pensions was held on October 14th and 15th, being organized by the SPC, the OCDE and the IOPS – International Organization of Pension Supervisors, gathered pension funds regulators and supervisors from 39 countries to discuss the pension funds system in Latin America.



During the forum, a presentation was made on the Brazilian pension fund system, from a study carried out by Mr. Colin Pugh, a global expert on pension funds and a Brazilian pension funds analyst.

The event debated topics related to pension funds system, including: “Impact of the Financial Crisis on Pension Systems in LAC”; “Retirement Savings Adequacy in CD Plans – Contributions and Coverage”; and “Risk Sharing in Hybrid BD Systems”.

The Conference also discussed the adequacy of savings and coverage to new life-cycle investing. The main challenges envisaged were the adoption of measures intended for reducing volatility, and the need for instruments to provide higher flexibility in the benefit payment stage.

OCDE and IOPS representatives confirmed, during the event, the important and challenging role that the introduction of the Risk Based Supervision (RBS) plays for the future of pension funds inspection system. It was also pointed out that an independent regulation and supervision entity is an important step towards the consolidation of closed pension funds system.



VII. PAPER CONTEST

Aiming at stimulating research and the preparation of technical papers in the pension funds area, the 2nd SPC Thesis Competition was held in 2009 by the SPC, the *Fundação Anfip de Seguridade Social* and by the Abrapp/Sindapp/ICSS System.

The 2nd Competition, which kept the rules established in the previous year (brand-new work, on current topic and pursuant to the pension funds policy guidelines), brought the following topics:

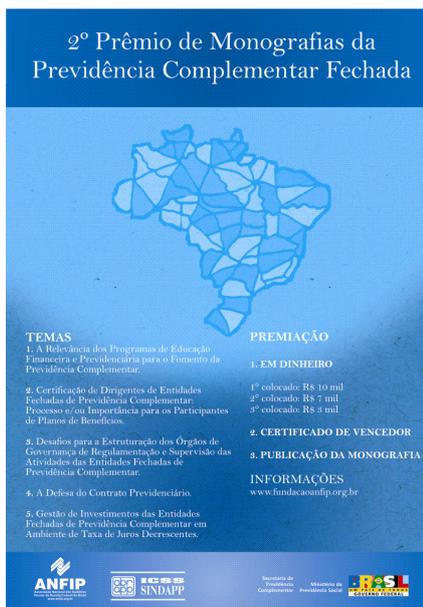
- The relevance of Financial Education for the Pension Funds;
 - Certification pension funds managers
 - Challenges faced for the structuring of entities for governance of regulation and supervision of closed pension funds entities activities;
 - Defense of the Pension Funds Contract; and
 - Investment management of closed pension funds in a descending interest rate environment.

The 25 papers enrolled were assessed and selected according to objective analysis, based on the following criteria: adequacy to contest topic; development, conclusion and closure of the topic; relevance and contemporaneity of the approach, propriety, clarity, concision and objective of the written language; quality of the content as for creativity and presentation of evidence; and level of adherence between the topic proposed and the results reached.

The first prize was for Marcelle Caroline Maciel de Alencar, legal advisor of *Fundação Coelce de Seguridade Social* – Faelce, with offices in Fortaleza-CE, with the paper “*Defesa do contrato previdenciário das entidades fechadas de previdência complementar: aspectos jurídicos relevantes e proposições*”, related to the topic “Defense of the Social Security Contract”.

The 2nd prize was for Magda Cristiane Monteiro Guimarães, economist of the *Fundação de Seguridade Social de Minas Gerais* – Previminas, from Belo Horizonte-MG, who, in the topic “The relevance of Financial Education for the Pension Funds”, she stood out with the paper entitled “*Estudo do programa de Educação Financeira e Previdenciária nas entidades fechadas de previdência complementar*”.

And finally, the 3rd prize, also writing on the topic “Defense of the Pension Fund Contract”, was given to Renato Marchena do Prado Pacca, lawyer of the *Fundação de Assistência e Previdência Social do BNDES* – FAPES, from Rio de Janeiro-RJ. He wrote the paper “*A defesa da*



2º Prêmio de Monografias da Previdência Complementar Fechada

TEMAS

1. A Relevância dos Programas de Educação Financeira e Previdenciária para o Fomento da Previdência Complementar.
2. Certificação de Dirigentes de Entidades Fechadas de Previdência Complementar: Processo e/ou Importância para os Participantes de Planos de Benefícios.
3. Desafios para a Estruturação dos Órgãos de Governança de Regulação e Supervisão das Atividades das Entidades Fechadas de Previdência Complementar.
4. A Defesa do Contrato Previdenciário.
5. Gestão de Investimentos das Entidades Fechadas de Previdência Complementar em Ambiente de Taxa de Juros Decrescentes.

PREMIAÇÃO

1. EM DINHEIRO

1º colocado: R\$ 10 mil
2º colocado: R\$ 7 mil
3º colocado: R\$ 3 mil

2. CERTIFICADO DE VENCEDOR

3. PUBLICAÇÃO DA MONOGRAFIA

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natureza civil do contrato previdenciário perante o STF por meio da argüição de descumprimento de preceito fundamental”.

The Judging Committee also granted an honorable mention Flávia Sommerlatte Silva's paper, entitled “*Tendências e projeção da mortalidade do município de São Paulo – 1920 a 2100*”. She is actuary of Unimed-BH (issuer of a pension fund plan at Fundação Petrobrás de Seguridade Social – Petros) and MSc in Demography by CEDEPLAR/UFMG from Belo Horizonte-MG.



Proteção para o trabalhador e sua família

VIII. LICENSING AND AUTHORIZATION

The previous authorization for the following is an attribution of the EFPC' supervision entity, pursuant to art. 33 of Complementary Law n°. 109/2001:

- establishment and operation of closed entity, as well as application of the respective statutes, benefit plans regulations and their amendments;
- merger, spin-off, incorporation operations or any other form of society reorganization, related to closed entities;
- sponsors withdrawal; and
- transfers of sponsorship, participants group, plans and reserves between closed entities.

In 2009 two new entities, 38 new benefit plans and 258 new sponsors and issuers were authorized, as seen below:

EFPC (02)

Sponsor – one entity

- *Sociedade Previdenciária 3M - Preveme II*

Issuer – one entity

- *Sociedade Brasileira de Ortopedia e Traumatologia - SBOTPEV*

Benefit Plans (38)

Sponsored benefit plans – 31 plans

- *Plano de Aposentadoria AIBELPREV - CNPB n°. 2009.0001-29*
- *Plano de Benefícios GTMPREV - CNPB n°. 2009.0002-18*
- *Plano de Benefícios AHLSTROM VCP - CNPB n°. 2009.0004-47*
- *Plano de Previdência Perdigão - CNPB n°. 2009.0005-11*
- *Plano de Benefícios Visão Multi - CNPB n°. 2009.0008-38*
- *Plano de Benefícios Previdenciários CIASC - CIASCPREV - CNPB n°. 2009.0009-19*
- *Plano de Benefícios Santa Maria II - CNPB n°. 2009.0010-11*
- *Plano de Benefícios Cidasc-FlexCeres - CNPB n°. 2009.0011-92*
- *Plano MM PREV - CNPB n°. 2009.0012-65*
- *Plano de Benefícios BANRISULPREV - CNPB n°. 2009.0013-38*

- *Plano de Previdência TGB - CNPB nº. 2009.0014-19*
- *Plano de Aposentadoria Banco Honda - CNPB nº. 2009.0015-83*
- *Plano de Benefícios Novo Nordisk Produção - CNPB nº. 2009.0016-56*
- *Plano de Pecúlio - CNPB nº. 2009.0017-29*
- *Plano de Aposentadoria Andritz - CNPB nº. 2009.0018-18*
- *Plano de Aposentadoria CD XPrev - CNPB nº. 2009.0020-83*
- *Plano de Benefícios HCPA Prev - CNPB nº. 2009.0021-56*
- *Plano de Benefícios Arysta Prev - CNPB nº. 2009.0022-29*
- *Plano de Previdência Guarani Prev - CNPB nº. 2009.0023-18*
- *Plano BD Itauú - CNPB nº. 2009.0025-47*
- *Plano CD Itauú - CNPB nº. 2009.0026-11*
- *Plano Itaúbanco CD - CNPB nº. 2009.0028-65*
- *Plano EPE - CNPB nº. 2009.0029-38*
- *Plano de Benefícios ICLPREV - CNPB nº. 2009.0031-11*
- *Plano de Contribuição Variável - PCV - CNPB nº. 2009.0032-92*
- *Plano PREVIFIEA - CNPB nº. 2009.0033-65*
- *Plano CD de Benefícios - CNPB nº. 2009.0034-38*
- *Plano de Aposentadoria CD Previ-Continental - CNPB nº. 2009.0035-19*
- *Plano de Benefícios ExxonMobil I - CNPB nº. 2009.0036-83*
- *Plano de Benefícios Previdenciários no. 01 - CD Eletrosul - CNPB nº. 2009.0037-56*
- *Plano de Previdência Complementar Fibraprev - CNPB nº. 2009.0038-29*

