

Table 11.1a	Rights and liabilities of the Pension Fund Managers in the companies in which they invest the pension funds (December 2017)				
	Subject Matter	Bolivia	Chile	Colombia	Costa Rica
	Purpose of the Management of Investments	Funds must be invested in the best interests of members, with the due care required of a good family man and in accordance with principles of safety, liquidity, yield and diversification.	Obtaining adequate returns and safety, in the exclusive interests of members.	In order to ensure the safety, returns and liquidity of the system's resources, the fund managers must invest them under the conditions and within the limits established by the national government, which must consider, among others, types and percentages of admissible assets and their risk levels.	<ul style="list-style-type: none">• Necessary balance between safety, yield and liquidity, for the benefit of members.• Notwithstanding the above, the Superintendency must promote investment in instruments that allow the participation of members in ownership of production factors, and a portfolio structure aimed at strengthening the financing of housing for workers.
	Rights and liabilities of the Pension Fund Managers in the companies in which they invest the pension funds	The rules and regulations complementary to the Law define the investment limits by generic type of instrument, by issuer, by category, risk levels and liquidity, as well as the treatment of excess investment, transactions, custody, conflicts of interest and unauthorized transactions. However, they do not contain specific rules concerning the liabilities and rights of the Pension Fund Managers in the companies in which they invest the pension funds. Obtainment of adequate yield and safety, exclusively serving the interests of members.	<ul style="list-style-type: none">• Attendance of shareholders and bondholders' meetings of companies and assemblies of investment fund contributors, with the duty of expressing an opinion in the matters discussed• There are requirements and rules and regulations for the election of candidates for director in the companies in which the funds invest; these must be registered in a registry of the Superintendency.• There are also conditions to be met by candidates to the position of director, in order to avoid conflicts of interest.• Fund managers can act jointly, but cannot participate or interfere in the management of the companies.• There is a right to withdrawal in state-controlled companies.• Fund managers can enter into transactions and judicial and extrajudicial commitments, agreements, extensions and novations in order to avoid damages to the funds by defaults in the payment of debt securities.• Fund Managers must take legal action against those who cause harm to the funds, with a summary procedure.	According to Law (Arts. 2.6.13.1.2 and 2.6.13.1.8 of Decree 2555 of 2010), the AFPs have the following obligations: (i) Exercise the political rights corresponding to the investments made with mandatory pension funds, when the participation of the four funds is understood to be "relevant"; (ii) Ensure that the interests of members always prevail and exercise political rights in accordance with the policies adopted by their Boards of Directors; (iii) Document the analyses and instructions they impart to their representatives for the exercising of political rights; (iv) Participate in the appointment of members of the Board of Directors of the issuers of securities in which they invest; (v) Not control the actions of the members of the Board of Directors whose election they promote or support; and (vi) Ensure that the issuers that the mandatory pension funds invest in have standards of corporate governance that comply with the internal policies of the AFPs.	<ul style="list-style-type: none">• Fund managers exercises the corporate rights inherent to the fund's shares in the companies.• None of the members or employees of the fund manager may be appointed to the Boards of Directors of these companies, or be appointed Senior Counsel thereof.• The representatives of the fund managers in shareholders' meeting cannot vote in the elections of the Boards of Directors of companies; the shares that are owned by the funds are not taken into account.
	Subject Matter	El Salvador	Mexico	Panama	Peru
	Purpose of the Management of Investments (1)	Obtainment of adequate returns in conditions of safety, liquidity and risk diversification; any other purpose is contrary to the interests of the pension funds.	<ul style="list-style-type: none">• Adequate returns and security, solely in the interests of workers.• Increase domestic savings and contribute to the development of a market of long-term instruments suitable to the pension system.• Investments must be made exclusively to promote national productive activity, job creation, housing construction, development of the country's strategic infrastructure and regional development.	The Fund Managers must act in accordance with the principles of safety, yield, diversification and monetary congruence (2/3 of investment must be made in the currency in which the benefits are paid).	The Law does not directly stipulate the objectives that fund managers must pursue in the investment of the pension funds, but it does define the general objectives of each type of fund. Thus, the investments of Fund Type 1, or the Capital Preservation Fund, pursue stable growth with low volatility. The investments of Fund Type 2, or the Mixed Fund, pursue moderate growth with medium volatility, while the investments of Fund Type 3, or the Capital Appreciation Fund, pursue a high level of growth of the Fund with high volatility (1).
	Rights and liabilities of the fund managers in the companies in which they invest the pension funds	Fund managers can enter into contracts with issuers that obligate the latter to: buy or replace the acquired securities if they do not meet the agreed conditions; define a mechanism for price calculation or replacement of securities; and set the time frame and form of execution of the transaction. The fund managers must make all the efforts allowed by the respective applicable legal provisions and with the diligence that they would normally employ in their own business affairs, for safeguarding the management of the companies and Investment Funds in which they invest the Pension Funds they manage, in order to ensure an adequate return on investment.	Article 43 of the general provisions on financial matters of the Pension Savings Systems, published on December 7, 2011, states that the Fund Managers must: (i) Define the way in which they will exercise the corporate rights of shareholders in companies; (ii) Define the mechanism for appointing independent directors on the Boards of Directors, who must have professional experience as independent directors, abide by the code of ethics defined by the Investment Committee of the Pension Fund Investment Company (SIEFORE); and (iii) Define the policies to be applied when the SIEFORE decides not to appoint an Independent Director.	There is no legislation governing this matter.	<ul style="list-style-type: none">• Appointment of representatives to exercise on behalf of the funds the rights and obligations in shares and securities that grant proprietary rights, subject to good corporate governance practices, and ensuring that they are adopted in the companies.• Obligation to express an opinion at meetings, stating their votes for the record.• Superintendency regulates conditions to be met by representatives, rules for the election of directors in companies, and sanctions.• Prohibition to vote for candidates who are shareholders, directors, managers or employees of a Fund Manager.
(1) Peru: The existing article of the Sole Restated Text (TUO) of the Law of the Private Pension System (SPP) (Art. 18-A) also regulates Fund 0, or the Capital Protection Fund; however, this Fund has still not been regulated by the SBS.					

