

**REGIME OF SANCTIONS AND PENALTIES FOR NON-COMPLIANCE WITH PENSION REFORM ACT 2004**

<b>EMPLOYER</b>		<b>PENALTY FOR NON-COMPLIANCE</b>									
S/N	<b>COMPLIANCE ISSUES WITH REGARD TO:</b>	<b>MINIMUM COMPLIANCE STANDARD</b>	<b>Letter of Advice</b>	<b>Letter of Caution</b>	<b>Letter of Warning</b>	<b>Monetary Penalty</b>	<b>Naming and Shaming</b>	<b>Suspension &amp; Removal of officer and director</b>	<b>Litigation and others</b>	<b>Revocation of License</b>	
1	Remittance of Contribution Sect. 11(5B), Sect. 11(7)	Not later than 7 working days from the day salary is paid	2 weeks after default, payment of not less than 2% of unpaid contribution to RSA holder(s)	Continuous default for one month after issuance of Letter of Advice	After one month of failure to adhere to the Letter of Caution	1% of the outstanding payable to the Commission if the default persists after 3 month.	Continuous violation after monetary penalty	-	Legal action if violation persists	-	
2	Refusal to give information. Sect. 90	a) Free accesses to information at all reasonable times b) Information or explanation would be true and reliable at all times	After one week of refusal or immediately upon submission of false information.	Continuous default for one month after issuance of Letter of Advice.	After one month of failure to adhere to the Letter of caution	A fine not more than N200, 000 for every false or misleading information N100, 000 each day where the offence continues	If violation persist after Monetary penalty	-	Legal action if violation persists	-	
3	Ensuring that each Employee open RSA. Sect. 11(1)	Every employee shall maintain RSA in his name with any Pension Fund Administrator of his/her choice	Failing to advise employees to open RSA or discourage or coerce.	Discouraging employees from RSA opening.	Coercing employees to open RSA with a PFA that is not of their choice.	N1,000 after 3 months per employee for every month of violation	Continuous violation after monetary penalty	-	-	-	
4	Transfer of legacy pension assets to licenced operators. Sect. 44,46	All pension funds and assets shall be transferred to licenced operators	Upon discovery of non-transfer by the Commission	Two months after being issued a letter of advice	One month after being cautioned	One month after letter of warning to pay fine not more than N250,000 for every month of default	Two months after monetary penalty if violation persists	-	Legal action if violation persists	-	
5	Funding of CPFA. Sect. 39 (1) (g)	To be fully funded by the employer at all times and any shortfall to be made up within 90 days	After the expiration of 90 days	One month after Letter of advice	One month after Letter of caution	Fine not more than N250,000 and N500,000 every month thereafter	Two month after monetary penalty	-	-	Revocation of licence	
6	Funding of existing pension scheme. Sect. 39 (1) (g)	To be fully funded by the employer at all times and any shortfall to be made up within 90 days.	After the expiration of 90 days	One month after Letter of advise	One month after Letter of caution	Fine not more than N250,000 and N500,000 every month thereafter	Two month after monetary penalty	-	Withdrawal of approval	-	
S/N	<b>OPERATORS PFA/PFC</b>		<b>PENALTY FOR NON-COMPLIANCE</b>								
	<b>COMPLIANCE ISSUES WITH REGARD TO:</b>	<b>MINIMUM COMPLIANCE STANDARD</b>	<b>Letter of Advice</b>	<b>Letter of Caution</b>	<b>Letter of Warning</b>	<b>Monetary Penalty</b>	<b>Naming and Shaming</b>	<b>Suspension &amp; Removal of officer and director</b>	<b>Litigation and others</b>	<b>Revocation of License</b>	
1	Management of Pension Fund. Sect.45 (b) PFA	The custody and management of pension assets shall be the sole businesses of PFC and PFA, respectively			Immediately upon discovery by the Commission.	N250,000 penalties, forfeiture of any gain/benefit from violation. Also, N100,000 for every month violation persist	If violation continue after monetary penalty	-	-	Revocation of licence	
2	Submission of audited financial statement. Sect. 56 (3) (a) PFA/PFC	Submission of Audited financial accounts to the Commission not later than 120 days from the end of its Financial year.	3 weeks after due date	4 weeks after the advise letter	6 weeks after caution letter	Penalty of not less than N1million after 3 month of warning letter. N100,000 for every moth thereafter	If violation continuous after monetary penalty	-	-	-	
3	Publication in 2 daily Newspapers. Sect. 56 (3) (b) PFA/PFC	Publication of audited account approved by the Commission in at least 2 daily newspapers printed and circulated in Nigeria within one month of the	3 weeks after approval from the Commission	4 weeks after the advise letter	6 weeks after caution letter	Penalty of not more than N250,000 after a month of warning letter. N200,000 for every month thereafter	If violation continues one month after monetary penalty	-	-	-	
4	Exhibition of approved audited accounts. Sect. 56 (3) (c) PFA/PFC	Exhibit approved audited accounts in a conspicuous position in each of its offices and branches within 30 days of the approval	3 weeks after approval by the Commission	4 weeks after the advise letter	6 weeks after caution letter	Penalty of not less than N200,000 after month of letter of warning. N10,000 after every month thereafter	If violation continuous one month after monetary penalty.	-	-	-	