Issued benefit plans – seven (7) plans

- *Plano PreviContas - CNPB nº. 2009.0003-74*
- *Plano FENAJprev - CNPB nº. 2009.0006-92*
- *Benefit Plan established by the Associação Beneficente dos Aposentados da Copene/Braskem – Abaco-Polo and Sindicato dos Trabalhadores do Ramo Químico/Petroleiro do Estado da Bahia - CNPB nº. 2009.0007-65*



- *Plano PREV-ESTAT* - CNPB nº. 2009.0019-74
- *Plano de Benefícios SBOTPrev* - CNPB nº. 2009.0024-74
- *Plano CRCPrev* - CNPB nº. 2009.0027-92
- *Plano Previtália* - CNPB nº. 2009.0030-47

VIII.1. Previous Electronic Analysis

The authorization processes became even faster during 2009 with the implementation of preliminary electronic analysis, established in Instruction nº. 30, dated March 19th, 2009. The escalation and analysis of ordinary application forms for regulations and adhesion partnerships and their amendments, as well as statute modifications, are subject to preliminary electronic processing.

The implementation of Previous Electronic Analysis, as well as the elimination of the initial shipment of printed applications, brought the following benefits for the pension funds system:

- promptness in the posting and submission of the applications, with consequent reduction in the time to respond to claims;
- reduction in the number of meetings held with the participation of the supervisory entity technical team and the EFPC during application analysis stage;
- reduction in the expenses with printing and posting of documents; and
- reduction in the volume of documents filed in physical media (paper) in the supervisory entity, since only the approved version is filed in this media.

Table 9 summarizes the authorizations granted by Detec in 2009. The figures show that, even in the period after the world economic crisis, the companies kept their projects to create new benefit plans. The smaller number of authorizations granted in the last year, compared to the previous period, confirms that the Brazilian pension funds system has been consolidating. The recent evolution has shown that the expansion of the system will be more through the creation of new plans and less through the appearance of new pension funds.

Table 9 – Authorizations made by SPC (creation and amendment of EFPC statutes; establishment, spin-off, merger, change of regulation and transfer of management of benefit plans; adhesion partnerships, amendments and withdrawal of sponsorship), in 2008 and 2009.

Description	2008	2009	Variation (%)
I. EFPC	59	39	(33.9)
Creation of new entities	8	2	(75.0)
Statute changes	51	37	(27.5)
II. Benefit plans	424	243	(42.7)
Creation / implementation of new plans	31	28	(9.7)
Regulation changes	353	186	(47.3)
Plan spin-offs	15	11	(26.7)



Description	2008	2009	Variation (%)
Plan mergers	4	3	(25.0)
Transfer of management	21	15	(28.6)
III - Sponsor or Issuer	456	363	(20.4)
(New) adhesion partnerships	324	258	(20.4)
Amendment to adhesion partnership	71	77	8.5
Sponsorship withdrawal	61	28	(54.1)
Total	939	645	(31.3)

Source: Previc.

As for the adequacies of regulations to benefit plans to Resolution CGPC n°. 19, dated September 25th, 2006, 787 actions were received until the end of 2009, 718 of which are already approved, with 69 remaining for adequacy.

In 2009, 68 applications for sponsorship withdrawals were submitted, 28 of which were approved, with 40 actions pending between application returns due to pendency and pending analysis proceedings.

VIII.2. Analysis Term

Instruction SPC n°. 30, dated 2009, in response to EFPC claims, redefined and complemented the terms for analysis of the application proceedings at SPC level, previously established by Instruction n°. 12, dated May 11th, 2006. The table shows reduction in the terms, in business days.

Table 10 – SPC’s average term (in business days) to handle the authorization applications in 2008 and 2009.

Description	Maximum Term (Instruction n°. 30, dated 2009)	2008	2009	Variation 2009 / 2008 (%)
I. EFPC				
Creation of new entities	35 or (15)	27,56	11,75	(57,4)
Statute changes	35	27,38	27,05	(1,2)
II. Benefit Plans				
Creation/Implementation of new plans	20 or (7)	20,02	18,00	(10,1)
Regulation changes	30	27,85	28,67	2,9
Society reorganization	35	22,40	31,32	39,8
Transfer of Management	25	15,61	14,03	(10,2)
III - Sponsor or Issuer				
(New) Adhesion Partnership	15	17,80	15,38	(13,6)
Amendment to adhesion partnership	20	18,35	17,35	(5,5)
Average Term	-	22,12	20,44	(7,6)

Source: Previc.

Note: The terms in parenthesis in Instruction n°. 30, dated 2009 refer to certified models.



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VIII.3. Actions in progress

In the scope of authorization processes, the technical analysis script, which comprises the understandings consolidated on regulatory, statute and adhesion partnership issues, among others, is under development. Also, in the year 2009, special attention was devoted to the adequacy of plans connected to entities of the Single Legal Regime – *Regime Jurídico Único* - RJU.



Proteção para o trabalhador e sua família

IX. SUPERVISION

Supervision is the main activity of this supervisory body. The Supervisory Department - Defis, which is in charge of the activity, had supervisory bureaus in six cities.

The supervision also had one Guidance and Consultation Committee – COC, composed of the Director, the Coordinator responsible for the on site supervision and the heads of the bureaus. That Committee, which was kept after the establishment of Previc, decides, with converging guidance, on the consultations related to the application of the disciplinary administrative regime, intended for the investigation of responsibility for violation to the legislation, in the scope of pension funds system. In 2009, eight COC meetings occurred, when 31 consultations were presented.

The table below breaks down the geographic scope, the number of auditors allocated, the number of EFPC and benefit plans per each supervisory bureau, as well as the average time for “*in loco*” supervisions in 2009, which presented reduction of 27% in relation to the previous year.

Table 11 – Distribution of auditors, EFPC and benefit plans per supervisory bureau, and average time for inspections (in calendar days) in 2009.

Description	DF	MG	PE	SP	RJ	RS	Total
States	AC, AP, DF, RR and TO	AM, BA, ES, GO, MG, MS, MT, PA	AL, CE, MA, PB, PI, PE, RN, RO and SE	SP	RJ	PR, SC and RS	
Auditors (1)	02	13	02	15	25	14	71
EFPC (2)	24	32	24	119	44	52	295
Plans (3)	103	62	37	441	163	103	909
Average time for inspections (in days)							
2008	240	94	67	83	103	65	108
2009	137	91	66	65	93	65	78

Source: Previc.

- (1) Number of auditors in March/2010.
- (2) Excludes the EFPC in special inspection regimes.
- (3) Excludes plans which no longer present social security activities and fall under RJU.

IX.1. Annual Supervisory Program – PAF

The General Coordination of Planning and Supervision – CGPA is responsible for preparation, monitoring, updating and revision of the Annual Supervisory Program – PAF. The program comprises the planning of direct supervisions to be developed in the following year. The selection of the benefit plans which will be supervised is made from objective criteria, including the available resources.

Such criteria are based on registration, accounting (balance sheets), actuarial and investments data, including data from custody centers (Cetip, Selic, BM&FBovespa), besides indictments and representations.

The supervision program is built from the risk factors analysis – such as deficit/surplus, debt, contingencies, financial applications and actuarial assumptions – which may compromise the range of objectives, after having observed the size, complexity and type of the benefit plan operated by the EFPC. Qualitative risk information, such as management, governance and qualification of managers are also considered as affirmative elements in the supervision program.

