

ANNEX 4

National Regulations on Pension Fund Portfolios (pillar 2) in selected countries

Country	Restrictions
Denmark	A maximum of 40% may be invested in "high risk assets" - these include domestic equities, foreign equities and unlisted securities. Also 80% currency matching requirement. In case of EU currency, up to 50% of liabilities can be covered by assets denominated in ECU. No self-investment.
Germany	Maximum 30% EU equity, 25% EU property, 6% non-EU shares, 6% non-EU bonds, 20% overall foreign assets, 10% self-investment limit ⁴⁸
Spain	5% limit in securities issued by any one enterprises. 90% of assets must be invested in quoted securities, bank deposits, property or mortgages. 1% must be in current accounts or money market.
France	At least 50% to be invested in EU government bonds, less than 33% in loans to sponsors
Italy	No pension law for self-administered schemes but investment policy determined by the board of directors and usually restricted to government bonds, bank deposits, insurance policies and property.
Netherlands	5% self-investment limit; prudent man rule
Sweden	Majority to be held in bonds, debentures and loans
UK	5% self-investment limit; prudent man rule
USA	Prudent man rule.
Japan	Minimum 50% in bonds, maximum 30% equity, 20% property, 30% foreign, 10% in one.

Source: European Commission "Supplementary Pensions in the European Union" (1994)

National Regulation of Life Insurance Companies (pillar 3) in selected countries

<i>Country</i>	<i>Restrictions</i>
Denmark	40% combined limit on domestic equity and foreign equity, 10% limit on unlisted securities, 10% combined limit on mortgages and loans
Germany	Maximum 30% domestic equity, 25% property, 6% foreign equity, 5% foreign bonds, 10% unlisted securities, 50% combined limit for mortgages and loans
Spain	No specific limits.
France	65% combined limit on domestic equity, unlisted securities and foreign equity. 40% limit on property, 10% combined limit on mortgages and loans
Italy	Maximum: 20% domestic equity, 20% unlisted securities, 20% foreign equity, 50% foreign bonds, 50% property, 50% mortgages, 0% loans
Netherlands	10% combined limit on unlisted securities and mortgages, 8% limit on loans
Sweden	25% combined limit on domestic equity, unlisted securities and foreign equity. 25% combined limit on property and mortgages, 10% limit on loans
UK	10% combined limit on unlisted securities, mortgages and loans

Source: Policy Issues in Insurance, OECD, 1996