5	Submission of list of staff dismissed/terminated on grounds of fraud. Sect. 63 PFA/PFC	Every PFA/PFC shall render reports on dismissed/terminated staff at intervals to be determined by the Commission	After expiration of the period to submit the statutory	Two weeks after the advise letter	A month after the caution letter	Pay amount not less than N1,000,000 to the Commission	After 2 consecutive failure to submit the reports at		Legal action if violation continues	
6	Employment of dismissed, terminate person.	Employ person whose name is not on the list maintained by the commission on fraud and related offences.	Upon discovery that a dismissed person is employed by a PFA or PFC		If the operator refuses to terminate the appointment of such person(s)	Pay amount not less than N1,000,000 to the Commission	If the offence persists		Legal action	Revocation of licence
7	Appointments to Board and Top Management. Sect. 67 PFA/PFC	All Chief Executive officers or Directors as well as Top management of PFA shall only be appointed after prior written approval of the Commission		Immediately upon discovery of appointment without prior approval of the Commission.	One month after caution if approval is not obtained and appointment not revised	One month after warning N5 million for Director and N2 million for Top Management	If violation continue after monetary penalty		Legal action if violation continues	
8	Misappropriation of Pension Assets Sect 86 PFA/PFC								Legal action if violation persists	

**OPERATORS PFA/PFC**

**PENALTY FOR NON-COMPLIANCE**

	<b>COMPLIANCE ISSUES WITH REGARD TO:</b>	<b>MINIMUM COMPLIANCE STANDARD</b>	<b>Letter of Advice</b>	<b>Letter of Caution</b>	<b>Letter of Warning</b>	<b>Monetary Penalty</b>	<b>Naming and Shaming</b>	<b>Suspension &amp; Removal of officer and director</b>	<b>Litigation and others</b>	<b>Revocation of License</b>
9	Advertisements. Sect. 70 (2) PFA/PFC	All brochures, advertisements, communication, promotional materials are truthful in every material without omission of any fact which will make the information misleading or deceptive		Upon discovery of the deceptive or misleading advert.		N200,000 if the advert material is used after the caution and N10,000 for everyday thereafter	If violation continue after monetary penalty			
10	Investment Sect. 72 & 73 PFA	All contributions shall be invested by the PFA with the objectives of safety and maintenance of fair returns on amount invested and subject to the Commissionsq guidelines	Immediately upon discovery of the violation	Two weeks after advise if portfolio is not rebalanced or violation persist	If violation persists for one month	N500,000 for each day violation continues and forfeit the profit from the investment to RSA holders and if investment has led to loss, the PFA shall be made to make up the loss(Sect.78)	If violation continue after monetary penalty			
11	Restricted investment Sect. 75 PFA	A PFA shall not invest pension fund assets in the shares or any other securities issued by a) PFA or PFC b) A shareholder of the PFA or PFC	Immediately upon discovery of the violation	Two weeks after advise if portfolio is not rebalanced or violation persist	If violation persists for one month	N500,000 for each day violation continues and forfeit the profit from the investment to RSA holders and if investment has led to loss, the PFA shall be made to make up the loss	If violation continue after monetary penalty			
12	Restriction on sale of pension fund assets 76 & 77 PFA	The PFA shall not sell or purchase pension fund assets to itself, any shareholder, director, its employee or affiliates of any shareholder nor will the PFA apply pension fund assets under its management by way of loans and credit or as collateral for any loan taken by any person	Immediately upon discovery of the violation	Two weeks after advise if the sale/purchase is not reverted or if violation persists	If violation persists for one month	N500,000 for each day violation continues and forfeit the profit from the investment to RSA holders and if investment has led to loss, the PFA shall be made to make up the loss	If violation continue after monetary penalty	Suspension and/or removal of officer or director involved	Legal action if violation persist	

