



National Pension Commission

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Requirements for Closed PFA Licence

Form APP/01/CPFA

April 2005

REQUIREMENTS FOR CLOSED PENSION FUND ADMINISTRATOR LICENCE

1.0 Application Procedure

- 1.1 Any organisation wishing to transact the business of a Closed Pension Fund Administrator (CPFA) in Nigeria must apply and be duly licensed by the National Pension Commission (PenCom) in accordance with Sections 39, 40, 41, 44 and 97 of the Pension Reform Act 2004 and the Guidelines for Transitional Arrangements no GUID/01/TRANS of 31st December, 2004.
- 1.2 Application for a licence to transact business as a CPFA shall be made through the prescribed form issued by PenCom.
- 1.3 An application for a licence to transact business as a CPFA shall be made to the Director - General, National Pension Commission.
- 1.4 After meeting the requirements for the grant of a licence for a CPFA, an Approval-In-Principle (AIP) may be granted to the applicant which shall remain valid for three (3) months only.
- 1.5 The satisfactory fulfilment of the requirements for commencement of operations would lead to the grant of a licence.

2.0 Requirements

The following are the minimum requirements that must be met by any organisation wishing to be licensed to carry on the business of a CPFA in Nigeria.

- 2.1 The applicant must submit to PenCom evidence that it:

- 2.11 has the professional and technical capacity to manage pension funds and administer retirement benefits;
 - 2.12 shall satisfy all requirements prescribed by the Pension Reform Act 2004, other relevant laws or any such additional requirements or conditions as may be prescribed, from time to time by PenCom; and
 - 2.13 possesses adequate Information and Communication Technology that could adequately cater for online real-time transactions in addition to keeping proper accounting records.
- 2.2 An employer wishing to transact business as a CPFA shall:
- 2.21 Submit a duly completed Application Form (AAP/02/CPFA).
 - 2.22 Apply and obtain the approval of PenCom to continue with its existing scheme as provided in paragraphs 2.17 and 4.14 of the Guidelines for Transitional Arrangements issued by PenCom on 31st December 2004.
 - 2.23 Submit statement of its total pension fund and assets, which must not be less than N500 million, certified by its external auditor.
 - 2.24 Submit an actuarial valuation report as provided in paragraphs 2.3 and 4.3 of the Guidelines for Transitional Arrangements issued by PenCom on 31st December 2004.
 - 2.25 Provide a guarantee to the full sum and value of the pension funds and assets managed by it.
 - 2.26 Undertake to comply with all requirements relating to the conduct and operations of a CPFA prescribed by the Pension Reform Act 2004 and such additional requirements or conditions as may be prescribed, from time to time by PenCom.
- 2.3 An application shall be accompanied with:
- 2.31 A non-refundable application fee of ₦200,000.00 (two hundred thousand Naira) in bank draft payable to the National Pension Commission and marked "Application Fee".
 - 2.32 Name, address (physical and electronic) and telephone numbers of the person to whom enquiries may be referred.

2.33 Address and location of the applicant's registered office and proposed Head Office if different from the registered office.

2.34 Attestation that the applicant or its subscribers, directors or officers have never mismanaged, either fully or partially, any fund.

3.0 Documents to be submitted for the grant of Approval –In-Principle

An application shall include the following:

3.1 A Draft Copy of the Memorandum and Articles of Association(Memart) of the applicant company which must contain, amongst others, the following provisions:

3.11 the sole object being to conduct the business of a closed pension fund administration;

3.12 a provision precluding the CPFA from undertaking funds acquisition and management on its own account;

3.13 names of proposed CPFA and Subscribers, as well as procedures for amendment and appointment of directors.

3.2 For existing companies, Certified True Copies of the MEMART, Form C02 (allotment of shares), C07 (particulars of directors), C06 (location of registered office) Certificate of Incorporation. The latest 3 years audited accounts & management letters of the applicant company should be also submitted.

3.3 A signed copy of a Technical Services Agreement (where applicable).

3.4 Undertaking by the employer that the CPFA will be adequately capitalised for the volume of its business at all times.

3.5 Organisational structure showing functional units and reporting relationships.

3.6 The structure of proposed Board and senior management, committees and internal control systems. The reporting arrangement must be such that it provides for the effective, efficient and prudent management of pension funds and assets. The following information should be provided:

3.51 the Criteria for selecting board members noting that the composition of the board should not be unwieldy.