The EFPC supervised in previous years remain under constant supervision, for monitoring of the recommendations and orders by the supervisory body.

The execution of the program itself is made by the supervisory bureaus, under coordination and supervision of the General Direct Inspection Coordination – CGFD.

In 2009, the CGFD organized the procedures to be used in the direct supervisions. These procedures consist of important support to inspector teams and include the delivery of several data, such as: applicable law; consultations available in data systems; and recommended audit techniques. These procedures contributed substantially for the standardization of tax reports.

It is also worth highlighting the use of electronic notifications aiming at making the guidance to supervisory bureaus more prompt.

In 2009, as shown in the table below, 104 direct supervisions were initiated, a number that represents 99% of the program. The pending supervision, by reasons external to SPC, will be incorporated to PAF 2010. The 101 conclude tax proceedings in the year represent 96.2% of the total programmed.

Table 12 – Direct supervisions: programmed, initiated and concluded in 2009.

Bureau	Programmed (*) (A)	Initiated (B)	% (B) / (A)	Concluded (C)	% (C) / (A)
Brasilia - DF	14	13	92.8	12	85.7
Minas Gerais	11	11	100.0	10	90.9
Pernambuco	08	08	100.0	07	87.5
Rio de Janeiro	40	40	100.0	40	100.0
Rio Grande do Sul	18	18	100.0	18	100.0
São Paulo	14	14	100.0	14	100.0
Total	105	104	99.0	101	96.2

Source: Previc.

Note: (*) 86 plans selected in PAF 2009; and 19 are pending (in progress) from PAF 2008.

The supervisions concluded in 2009 were performed in benefit plans with public (37%) and private (63%) sponsorship, being 62% of Defined Benefit, 26% Variable Contribution and 12% Defined Contribution types. These supervisions reached a population of 1.1million participants and beneficiaries and a total equity of R\$ 284.4 billion.

Table 13 summarizes the occurrences observed by supervision in 2009. Occurrence is understood as conclusions performed by supervision for each one of the points checked in the audit plans, which are orders, recommendations, application of Decree n°. 4.942, dated 2003, and issuance of assessment notice.

Table 13 – Occurrences checked in supervisions concluded in 2009.

Bureau	EFPC	Benefit Plans	Managers notified	Assessment notification		Order	Recommendation	Application of Decree n°. 4.942/2003 (art. 22 § 2º)	Under analysis	No irregularities detected	Total	% in relation to total
				PAF 2009	Continuous Supervision							
Distrito Federal	8	12	21	6	0	59	38	3	0	47	153	13.3
Minas Gerais	8	10	0	0	0	110	39	20	4	31	204	17.7
Pernambuco	6	7	26	1	3	73	37	17	0	7	138	12.0
Rio de Janeiro	23	40	0	0	0	172	92	11	3	79	357	31.0
Rio Grande do Sul	10	18	54	1	11	94	16	5	0	53	180	15.6
São Paulo	12	14	0	0	0	17	6	0	2	95	120	10.4
Total	67	101	101	8	14	525	228	56	9	312	1,152	-
<i>% in relation to total</i>	-	-	-	0.7	1.2	45.6	19.8	4.9	0.8	27.1	-	-

Source: Previc.

Data analysis shows that most of the occurrences are orders (45.6%) and recommendations (19.8%). As for the issues listed, we point out:

a) Orders

- 38% on social security issues (examples: fulfillment of cost plan, regularity in granting benefits);
- 33% on corporate governance (examples: tax council internal control reports, EFPC organization structure);
- 22% on investments (example: assets analysis proceedings); and
- 7% on miscellaneous issues.

b) Recommendations

- 21% on social security issues;
- 43% on corporate governance;
- 29% on investments; and
- 7% on miscellaneous issues.

c) Assessment Notices

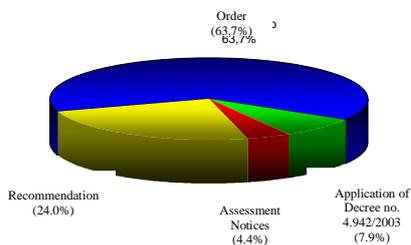
The reasons for issuance of the 22 assessment notifications were as follows:

- 11 AI issued for application of guaranteed resources from benefit plans technical reserves, provisions and funds in disagreement with the legislation;
- four AI issued for non-fulfillment of statute clause;
- two (2) AI issued for lack of measures to investigate responsibilities;
- one AI issued for use of mortality table non-adherent to the benefit plan body;
- one AI issued for institution or maintenance of organization structure in disagreement with the legislation;
- one AI issued for calculation of surplus result in the year, and constitution of contingency reserves; especially in disagreement with the legislation;
- one AI issued for provision of services out of the scope of closed pension funds entities; and
- one AI issued for violation of other provisions of Supplementary Laws n^{os}. 108 and 109, dated 2001.

The results of inspection from the last two years, including on-site supervision (*in loco*) and continuous supervision, showed effectiveness of the work (“sentinel effect”) and the guidance nature of the SPC activities. There was reduction of issued notices, in contrast to the raise in number of recommendations. The recommendations induce the adoption of the best management practices in the EFPC inspected.

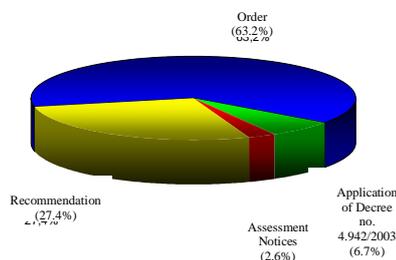
Charts 11 and 12 show the relative participation between the main occurrences (order, recommendation, and issuance of assessment notices and application of art. 22 of Decree n^o. 4942, dated 2003) checked in 2008 and 2009. It is noticeable that, in 2009, the orders and recommendations represented.

Chart 11
Main occurrences in 2008



Source: Previc.

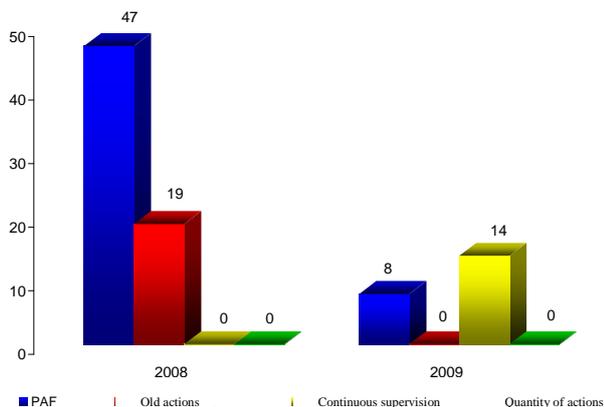
Chart 12
Main occurrences in 2009



Source: Previc.

The analysis of Chart 13, which shows the origin of the assessment notices issued in 2008 and 2009, corroborates the supervision work and judgments performed by the SPC. There was significant reduction in the issuance of assessment notices arising out of execution of the PAF, and from those deriving from efforts made to eliminate of the quantity of actions under judgment or monitoring benefit plans through continuous supervision.

Chart 13 – Assessment notices issued in the execution of PAF, in the analysis of old actions, or the performance of continuous supervision, and quantity of actions as of December 31st, 2008 and 2009.



Source: Previc.

Another important supervisory indicator is the investigation of indictments and representations made by the players (participants, beneficiaries, sponsors and issuers) of pension fund system. In 2009, 182 indictments were investigated, which represents a raise in 528% when compared to the previous year, which corroborates the work developed by SPC inspection in meeting the Brazilian society needs.

Table 14 – Indictments received and investigated by SPC in 2008 and 2009.

Year	Quantity	Received	Investigated
2008	74	114	29
2009	159	126	182
Jan/2010	103	-	-

Source: Previc.

IX.2. Supervisory Actions

In 2009, SPC's Supervisory Department executed a more intense tax action on benefit plans, especially on the Defined Benefit type, as shown on table 15; this was related to the prolonged deficit problems not addressed, delayed contributions, debts from sponsors and plan and EFPC size.

Table 15 – List of benefit plans (n°. CNPB) with tax action under monitoring by SPC in 2009 (amounts in R\$).