**OPERATORS PFA/PFC**

**PENALTY FOR NON-COMPLIANCE**

	<b>COMPLIANCE ISSUES WITH REGARD TO:</b>	<b>MINIMUM COMPLIANCE STANDARD</b>	<b>Letter of Advice</b>	<b>Letter of Caution</b>	<b>Letter of Warning</b>	<b>Monetary Penalty</b>	<b>Naming and Shaming</b>	<b>Suspension &amp; Removal of officer and director</b>	<b>Litigation and others</b>	<b>Revocation of License</b>
13	Customer service. Sect. 45 (e) PFA	Provide customer service support to RSA holders including access to account balances and statements on demand	If complaints are received from customers and found to be true and valid	Caution letter if violation continues one month after letter of advise	If violation continues one month after caution	N100,000 penalty and N10,000 for every month of violation after warning letter	If violation continue after monetary penalty			

14	Payment of retirement benefits. Sect. 47(a) Sect. 45(f) PFA	Cause to be paid retirement benefits to employees in accordance with the provision of the Act	If complaints are received from customers and found to be true and valid	Caution letter if violation continues one month after letter of advise	If violation continues one month after caution	N500,000 penalty and N10,000 for every month of violation after warning letter	If violation continue after monetary penalty			
15	Receiving contribution	Receive total contributions remitted by the employer on behalf of the PFA with accompanying schedules	Immediately upon discovery of receipt of contributions without schedule	Caution letter if failure to send schedule of contributions	After one month of violation and letter of caution	A fine not less than N500, 000 after issuance of warning letter if violation continue	If violation continue after monetary penalty			
16	Notification to PFA. Sect 47 (b) PFC	Notify the PFA within 24 hours of receipt of contributions from any employer	After a week of failure to notify the PFA	After a month of failure to notify the PFA	Two weeks after the issuance of caution letter	Not less than N500,000 for every week of failure to notify the PFA after the letter of warning	If violation continue after monetary penalty			
17	Statistical analysis. Sect. 47 (f) PFC	Undertake statistical analysis on the investments and returns on investment with respect to pension funds in its custody and provide data to PFA and the Commission	Advise the PFC to undertake any analysis and send to the Commission or the PFAs	Caution the PFC if they fail to undertake and submit to the Commission and PFAs within the period and in the format specified by the Commission	If failure persist for two weeks after letter of caution	A penalty of not less than N1 million after one month letter of warning	If violation continue after monetary penalty			
18	Obtaining of license by the PFAs and PFCs. Sect. 44 and 46	License should be obtained by the operators from the Commission				(a)In the case of an individual, to a fine not less than N5,000,000 (b)In the case of a corporate body, to a fine not less than N10,000,000 and in addition, the directors or officers shall be liable for a fine not less than N2,000,000 each	If violation continuous after violation		Legal action if violation persists	
19	Refusal to give information. Sect. 90	Free accesses to information at all reasonable times	After one week of refusal or immediately upon submission of false information	Continuous default for one month after issuance of Letter of Advise	After one month of failure to adhere to the Letter of caution	A fine not more than N200, 000 for every false or misleading information N100, 000 each day where the offence continues	If violation persists after Monetary penalty		Imprisonment of a term not less than 3years	
<b>OPERATORS PFA/PFC PENALTY FOR NON-COMPLIANCE</b>										
	<b>COMPLIANCE ISSUES WITH REGARD TO:</b>	<b>MINIMUM COMPLIANCE STANDARD</b>	<b>Letter of Advice</b>	<b>Letter of Caution</b>	<b>Letter of Warning</b>	<b>Monetary Penalty</b>	<b>Naming and Shaming</b>	<b>Suspension &amp; Removal of officer and director</b>	<b>Litigation and others</b>	<b>Revocation of License</b>
20	Auditor of PFA or PFC Sect. 58 (3)	External Auditors of PFA or PFC shall have responsibility to the Commission for the protection of pension funds	1 month upon discovery that the pension fund is not well protected.	2 weeks after the letter of advice	2 weeks after the letter of caution	Fine not less than 10,000,000 for the firm.	If violation continue after monetary penalty		Imprisonment of a term not less than 3years for the responsible partner or principal officer.	
21	Monthly report on fraud, forgery and theft. Sect. 61	PFA or PFC renders to the Commission monthly reports on fraud, forgery, or theft. That could include Nil returns	Not later than 7 working days from the date the return is due	2 weeks after default	Continues default for one month after issuance of letter of advise	An amount not less than N500,000	3 consecutive default in a year			
22	PFA or PFC employing previously dismissed staff. Sect. 63	The Commission should be notified when employing staff previously dismissed, terminated or advised to retire on the ground of fraud by any operator	Immediately the violation is discovered	One month after letter of advice	One month after letter of caution	An amount not less than N1,000,000				
23	Supervision and Examination. Sect. 82	The Board of directors of the PFA or PFC shall within 30 days of receiving the report of the Commission convene an extraordinary meeting to	2 weeks after expiration of the date to submit the report	3 weeks after letter of advice	One month after letter of caution	N500,000 for each day during which the offence continues for more than 30 days, the Commission may, in addition to the fine suspend the license or certificate of registration of the				