Source: FIAP.

Table 11.1b

Rights and liabilities of the Pension Fund Managers in the companies in which they invest the pension funds (December 2017)

Subject Matter	The Dominican Republic	Ukraine	Uruguay
Purpose of Investment Management	<ul style="list-style-type: none"> • Obtainment of a real return that increases the accounts of members; any other purpose is illegal • Returns and risks being equal, the fund manager must prioritize activities that optimize the impact on job creation, housing construction and the promotion of industrial and agricultural activities. 	Obtainment of an adequate return and safety, exclusively safeguarding the best interests of members (third pillar).	Investments made applying the criteria of safety, returns, diversification and compatibility of terms, in accordance with the purpose of the funds and respecting the limits set by the law and the rules and regulations.
Rights and liabilities of the Pension Fund Managers in the companies in which they invest the pension funds	<ul style="list-style-type: none"> • Fund managers must define policies for voting in the election of directors of companies, in order to avoid conflicts of interest. • The Fund Managers, on behalf of the funds, must be included in the Board of Directors when the investment exceeds 10% of the issuer. <ul style="list-style-type: none"> • Fund Managers must attend shareholders' and debt securities holders' meetings, and must vote, unless the investment is less than 3% of the issuer. • The individuals representing the fund managers must be appointed by their Boards of Directors; the chosen person, because of its rank, profession and specialty, may suitably represent the pension funds. <ul style="list-style-type: none"> • The Fund Managers can enter into transactions, legal agreements, extensions, renewals and other commitments for the purpose of protecting the solvency, liquidity and returns of the instruments. 	The second pillar is still not operative.	<ul style="list-style-type: none"> • The Fund Managers must attend the regular and special meetings of holders of Convertible/Negotiable bonds, share of closed-end investment funds or financial certificates representing financial trusts of public offer. • The Fund Managers must report to the Central Bank the topics discussed and the resolutions adopted by the assemblies they have attended.

Source: FIAP.