N°.	CNPB	Result	Investments	Debt	PM to constitute
1	1978000529	(1,453,757,843.36)	263,391,056.13	163,199,025.40	177,796,888.47
2	1983000183	(634,498,735.55)	840,268,679.02	106,799,969.88	136,020,819.58
3	1981001492	(625,716,816.22)	49,937,172.90	0.00	0.00
4	1990001483	(582,819,386.71)	1,139,015,256.22	0.00	0.00
5	1999004256	(405,596,554.09)	1,667,882,497.80	55,459,356.28	261,065,676.95
6	1980001618	(262,245,662.79)	1,092,403,697.78	27,614,140.14	0.00
7	1979000247	(137,984,770.70)	288,367,413.10	119,954,830.03	94,848,696.53
8	2000003656	(118,840,866.81)	196,153,690.88	100,240,919.92	11,887,382.78
9	2004000465	(115,655,317.74)	664,737,549.60	0.00	0.00
10	2000003974	(88,865,770.80)	112,760,038.50	125,800,978.55	0.00
11	2004000538	(39,192,169.01)	314,705,846.98	0.00	0.00
12	1979000565	(38,435,126.79)	1,452,180.45	0.00	0.00
13	1991001592	(27,295,686.07)	46,568,172.77	0.00	0.00
14	1974000338	(24,258,615.31)	756,188,950.59	95,272,918.14	0.00
15	2008001619	(3,578,760.00)	6,044,740.83	2,186,409.13	333,802.96
16	2002001065	(2,594,048.86)	15,144,570.61	3,570,440.58	378,241.63
17	1981001883	1,784,435.87	10,393,173.33	0.00	0.00
18	1979003947	4,635,032.30	170,283,937.13	0.00	29,572,830.07
19	1994000929	6,478,675.04	48,664,985.07	162,095,349.20	0.00
20	2000006965	22,345,460.16	316,452,655.46	168,125,829.18	106,672.61

Source: Previc (data as of December 31st, 2009).

IX.3. 2010 Supervisions

The PAF 2010 preparation process used concepts from the Risk Based Supervision (RBS), in compliance with Recommendation CGPC n°. 02, dated April 27th, 2009, which provides for the adoption of the RBS in the scope of SPC regarding the supervision of the EFPC and their benefit plans. Also, PAF considers relevant points taken from recent studies by the *International Organisation of Pension Supervisors – IOPS*, which discuss the risk matrix and punctuation in pension funds. PAF 2010 establishes the inspection of 91 benefit plans in 65 EFPC.

In 2009, a term of reference was entered into with the World Bank, with the agreement of the Brazilian Cooperation Agency of the Ministry of Foreign Affairs (Official Letter n°. 907/ABC/MRE, dated September 18th, 2009), for the development of an implementation project for the risk based supervision methodology in the Brazilian pension fund system, aiming at the modernization of pension funds, by using the best international practices.

With the conclusion of the project and execution of technical training for Previc's staff, the risk based supervision methodology is expected to be adopted by the pension funds supervision entity. The project was initiated in February 2010 and the estimated conclusion is by April 2011.

IX.5. Special schemes

The EFPC and benefit plans monitoring and follow-up under special schemes (special administration, intervention and liquidation) are performed by the General Special Scheme Coordination - CGRE. On December 31st, 2009, the Coordination executed the monitoring of 12 entities - 11 entities under extrajudicial liquidation and one (1) under intervention – and 20 benefit plans under extrajudicial liquidation.

Termination

- *AEROS – Fundo de Previdência Complementar*
- *BERONPREV - Caixa de Previdência dos Servidores do Sistema Financeiro Beron*
- *CENTRUS – Instituto Mato Grosso de Seguridade Social*
- *CEPLUS – Instituto Ceplac de Seguridade Social*
- *Instituto FERREIRA GUIMARÃES de Seguridade Social*
- *FUCAE – Fundação dos Funcionários da Caixa Econômica Estadual*
- *MAPPIN – Sociedade de Previdência Privada*
- *PARSE – Instituto de Seguridade Social do BADEP*
- *PREVI-BANERJ – Caixa de Previdência dos Funcionários do Sistema Banerj*
- *Fundação PRODUBAN*
- *FUMAC – Fundação Mário Coutinho*

Intervention

- *Instituto AERUS de Seguridade Social*

The supervision of the works of special administrators, intervening parties and termination aims at defining goals and strategies in view of terminating the special regime.

The special administrators, intervening parties and liquidators make clarifications, through the Monthly Information Report, on the works developed in the special regime. In 2009, 161 were received. CGRE analyzed 156 reports during the year, which represent 97% of the received reports.

In 2009, upon order by the Pension Funds Secretary, the Investigation Committee for the *Instituto AERUS de Seguridade Social* was reinstalled. The works were concluded and the final report was judged in the 1st administrative level. On May 31st, 2009, the special administration regime in *GZM PREVI – Fundo Múltiplo de Previdência* was terminated; it had begun in August 2004, aiming at the restructuring of the entity and the completion of the sponsorship withdrawal process.

X. JUDGMENT

X.1. Secretariat for Pension Funds - SPC

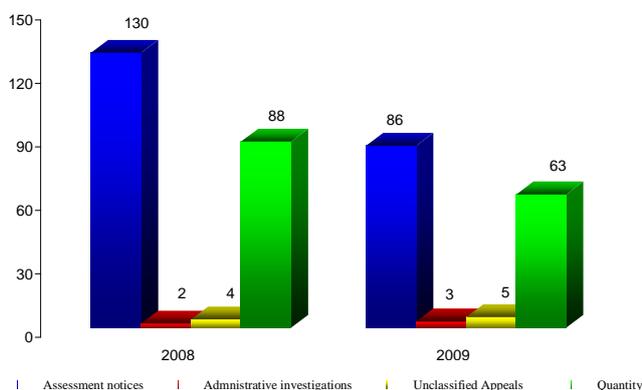
The following administrative proceedings were being processed in the Office of the Secretariat for Pension Funds – SPC:

- Assessment notice;
- Administrative investigation; and
- Other (unclassified appeals).

The Pension Fund Secretary had expert assistance in the judgment of the administrative proceedings under his competence. The Assessment Notice was judged, in the scope of the SPC, through Decision-Notification. In 2009, 77 Decisions-Notifications were issued, in reference to judgment of 86 assessment notices.

In 2009, a total of 94 proceedings were judged, including assessment notices, administrative investigations and other appeals. Chart 14 shows the main figures in relation to SPC judgment activity in the last two years.

Chart 14 – Judgments performed by the SPC (assessment notices, administrative investigation and unclassified appeals) and quantity of proceedings in 2008 and 2009.



Source: Previc.

The table below summarizes the results of judgments performed in 2009. Note that 60.9% of the notices judged were investment-related.

Table 16 – Judgment of assessment notices by managers, by EFPC and by topic in 2009

Managers / EFPC	Judgment	Penalty	Quantity	%	Regulation	Object of the EFPC	Investments	Administrative Expenses	Cost	Other
PF – Manager	Granted	Fine	79	81.5	3.6 %	4.6 %	60.9 %	14.9 %	5.7 %	10.3 %
		Disabilitation	18	18.5						
		Subtotal	97	36.2						
	Denied	-	46	17.2						
	Null	-	125	46.6						
Subtotal	-	268	100.0							
PJ - EFPC	Granted	Fine	3	42.0						
	Denied	-	2	29.0						
	Null	-	2	29.0						
	Subtotal	-	7	100.0						

Source: Previc.

The punitive nature of the proceedings that were processed with the SPC sometimes demanded request for information from several public authorities. In 2009, 63 pieces of information were given to external bodies, as shown in table 17.

Table 17 – Remittal of information by SPC in 2009

Requesting Authority	Quantity
Federal Police Department	25
Federal and State Public Prosecutor Office	12
Office of the Comptroller General	05
House of Representatives and Legislative Assemblies	03
Judiciary Branch	10
Other	08
Total	63

Source: Previc.

Although it is not a highly frequent activity, in 2009 objections to the Provisional Creditors Board for the *Instituto AERUS de Seguridade Social* (under extrajudicial liquidation) were analyzed and, pursuant to Complementary Law n°. 109/2001 and Law n°. 6.024, dated 1974, they must be judged by the Pension Funds Secretary. In May 2009, SPC issued deliberations on 792 objections.