	consider the report and submit its reaction to the report and proposal for implementing any recommendations to the Commission			PFA or PFC				
--	---	--	--	------------	--	--	--	--

**SANCTIONS FOR INFRACTIONS RELATING TO SUBMISSION OF STATUTORY RETURNS RENDITIONS**

OPERATORS PFA/PFC		PENALTY FOR NON-COMPLIANCE								
S/N	COMPLIANCE ISSUES WITH REGARD TO:	MINIMUM COMPLIANCE STANDARD	Monetary Penalty	Letter of Advice	Letter of Caution	Letter of Warning	Naming and Shaming	Suspension & Removal of officer and director	Litigation and others	Revocation of License
24	Submission of daily returns	PFA or PFC renders to the Commission report on the previous day returns on the fund under its management	₦10,000 payment for failure to render returns on or before the deadline ₦1,000 payment for each day that the return remains outstanding	2 weeks of continual violation	3 weeks of continual violation	1 month of continual violation		2 months of consistent violation		
25	Submission of monthly returns	PFA or PFC renders to the Commission monthly returns on the fund under its management 7 working days after the end of the month	₦100,000 payment for failure to render returns on the deadline ₦10,000 payment for each day that the return remains outstanding	1 month of violation	2 months of continual violation	3 months of continual violation		4 months of consistent violation		
26	Submission of quarterly returns	PFA or PFC renders to the Commission quarterly returns on the fund under its management a month after the end of the quarter	₦200,000 payment for failure to render returns on the deadline ₦10,000 payment for each day that the return remains outstanding	Failure to submit return at the expiration of the deadline	Violation for 2 consecutive quarters	Violation for 3 consecutive quarters		4 quarters of consistent violation		
27	Submission of annual report including the audited account	PFA or PFC submits to the Commission not later than 4 months from the end of the financial year.	₦1,000,000 payment for failure to submit the audited account after the deadline ₦10,000 payment for each day that the audited account is not submitted	1 month after the deadline	2 months after the deadline	3 months after the deadline		4 months of consistent violation		
28	Incomplete returns	PFA or PFC submits to the Commission complete returns on items 24 -27	₦50,000 payment for submission of incomplete returns	1 time	2 times	3 times		4 times		
29	Incorrect/inaccurate returns	PFA or PFC submits to the Commission correct returns on items 24 -27	₦100,000 payment for submission of inaccurate returns ₦1,000 payment for each day that correct return remains outstanding	1 time	2 times	3 times		4 times		