

Ministry of Finance

Spokesperson Unit

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Press Release

Better Protection for the Public's Savings

The Capital Markets Division Presented Today the Measures that are Being Planned for 2009 in the Area of Pension Savings

The Director of Capital Markets, Insurance and Savings at the Ministry of Finance, Yadin Antebi: "More than one failure has been exposed during a crisis. I see an obligation to transform the crisis into an opportunity to make changes in the area of pension savings, at the center of which is the protection of the consumer."

The Director of Capital Markets, Insurance and Savings at the Ministry of Finance, Yadin Antebi, presented today the measures that are being planned in the area of pension savings as a consequence of the current financial crisis. The measures that were presented are the result of tens of consultation sessions held by the head of the Capital Markets Division with individuals who are active in the capital markets, consumer organizations, workers organizations, accountants, lawyers and others.

The purpose of the planned measures in the pension savings market is to provide better protection for the public's savings. According to Antebi, "More than one failure has been exposed during a crisis. I see an obligation to transform the crisis into an opportunity to make needed changes in the area of pension savings, at the center of which is the protection of the consumer."

The measures are made up of two elements: **Consumers' rights and the duties of managing entities.**

Consumers' rights – These measures include a transfer to the Chilean model, a significant reduction in the number of tracks that are available in the area of provident funds and pensions and the matching of the names of the tracks to their risk levels, in order to simplify the pension products and to match the customers with the products that are appropriate for them.

Additional topics are also, such as increased transparency for the public regarding management fees and investment policy issues – beyond the publication of annual yields (not monthly yields) and increased public awareness regarding the area of pension savings.

Duties of managing entities - These measures include, *inter alia*, a thorough treatment of the area of corporate debentures. Pension savings managers will be required to obtain certain minimal information before they can invest in corporate debentures; they will be required to continually monitor the borrower's conduct regarding the debt and its ability to repay, and to act in an effective manner to have debts repaid – either independently or through cooperation with other institutional bodies or banks. The pension savings managers will be required to adjust the compensation of the investment managers to the long term results, and the capital [adequacy] requirements for insurers, provident funds and pension funds will be made more stringent.