X.2. Pension Funds Management Council - CGPC

In 2009, the Pension Funds Management Council, a collegiate entity of the Ministry of Social Security, in charge of regulation and formalization of the closed pension funds system, approved a recommendation and two resolutions of great relevance for the system: Recommendation n°. 2, dated April 27th, 2009, Resolution CGPC n°. 28, dated January 26th, 2009, and Resolution CGPC n°. 29, dated August 31st, 2009. These rules details can be seen in the item Formalization.

The Management Council held 11 ordinary and one (1) extraordinary meetings, where 75 appeals were analyzed. 55 out of these were judged and 20 were suspended.

The CGPC decisions in the 55 appeals judged were as follows: maintenance of penalty applied by SPC (15 appeals, 27.3 %); reversal of penalty applied by SPC (12 appeals, 21.8 %); intercurrent lapse (2 appeals, 3.6 %); Five-year lapse (2 appeals, 3.6 %); lack of knowledge of appeal (3 appeals, 5.5 %); and denial of deferral to appeal (21 appeals, 38.2 %).

The quantity of appeals pending in the Management Council is 139, namely: a) 13 waiting for distribution; b) 21 were object of analysis and had their judgment suspended, due to request for examination and, c) 105 appeals were sent to the reporting judge.

XI. MONITORING AND CONTROL

SPC's Monitoring and Control Department – Democ was in charge of the pension funds analysis and research area, in the issues related to investments, accounting records, actuarial assessment of the pension funds.

The technical analyses were usually prepared to record where the department stood on such issues. In 2009, 84 analyses were prepared. The following, which addressed on these topics, stood out: new accounting planning; administrative expenses; National Financial Education Strategy; registration of Investment Funds; investments on Real Estate; investment policies; Pricing of Government Securities; execution report for qualification plans approved by the National Monetary Council; and private stock operations.

The reports prepared by the monitoring and control team are used to support the Annual Inspection Plan – PAF preparation process.

XI.1. Rendering of information

From the data received by the Investment Data Collection System – SICADI, tables with consolidated accounting and investment data from the pension funds system may be structured. Entities and institutes that receive information include: the Central Bank of Brazil; the Secretariat of the National Treasury; and the Organization for Economic Co-operation and Development – OECD.

XI.2. IT Systems

The monitoring and control activity demand robust and updated IT systems. In this sense, the monitoring team performs the following activities: submission of demands; analysis of implementation of the project proposed; discussion on the systems' functionalities; documents validation; execution of tests; monitoring of the implementation stage; and specialized service for users.

In 2009, Democ monitored the evolution of SICADI, which receives a monthly average of 3,750 files with EFPC portfolios and Investment Funds positions.

Since the base date of May 2008, the delivery of EPFC balance sheets to SPC is also being executed through SICADI. About 400 files with accounting data are received on a monthly basis.

During 2009, the accounting module was adapted to the new accounting plan, established by Resolution CGPC n°. 28, dated 2009, and by Instruction n°. 34, dated 2009. In addition, a new application for validation of accounting information was made available to the EFPC as of 2010, the functions offered previously: preparation and modification of balance sheets, and file format conversion (TXT to XML).

In the actuarial field, the actuarial analyses of the benefit plans were monitored, and twenty-seven (27) official letters were issued to the EFPC regarding the financial situation of 41 social security plans, with further requests and clarifications of information provided in the annual statements.

XI.3. Partnerships

In 2009, SPC executed partnerships and information exchange agreements with market entities and associations and governmental entities, as follows:

- **Securities and Exchange Commission**, with the execution of five meetings aiming at exchanging information on regulation and supervision of inspected entities, intersection and operation areas between SEC and SPC, and discussion of issues related to inspection of the capital market and operation of institutional investors;
- **Central Bank of Brazil**, with exchange of consolidated information from the pension funds system;
- **National Health Agency – ANS**, with actions aiming at joint supervision of health care plans operated by the pension funds, pursuant to art. 76 of Supplementary Law n°. 109, dated 2001;
- **Fundação Anfip de Estudos da Seguridade Social**, through a Technical Collaboration Agreement, which aimed at organizing the 2nd Paper Contest, in order to stimulate research and preparation of technical papers in the pension funds area;
- **National Association of Financial Market Institutions – Andima**, through a Technical Collaboration Agreement, which aimed at exchanging consolidated financial information and the offer, by Andima, of positions for educational activities for SPC servants;
- **Cetip S.A Balcão Organizado de Ativos e Derivativos**, which aims at exchanging information on the operation of the EFPC in the Corporate Bonds market;
- **BM&FBovespa**, which aims at exchanging information on the operation of the EFPC in the stock and derivatives markets and access, by SPC, of ISIN Code database; and
- **SI-Anbid - National Association of Investment Banks**, which aims at accessing, by SPC, consolidated data on the Investment Funds industry.

XII. NORMATIVE RULES

In the regulatory agenda, 2009 was the year of Law n°. 12.154, dated December 23rd, 2009, which established the Previc. The works related to the legislative proceedings were top priority by SPC managers.

The rules edited in 2009 represented significant progress in the applicable legal framework to the EFPC. The drafts were prepared and discussed by SPC technical areas, which had the collaboration of the Legislation and Rules Department – Deleg, in the analysis of legal aspects.

The published rules in the scope of the Ministry of Social Security, from the work developed by the Secretariat, are as follows:

- **Resolution CGPC n°. 28**, dated January 26th, 2009, with provisions on the accounting procedures of closed pension funds entities;
- **Resolution CGPC n°. 29**, dated August 31st, 2009, with provisions on criteria and limits for administrative expenses by closed pension funds entities;
- **Recommendation CGPC n°. 02**, dated April 27th, 2009, with provisions on the adoption of Risk Based Supervision (RBS) in the scope of the Secretariat for Pension Funds in relation to the supervision of closed pension funds entities and the benefit plans administered by them;
- **Instruction SPC n°. 29**, dated March 19th, 2009, which amended Instruction SPC n°. 16, dated March 23rd, 2007, on the remuneration of intervening parties and liquidators;
- **Instruction SPC n°. 30**, dated March 19th, 2009, which defines new deadlines for the fulfillment of the requirements addressed to the Secretariat for Pension Funds and rules the preliminary analysis procedure by electronic means, in the scope of the Technical Analysis Department;
- **Instruction SPC n°. 31**, dated May 21st, 2009, which rules the procedures to carry out operations through private negotiations with issuance of open-capital companies traded in the stock Exchange or admitted for negotiation at organized over-the-counter market;
- **Instruction SPC n°. 32**, dated September 4th, 2009, which sets forth procedures to be observed in the analysis of request sent by closed entity regarding exemption of posting annual information report to participants and beneficiaries in printing;
- **Instruction SPC n°. 33**, dated September 15th, 2009, which rules the fine collecting, updating and survey, as well as advanced deposit for the purposes of administrative appeal;
- **Instruction SPC n°. 34**, dated September 24th, 2009, which sets forth specific rules for accounting procedures of closed pension funds entities and defines the way, means and frequency of delivery of accounting statements;

- **Directive MPS n.º. 157**, dated June 8th, 2009, that established the 2nd SPC Paper Contest, aiming at stimulating research and preparation of technical papers in the pension funds area; and

- **Directive SPC n.º. 2.862**, dated April 28th, 2009, which established the National Actuarial Commission – CNA, a collegiate level of opinionative nature in actuarial matter, and approved its Bylaws.

Additionally, we list the deliberations issued by the Supervisory and Regulatory Committee of Financial Systems, Capital Markets, Private Insurance and Private Pensions – Coremec, whose presidency was exercised by the SPC in the first half of 2009:

- **Deliberation n.º. 7**, dated June 19th, 2009, which sets forth guidance regarding the edition in the scope of their respective competences, of rules related to compliance, by supervised institutions, with checking adequacy of the financial product or service to the needs, interests and objects of benefit plans clients or participants;

- **Deliberation n.º. 8**, dated June 19th, 2009, with provisions on the formation of a Working Group to coordinate necessary measures for the institution of the National Financial Education Strategy; and

- **Deliberation n.º. 9**, dated December 4th, 2009, which changed the term for the Working Group, formed by Deliberation n.º. 8, dated June 19th, 2009.

