NATIONAL PENSION COMMISSION

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CIRCULAR

REF: **PenCom/INSP//CIR/Surv/2025/1473**

DATE: **15 September 2025**

TO: **MDs/CEOs of Licensed Pension Fund Operators**

SUBJECT: CIRCULAR ON SHARED SERVICES ARRANGEMENTS WITH RELATED PARTIES OF LICENSED PENSION FUND OPERATORS

1.0 The Commission acknowledges the need for Licensed Pension Fund Operators (LPFOs) to effectively manage operational costs, improve efficiency, and leverage existing expertise to exact greater focus on core business activities. This could be achieved through Centralized or Shared Services Arrangements (CSSA) with Parent, Holding, Group Entities and/or other related Subsidiary Companies.

1.1 The objective of this Circular is to provide guidance on CSSA between a LPFO and its Parent, Holding, Group Entities and/or other related Subsidiary Companies to streamline its operations and take advantage of economies of scale for process standardization and efficiency in line with best practices.

2.0 Accordingly, LPFOs are required to establish a Policy in line with Section 11.4.7.12 of the Nigerian Code of Corporate Governance (NCCG) 2018 to guide CSSA, and ensure that the CSSA are conducted at arm's length with competitive pricing that reflects the services rendered and clearly defined roles and responsibilities.

2.1 The following are the areas of CSSA that LPFOs can enter with their Parent, Holding, Group Entities and/or other related Subsidiary Companies:

i. Human Resources Services – Specifically as it relates to the recruitment and payroll processing. Where payroll is handled via shared services it shall be supported through technology platforms to ensure transparency, efficiency and adequate audit trials. Payments should be made directly from the LPFO's account thereby maintaining operational independence and regulatory compliance.

ii. Information Security and Other ICT Services- This shall be in line with Section 9.3 of the Revised ICT Guidelines for Pension Fund Operators issued by the Commission;

iii. Marketing and Communications;

iv. Company Secretariat and Legal Advisory Services;

v. Administration/facilities such as office accommodation, cleaning & security services etc;

vi. Procurement process; and

vii. Any other services as may be approved by the Commission.

2.2 All CSSA with related parties shall comply with the following requirements:

i) The Board of Directors of the LPFO shall have adequate oversight over the process and effective monitoring of the practices to ensure that any approved CSSA is in line with extant Laws, Regulations, Guidelines, Circulars issued by the Commission, Nigeria Data Protection Act (NDPA) 2023 and the General Application & Implementation Directive (GAID) 2025 issued by the Nigeria Data Protection Commission (NDPC).

ii) The Chairman and MD/CEO of the LPFO shall jointly sign an annual attestation confirming that the CSSA are fully compliant with the Pension Reform Act (PRA) 2014, the approved SLA, and the provisions of this Circular. This attestation shall be included in the LPFO's annual Corporate Governance Report submitted to the Commission.

iii) LPFOs are required to comply with the provisions of the Transfer Pricing Regulations.

iv) All CSSA shall cover scope of services, performance standards, confidentiality and data protection clauses, termination and dispute resolution mechanisms, all of which must be clearly stipulated in a Service Level Agreement (SLA) approved by the Commission pursuant to Section 71(e) of the PRA 2014.

v) The CSSA SLA shall specify service continuity, exit/transition plans, and key risks indicators to mitigate concentration and operational risks.

vi) The CSSA shall not diminish the operational independence of the LPFO and it must not create dependency risk or impair the fiduciary obligations to the RSA holders.

vii) The Commission shall have unrestricted and unfettered access to inspect, review, and obtain relevant documentation related to the CSSA. This includes access to assets, facilities, systems, records, data and platforms, either physical or digital as well as related-party interfaces utilized during the CSSA. This authority shall be exercisable at any time and in any manner the Commission may deem fit, to ensure compliance with the PRA 2014, all extant Regulations, Guidelines, and Circulars issued by the Commission.

3.0 Non-compliance with the requirements of this Circular shall attract appropriate sanctions in line with the Framework for Regime of Sanctions issued by the Commission.

4.0 This Circular takes effect immediately.

All enquiries regarding this Circular should be directed to the undersigned.

Thank you.

A. M. Saleem
Director, Surveillance Department.