- In the case of Executive members, selection must comply with the requirements on the “pre-qualification for appointments into top management” issued by PenCom; and
 - Provide additional information on appropriate competence to enable them to fulfil their duties.
- 3.52 the roles and responsibilities of the Board & its Sub-Committees.
- 3.53 The full name and address and detailed curriculum vitae outlining the relevant qualification and experience of each of the proposed Board member of the CPFA including directorship of other companies for the past ten years. Each of the proposed directors and the Chief Executive Officer would also be required to fill a Personal Profile Form No. APP/PPF/01.
- 3.82 Evidence that the proposed Chief Executive Officer has consented to his appointment.
- 3.54 Proposed Board members may be invited to attend interview at PenCom.
- 3.55 Outline the policy on succession plan for key officers.
- 3.6 Attestation by each of the proposed members of the Board and top management that he/she has never:
- 3.61 compounded his/her debt, had a judgement debt, or involved in any fraud;
 - 3.62 been indicted by any commission of inquiry;
 - 3.63 been refused or expelled from membership of a professional body or association;
 - 3.64 been convicted by any court of law or is under any pending criminal prosecution; and
 - 3.65 has not been disqualified under any law in Nigeria from acting in that capacity.
- 3.7 On the grant of an AIP, applicants shall be required where applicable to incorporate a limited liability company to transact business as a CPFA.

4.0 Requirements for Commencement of Operations

Once the CPFA is ready to commence business and within 3 months of the grant of an AIP, it should inform the PenCom through a letter containing the following:

- 4.1 A Certified True Copy of the Memorandum and Articles of Association of the applicant company which must contain, amongst others, the following provisions:
 - 4.11 the sole object being to conduct the business of pension fund administration;
 - 4.12 a provision precluding the CPFA from trading on its own account or purchasing or selling pension fund assets to itself, shareholders, directors, employees, affiliates or other related party; and
 - 4.13 a limitation on the issuance of any un-issued share capital, rights issue, issuing preference shares or debentures by the CPFA without *prior* written approval of PenCom.
- 4.2 Certified True Copy of Form C02 (Allotment of Shares), C07 (Particulars of Directors), C06 (Location of Registered Office) and Certificate of Incorporation.
- 4.3 Non-refundable licence fee of ~~N~~2.5million.
- 4.4 Copy of the Shareholders' Register.
- 4.5 Copy of the share certificate issued to each investor.
- 4.6 Copy of the opening statement of affairs signed by directors and a firm of Chartered Accountants.
- 4.7 Copy of Manual of Operations.
- 4.8 Minutes of pre-commencement Board Meeting.
- 4.9 Evidence of installation of Information and Communication Technology facilities.

- 4.10 Copies of letter of offer and acceptance of employment in respect of Management Team.
- 4.11 Evidence of readiness of procedures and record keeping policies that will ensure an effective and efficient Management Information System. The MIS will also provide the database of contributors' records and management.
- 4.12 Evidence of establishment of Standing Committees on
- Risk Management and
 - Investment Strategy.
- 4.13 Evidence of readiness of the investment function including but not limited to the following:
- Income and loss recognition policy,
 - Valuation procedures.
- 4.14 Copy of letter of appointment of a Compliance Officer in accordance with Section 68 of the Act.
- 4.15 Undertaking by each of the members of the top management to maintain high ethical standard and exercise due diligence and care in their conduct and avoid any conflict of interest at all times.
- 4.16 Undertaking by each of the members of the Board and the top management to ensure that the CPFA observes high standard of integrity, professionalism and fairness in its operation at all times.
- 4.17 Undertaking by each of the members of the Board and the top management that the CPFA shall not engage in any business other than the management of pension funds and assets at all times.
- 4.18 Attestation of willingness and capacity on the part of the CPFA to comply with the provisions of the Pension Reform Act 2004 and the PenCom's licensing and supervision requirements and standards on a continuous basis.

- 5.0 Duly completed application form and supporting documents should be submitted in both hard and soft copies in sealed envelopes to the following address:

Director-General
National Pension Commission
Plot 2774, Shehu Shagari Way
Maitama District
PMB 5170 Wuse
Abuja

- 6.0 All enquiries should be referred to the above address. The licensing requirements, other guidelines and relevant forms can be downloaded from PenCom's Website: pencom.gov.ng.

NATIONAL PENSION COMMISSION
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