It is also worth highlighting, in this item, the work coordinated by Democ in the preparation of **Resolution CMN n.º. 3.792**, dated September 24th, 2009. The new resolution represented a strong and important change in the regulation of pension funds investments in the country. The changes were motivated by the current Brazilian macroeconomic scenario – where the current dynamics of the federal public bond debt, the reduction of the interest rates and evolution of financial instruments stand out –, and the permanent search for high profitability assets to ensure the payment of benefit plans actuarial commitments.

Res. n.º 3.792, dated 2009, confirmed the importance of risk control and management. The rule structured the main steps of the benefit plan resources application process, corroborating the importance of the investment policy as a planning tool: observance of principles, including social-environmental responsibility; selection of administrators and professionals with a focus on qualification and certification; preparation of technical analyses for the assessment of investment options; planning; execution of assets acquisition and disposal; and development of risk management systems.

The certification of managers, included in the resolution with transition rules and terms, is an important step towards the ongoing professionalization of the entity's financial management.

The pension funds investments are, since the edition of the new resolution, organized in six segments: fixed rate (100%); floating rate (70%); structured investments (20%); investments overseas (10%); Real Estate (8%); and operations with stakeholders (15%). The investments overseas, which were prohibited to the EFPC, are now allowed through investment funds. The introduction of the investments overseas segment converges with the OCDE recommendations for regulation of pension funds segment.

The new resolution simplified the rules, reduced the number of quantity limits and created the possibility of investments in new assets. The rule for operations with derivatives is innovative, since it establishes that the operation limit is subject to a deposit of guarantees, calculated by those who take the risk.

SPC contributed, as a guest, to the preparation of specific accounting rule for the EFPC approved by the Federal Accounting Council – CFC confirmed by Resolution CFC n°. 1.272, dated January 22nd, 2010, which approved NBC TE n°. 11.

It is also worth mentioning the participation of SPC in the discussion about the Technical Statement CPC 33 from the Accounting Statements Committee, approved by Deliberation CVM n°. 600, dated October 7th, 2009. Such deliberation addresses the calculation, by the companies, of employees' benefits and revokes, as of December 2010, the Deliberation n°. 371, dated 2000.

Finally, regarding the formalization activity, it is worth pointing out the talks held by SPC technicians in several seminars, aiming at introducing the new regulation and clarifying the main concerns by professionals from the sector. The following resolutions were addressed in the events: **Resolution CGPC n°. 26**, dated 2008, **Resolution CGPC n°. 28**, dated 2009, **Resolution CGCP n°. 29**, dated 2009, and **Resolution CMN n°. 3.792**, dated 2009.

XIII. GUIDANCE, CONSULTATIONS AND JUDICIAL PROCEEDINGS

Deleg's manifestations were confirmed by Orders (simpler analyses, many times of merely procedural nature), Technical Notes (deep analyses of concrete cases), Technical Opinions (in response to general questioning, thesis consultations, without connection to a certain concrete case) and Information (in response to requests and notifications from the Federal Attorney's Office, the Public Prosecutor's Office and the Judiciary Branch, including regarding Court Injunctions filed against acts from the Pension Funds Secretary and directors from other Secretariat Departments).

Deleg issued 394 analyses along 2009. In the beginning of the year, the department had 176 pending administrative analysis proceedings, but closed the year with 45 pending proceedings, which represents a reduction of 74%, even considering the average flow of 22 new actions a month.

It is worth mentioning the participation of the department in internal meetings to discuss and decide on legal questionings not necessarily formalized in writing and in private audiences, pursuant to Decree n°. 4.334, dated August 12th, 2002.

In the legal actions on pension funds deemed relevant or priority in terms of impacts on public policies, SPC obtained a success rate of approximately 100% in final decisions or those subject to appeals filed until the end of 2009.

XIII.1. Court Reports

In compliance with art. 14 of Instruction SPC n°. 27, dated December 8th, 2008, the reports of technical notes and opinions issued by Deleg along 2009 were disclosed in the Ministry of Social Security website. The report from the 1st half of 2009 contains 48 amendments. The report from the 2nd half, in its turn, contains 32 amendments.



XIV. IT SYSTEMS AND REGISTRATION

The Institutional Relations and Organization Department - Derin prioritized the maintenance of existing systems and data bases, as well as the monitoring of projects under development which sought to automate the work process in the supervision, monitoring and licensing areas.

XIV.1. Technological Infrastructure

As for the infrastructure in the IT area, SPC closed 2009 with technically updated equipments. The quality of the equipments is fundamental for the development of attributions in all areas of the Secretariat.

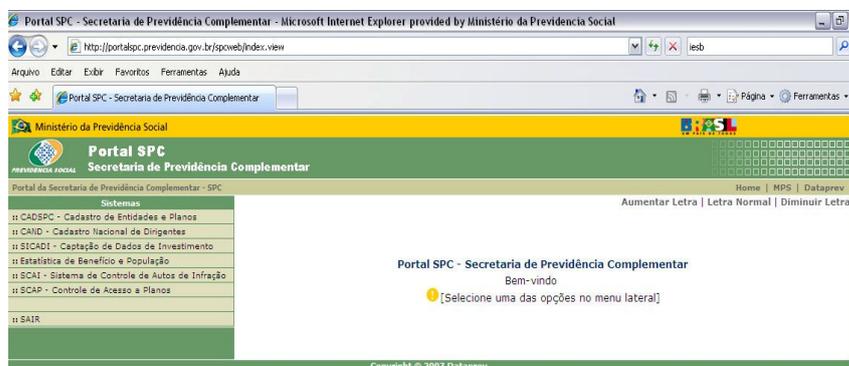
The implementation of VOIP telephoning system was completed between the headquarters and the supervisory bureaus.

There was also a reformulation in the user support area, both for internal demands and the SPC Systems Portal. It is also worth mentioning the expansion of the videoconference system for monitoring projects and service meetings and conferences with the pension funds.

XIV.2. SPC IT Gateway

2009 was the year for consolidation of the new SPC portal. In compliance with the planning guidelines provided in the Pension Funds Modernization Program - PMPC, the systems website (see picture 3) is available on the Internet for users previously registered by the SPC or by the closed pension funds entities themselves. On December 31st, 2009, the portal had 1,735 registered users.

Picture 3 – SPC Portal



Source: Previc.

The systems made available for the EFPC contain the best security and quality standards. In accordance with previously established profiles, the access control to the portal is executed by the Access Authorization System - SAA or by the Benefit Plans Access Control System - SCAP.

The systems undergo periodical updating seeking to assure its own performance, as well as the data integrity. In the last year, the following systems were updated: CADSPC, which records information from closed pension fund entities, sponsors, issuers and benefit plans; CAND, which registers data from individuals and entities managers; Population and Benefits Statistics, which captures population and benefits statistical information by benefit plans; and SICADI, which captures accounting and investments data.

In 2009, the first module for the Assessment Notice Control System – SCAI was implemented. The system, of internal use, is divided in three (3) modules according to the proceeding phase of the assessment notice issued by inspection – Office Module (issuance of assessment notice); Court Module (judgment); CGPC Module (appellate judgment). The modules will be renamed for adequacy with the organization structure established by Law nº 12.154, dated 2009.

XIV.3. Management Information

The Management Information Project - INFGER aims at meeting the growing demand from business areas to generate consultations and reports from the several data bases available. In 2009, new solutions were implemented based on a new Business Intelligence (BI) tool, from SPC Portal data base, such as INFGER CAND, related to CAND System's management registration data; and INFGER Benefits, related to statistical benefits and population data.

XIV.4. Registration

In 2009, emphasis was given to improvement of registration information from closed pension funds entities, from welfare and assistance benefits plans, as well as from those related to corporations and individuals connected to pension funds (managers and advisors).

With a view to correcting possible errors and divergences in SPC registration, last year all data from managers (position, professional experience, educational background, penalties and terms) and entities (full address, telephone number, e-mail, website and legal nature) were re-entered. The monitoring and follow-up were executed by Derin.

This process allowed the confirmation of EFPC managers, advisors and executives data, as seen in table 18.

Table 18 – EFPC managers and tax and decisory advisors, according to legal framework.

Description	Deliberative Council	Tax Council	Executive Board	Total
LC 108 – Public Sponsorship	764	542	238	1,544
Federal	390	276	121	787
State	358	254	112	724
Municipal	16	12	5	33
LC 109 – Private Sponsorship	1,883	1,151	985	4,019

Description	Deliberative Council	Tax Council	Executive Board	Total
Sponsored	1,729	1,053	930	3,712
Associative	154	98	55	307
Total	2,647	1,693	1,223	5,563

Source: Previc (data as of March/2010).

XIV.5. Electronic Management of Documents – GED

It is also worth mentioning, as relevant activities in 2009, the initiatives that sought to speed up processing of documents and reduce the volume of documents in physical media (paper). For the implementation of the Electronic Management of Documents – GED, it will be necessary to map the authorization and inspection processes executed by the SPC and identify the steps which are subject to automation.

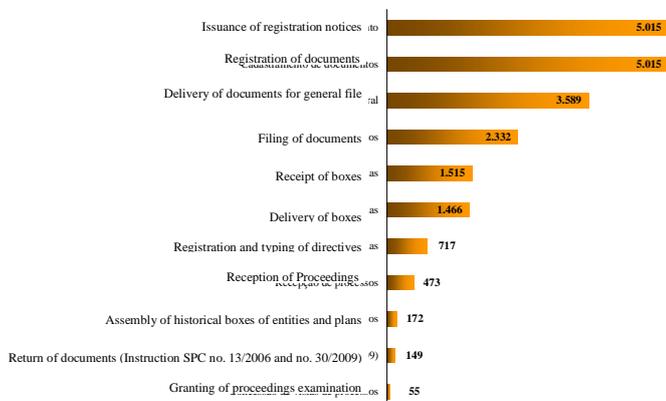
XIV.6. Docket and File

Based on successful experiences in several other public federal administration entities, the option was for changing the way the documents are stored at the Secretariat for Pension Funds in 2009. The changes, which include the adoption of an addressing system, aims at improving the organization and preservation of documents.

Also in 2009, the temporality table for SPC documents was concluded, and the decentralization of SPC docket was initiated, with the implementation of units at the supervisory bureaus.

Chart 15 illustrates the docket and file activities executed in 2009.

Chart 15 – Docket and file activities executed in 2009



Source: Previc.

XV. FINANCIAL EDUCATION

The economic, social and technological changes in the last years has urged for implementation of actions aiming at educate the population on a financial basis, and not only in Brazil. The financial market is becoming more and more sophisticated around the world, and new products are constantly being offered to the public. Governmental authorities, multilateral entities, private initiative segments, non-governmental organizations and educators discuss on how to raise the level of understanding of financial products and services.

Through financial education, consumers and investors improve their understanding of financial products and develop skills, as well as obtain knowledge to become more aware of the financial risks and opportunities in order to make their choices and know where to look for help, thus improving their relationship with their finances.

In this sense, the Supervisory and Regulatory Committee of Financial Systems, Capital Markets, Private Insurance and Private Pensions – Coremec, formed by the Central Bank of Brazil, the Securities and Exchange Commission – SEC, the Secretariat for Pension Funds – SPC and the Superintendence of Private Insurance – Susep, created, in May 2007, a Work Group – GT to propose a “National Financial Education Strategy – Enef”, indicating actions to raise the level of financial education in the country.

The Enef, prepared by the GT and approved by the Coremec on June 19th, 2009, comprises:

- current scenario and challenges facing financial education for the several financial, capital, insurance and capitalization market sectors;
- action proposal for school children and adult population;
- proposal for Enef governance, considering the establishment of committees and work groups aiming at the implementation of the Enef in Brazil;
- result of national survey on the level of financial education of the Brazilian population, carried out by *Instituto Datapopular* in 2008;
- result of list of financial education actions existing in Brazil, collected at www.vidaedinheiro.gov.br (see picture 4);
- guidance for financial education at the schools; and
- action proposals for each of the markets supervised by the Coremec, named sectorial program.

Picture 4 – Website for registration of financial education actions



Source: (www.vidaedinheiro.gov.br)

During 2009, SPC participated of the Pedagogical Support Group – GAP, which developed the pilot financial education project in high schools, including the preparation of didactic material that will be the basis for the application of the several educational situations. For the adult audience, the GT entered into partnerships for the development of financial education of military officers from the three armed forces and beneficiaries of the *Bolsa Família* program.

The Coremec, through Deliberation nº. 8, dated June 19th, 2009, established the new Work Group – GT to coordinate the actions necessary for the establishment of the Enef. This new GT has specific coordinated attributions for each one of Coremec member entities.

SPC has been coordinating the formal acts to be published to establish the Enef and will define the strategy governance model. SPC will also be responsible for analyzing alternative public and private partnerships to allow the implementation and execute the Enef in the entire Brazilian territory.

In December 2010, Brazil hosted the 4th meeting of the International Network on Financial Education and the International Conference on Financial Education, organized by SEC and by OECD, with the participation of several countries and promoting the exchange of information and experiences related to financial education projects worldwide.

XVI. PARTICIPATION IN COLLEGIATE ENTITIES

XVI.1. National participation

In addition to regulatory attributions, SPC also developed, in 2009, institutional actions, participating in several national collegiate entities, which dealt with issues directly related or correlated to the development of pension funds, namely:

- Pension Funds Management Council from Ministry of Social Security –CGPC;
- National Board for Social Security from the Ministry of Social Security – CNPS;
- National Board of Managers from Private Social Security Systems from the Ministry of Social Security – Conaprev;
- Chamber of Supplementary Health Care from the Ministry of Health – CSS;
- National Council of Private Insurances from the Ministry of Finance – CNSP;
- Capital Market and Long-Term Savings Work Group – GTMK, established by Inter-ministerial Directive from the Ministries of Finance, Planning and Social Security n°. 210, dated 2003;
- Supervisory and Regulatory Committee of Financial Systems, Capital Markets, Private Insurance and Private Pensions – Coremec, as well as the Work Group created to develop and propose a National Financial Education Strategy ";
- Laundering Money Council from the Ministry of Finance – COAF; and
- National Strategy for Combating Corruption and Money Laundering from the Ministry of Justice – ENCCLA.

SPC also participated in forums and technical discussion committees with the financial, capital and social security markets, as follows:

- Work Group for the Secondary Market of Government Securities and Benchmarks Commission for the National Financial Market Entities Association – Anbima;
- Closed Entities Commission for the Brazilian Actuaries Institute – IBA;
- National Actuary Commission – CNA (established by SPC itself); and
- Consulting Micro-insurances Commission from the Superintendency of Private Insurances – SUSEP.

XVI.2. International Participation

SPC participated as an observing member of the Work Party on Private Pensions - WPPP from OECD's Insurance and Investments Committee.

In 2009, SPC participated of the two (2) half-yearly meeting of the work group mentioned above. The first WPPP meeting was followed by a meeting of the International Organization of Pension Supervisors – IOPS, organization of which Brazil is a member and a workshop on Pension Funds Risk Management.

Risk management was the main issue addressed in the work groups and technical committee meetings, due to the economic and financial crisis that affected several pension funds worldwide, and mainly the DC plans administered by them.

At the December meeting, SPC, upon request by that organization, presented and distributed the article on “Pension Funds Industry in Brazil and the Economic Crisis”.

Table 19 summarizes SPC's participation in international events carried out overseas in 2009.

Table 19 – Participation of SPC in international events in 2009.

Event	Period	Destination
3 th Forum of the Technical Committees from the International Social Security Association – ISSA	April 20 th	Geneva – Switzerland
Meeting of the OECD International Network on Financial Education	May 18 th to 20 th	Paris – France
22 nd Session of the OECD Work Group on Private Pension Funds and IOPS Technical and Executive Committee Meeting	July 6 th to 8 th	Paris – France
16 th International Conference of Social Security Actuaries and Statisticians of the International Social Security Association - ISSA	September 16 th to 18 th	Ottawa – Canada
<i>Máster en Dirección y Gestión de Planes y Fondos de Pensiones</i> , promoted by the University of Alcalá	October 17 th to November 2 nd	Madrid – Spain
23 rd Session of the OECD Work Group on Private Pension Funds	November 30 th to December 1 st	Paris – France

Source: Previc.

SPC also participates in the ISSA – International Social Security Association and the ISSO – Iberoamerican Social Security Organization.

The international organizations, in which the Secretariat participated as member or observing member, publish works related to pension funds around the world, and they need statistical data to prepare them. SPC sent the data requested, since the collaboration and effective participation in the international organizations it was part of was seen as of extreme importance, and it also granted direct access to the consolidated pension funds status data bank, on the regulation and inspection of the pension funds in member countries of these international organizations.

ANNEXES

1. PLANNING AND BUDGET

SPC/MPS was in charge of Program 0086 – Pluriannual Planning Pension Fund – PPA of the Federal Government, whose aim was to ensure safety, solvency and liquidity of the benefit plans administered and operated by the EFPC, in order to assure the benefits hired in the respective plans for the participants.

The actions executed by SPC in 2009, as well as its physical and financial goals, and percentage of execution according to data drawn from Sigplan System, are summarized below.

Table 20 – Actions executed by SPC in 2009 (Amounts in Reais).

Action	Description	Planned		Executed		% execution	
		Physical	Financial	Physical	Financial	Physical	Financial
2592 – Inspection of Pension Funds Entities	Benefit Plan inspected	86	1,914,630	82	361,158	95.35	18.86
90C4 – Statute Authorizations and Analyzes Regulations for Plans and Adhesion Partnerships of the EFPC	Authorization granted	936	Non-budgeted action	686	Non-budgeted action	73.29	-
2286 – Training of Servants in the Pension Funds area	Servant Trained	62	115,372	125	94,480	201.61	81.89
2A43 – Studies and Research in the Pension Funds area	Study performed	1	100,000	0	0	0	0
2290 – Operation of Pension Funds Management Council	Meeting held	10	212,720	11	65,482	110.00	30.78
2272 – Management and Administration of the Program	-	-	2,088,744	-	2,043,756	-	97.85
10S7 – Modernization of benefit plans and EFPC supervision and authorization	System implemented	1	1,000,000	0	0	0	0

Source: Sigplan.

The budget approved by the SPC in 2009 was R\$ 4.3 million, R\$ 2.6 million of which were executed, corresponding to 60% of the execution, already considering the budget contingency.



Table 21 – Secretariat for Pension Funds Budget - Unit 330011, in 2009 (Amounts in Reais).

Description	Approved LOA	Limit of funds	Subject to Contingency	Paid
TOTAL	4,356,166.00	4,332,399.04	20,766.96	2,584,635.74
1. Management of international entities	24,700.00	24,700.00	-	21,960.30
IOPS Contribution	15,000.00	13,275.00		13,275.00
OCDE Contribution	8,685.30	8,685.30		8,685.30
2. Management and administration of the program	2,088,744.00	2,088,744.00	-	2,041,555.97
Daily allowances in the country				102,218.24
Daily allowances overseas				29,224.64
Data processing material				1,355,593.70
Tickets in the country				182,615.44
Tickets overseas				29,329.71
Daily allowances to eventual collaborators in the country				903.69
Indemnifications and refunds				19,586.72
Indemnifications				10,363.04
Living allowance – civil labor				33,360.00
Transportation allowance - civil labor				906
Housing allowance - civil labor				277,454.79
3. Training of servants in the Pension Funds area	115,372.00	91,605.04	20,766.96	94,479.33
Daily allowances in the country				22,979.46
Daily allowances overseas				21,270.20
Tickets in the country				22,432.01
Tickets overseas				4,509.66
Exhibits, congresses and conferences				13,992.00
Educational support service				9,296.00
4. Operation of the Pension Funds Management Council	212,720.00	212,720.00	0.00	65,482.36
Daily allowances in the country				200.55
Tickets in the country				22,855.80
Daily allowances to advisor				4,119.01
Technical-Professional services				38,307.00
5. Inspections of the EFPC	1,914,630.00	1,914,630.00	0.00	361,157.78
Daily allowances in the country				158,081.44
Tickets in the country				165,786.37
Indemnifications and refunds				194.82
Transportation allowance - civil labor				37,095.15
6. Studies and research in the Pension Funds area	0.00	0.00	0.00	0.00
7. Modernization of benefit plans and EFPCs supervision and authorization processes	0.00	0.00	0.00	0.00

Source: Previc.





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SPC budget has not included the payment of salaries for 40 MPS servants and commissioned positions. In 2009, these expenses represented about R\$ 5.4 million.

Upon approval of Law 12.154, dated 2009, budget adaptations for 2010 were necessary. Table 22 shows the amounts expected for the MPS and for the new autarchy (Previc), taking into account the collection of Tatic provided – Pension Fund Inspection and Control Fee, in May and September 2009.



Proteção para o trabalhador e sua família

Table 22 – Approved budget for 2010, including MPS and Previc structure (Amounts in Reais).

Program / Action	PLOA 2010		MPS - 33101		PREVIC - 33206	
	Financial	Physical	Financial	Physical	Financial	Physical
0086 – PENSION FUNDS	6,112,123	-	1,512,601	-	4,599,522	-
2272 – Management and Administration of the Program	1,900,000	-	760,000	-	1,140,000	-
2286 – Training of Servants in the Pension Funds Area	199,401	62	39,880	12	159,521	50
2290 – Operation of the Pension Funds Management Council	212,721	30	212,721	30	0	-
2592 – Inspection of Pension Funds Entities	3,300,001	67	0	-	3,300,001	67
4641 – Publicity and Public Utility	500,000	-	500,000	-	0	-
0087 – MANAGEMENT OF SOCIAL SECURITY POLICY	-	-	-	-	400,000	-
4572 – Training of Federal Servants in Qualification Process and Requalification of the Federal Public Servants	-	-	-	-	400,000	-
0750 – ADMINISTRATIVE SUPPORT	-	-	-	-	21,017,797	-
2000 – Administration of the Unit	-	-	-	-	19,234,052	-
Labor	-	-	-	-	9,890,457	190
Cost	-	-	-	-	8,598,095	-
Investment	-	-	-	-	745,500	-
2004 – Health and Dental Assistance to Servants and their Dependants	-	-	-	-	77,760	90
2010 – Pre-School Assistance to Servants’ and Employees’ Dependants	-	-	-	-	0	0
2011 – Transportation Allowance to Servants and Employees	-	-	-	-	41,625	34
2012 – Meal Vouchers to Servants and Employees	-	-	-	-	175,034	90
20CW – Health Care of Servants and Employees – Periodical Exams	-	-	-	-	5,757	32
09HB – Contribution of the Federal Government, its Autarchies and Foundations to support the Social Security System for Federal Public Servants	-	-	-	-	1,483,569	-
TOTAL	-	-	-	-	26,017,319	-

Source: MPS / Previc.



2. ADMINISTRATION

The Administration and Organization Coordination (Corg), subordinated to the Institutional Relations Department – Derin had, as competence, the support to SPC and CGPC structure, providing logistic support and necessary conditions for the development of their activities. Also, it connected the SPC to the several sectors of the Ministry, notably the Office of the Minister, the Executive Secretary and the human resources, budget, logistics and financial areas.

The Minister of Social Security, through Directive n°. 346, dated September 13th, 2007, granted competence to the heads of MPS Units, or their legal representatives, to authorize and order travel expenses, daily allowances and tickets for their employees and eventual collaborators at service.

The administrative attributions are intermediated by the Siafi (Integrated Financial Administration System) and Siasg (Integrated General Services System), in the issuance of documents such as: entry notices, bank orders, DARF, DAR (ISS) and allocation bills.

Corg was responsible for the management of training actions in the Pension Funds area (PPA/Sigplan), of services agreements in the organization of events, and co-management of air tickets supply agreements.

3. MEETINGS

An important activity held by the SPC is the contact with several players of the pension fund system. A significant portion of these contacts are made in person, through meetings, in compliance with Decree n°. 4.334, dated 2002.

Table 23 shows the meetings held at SPC in 2009.

Table 23 – Meeting held at SPC in 2009.

Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Internal	42	77	74	69	63	93	73	93	72	56	57	52	821
External	16	42	40	53	41	50	76	73	88	56	72	46	653
- EFPC	13	25	20	31	28	35	57	37	45	35	47	27	400
- Public entities; market associations	3	17	20	22	13	15	19	36	43	21	25	19	253
Total	58	119	114	122	104	143	149	166	160	112	129	98	1,474

Source: Previc.