



**REVISED GUIDELINES ON
APPOINTMENTS TO BOARD AND SENIOR
MANAGEMENT POSITIONS OF LICENSED
PENSION FUND OPERATORS**

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1.0 Introduction

The Revised Guidelines for Appointments to Board and Senior Management Positions of Licensed Pension Fund Operators (the Guidelines) was issued by the National Pension Commission (Commission) to set out the minimum requirements for appointments to the Board and Senior Management positions of Licensed Pension Fund Operators (LPFOs).

1.2 Objectives of the Guidelines

The objectives of the revised Guidelines are to:

- i. Consolidate the criteria for appointment to Board and Senior Management Positions with the various addenda to the Guidelines issued by the Commission;
- ii. Incorporate new requirements contained in the Commission's Guidelines on Corporate Governance for Pension Fund Operators and the Nigerian Code of Corporate Governance (NCCG) 2018; and
- iii. Address recent developments in the pension industry relating to the subject.

1.3 Legal Framework

The Guidelines are issued pursuant to Section 115 of the Pension Reform Act (PRA) 2014 which empowers the Commission to issue Regulations and Section 79 of the PRA 2014 which mandated all Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs) to obtain written approval from the Commission before appointing Chief Executive Officers, Directors and Management Staff.

For these Guidelines, all references to PFAs include Closed Pension Fund Administrators (CPFAs), as provided in Section 52(b) of the PRA 2014.

1.4 Definition of Terms

SN	TERM	DEFINITION
1	The Commission	The National Pension Commission.
2	Pension Fund Administrator	Any corporate entity licensed by the Commission to manage pension funds and assets.
3	Pension Fund Custodian	A company licensed by the Commission for the sole purpose of holding pension funds and assets in trust for employees, as well as beneficiaries of Retirement Savings Accounts and other retirement benefit schemes.
4	Licensed Pension Fund Operator	Any corporate entity licensed by the Commission to operate in the pension industry.
5	Pension Reform Act 2014	An Act of the National Assembly that established the Contributory Pension Scheme and makes provisions for its uniform implementation for the Public and Private Sectors in Nigeria and Related Matters.
6	Nominee(s)	Persons nominated to the Board or Senior Management positions in the LPFO
7	Managing Director/Chief Executive Officer	A member of the Board that oversees the affairs of a Pension Fund Operator in an executive capacity.
8	Executive Director	An Executive Management staff that supports the Managing Director/Chief Executive Officer in the operations and management of the Company.

SN	TERM	DEFINITION
9	Non-Executive Director	A member of the Board who brings to bear their knowledge, expertise, and independent judgment on issues of strategy and performance on the Board.
10	Independent Non-Executive Director	A member of the Board of Directors who does not have a material or pecuniary relationship with the company or a related person, to provide independent oversight and constructive challenge to the executive directors
11	Senior Management	An individual at the highest level of the organization's management who has the day-to-day responsibility of managing the company.
12	Shareholder	Any person, company or entity that owns shares in a Licensed Pension Fund Operator.

1.5 List of Abbreviations

S/N	Abbreviation	Meaning
1	PRA 2014	Pension Reform Act 2014
2	PFA	Pension Fund Administrator
3	PFC	Pension Fund Custodian
4	CPFA	Closed Pension Fund Administrator
5	LPFO	Licensed Pension Fund Operator
6	NED	Non-Executive Director
7	INED	Independent Non-Executive Director
8	MD/CEO	Managing Director/Chief Executive Officer
9	HOD	Head of Department

2.0 Criteria for Appointment to Board and Senior Management Positions

2.1 General Criteria

- 2.1.1 The approval of nominees to Board and Senior Management positions of LPFOs shall be subject to a favorable report on the “Fit and Proper Persons’ Due Diligence” from relevant Regulatory and Security Agencies.
- 2.1.2 Pursuant to 2.1.1 above, the approval of persons appointed into Board and Senior Management positions shall become void after receipt of any adverse information from relevant Security or Regulatory Agencies. The affected appointee shall be required to cease to occupy the position immediately.
- 2.1.3 No Management Staff such as General Manager, Deputy General Manager etc, shall be engaged or appointed by the LPFO without notifying the Commission.
- 2.1.4 The cadre or grade levels of persons nominated as Heads of Departments (HODs) shall not be less than four levels below the grade of the most senior career officer in the hierarchy of the LPFO.
- 2.1.5 No Director of the LPFO or Senior Management staff shall attend a Board and/or Board Committee meeting or assume duties in the LPFO without the prior written approval of the Commission.
- 2.1.6 Not more than two members of a family shall be eligible to be on the Board of an LPFO at the same time. The word “family” includes a Director’s spouse, parents, children, siblings, cousins, uncles, aunts, nephews, nieces, in-laws, and any other relationship as may be determined by the Commission from time to time.

2.1.7 No two members of a family shall occupy the positions of MD/CEO, Board Chairman, or ED of an LPFO.

2.2 Criteria for Assessing Propriety (Integrity and Suitability)

2.2.1 The propriety criteria refer to the nominee's soundness of character, moral standing, and suitability for positions on the Board and Senior Management of LPFOs.

2.2.2 A person nominated for appointment to Board and Senior Management positions of LPFOs shall not be:

- i. A person who has been declared bankrupt or has compounded debt with his creditors, including his bankers;
- ii. A person who has been convicted of any offence involving dishonesty or fraud, disqualified or suspended from his/her profession;
- iii. A person involved in the mismanagement of a company, a Fund, or any other Financial Institution;
- iv. A person of questionable character or indicted in a case involving bribery or corrupt practices;
- v. A person of unsound mind or who, due to infirmity of the body, is incapable of carrying out the functions of the appointment;
- vi. A person in breach of fiduciary responsibility or obligations;
- vii. A person involved in money laundering, terrorist financing or similar illicit activities;
- viii. A person who had served at the Management level (Assistant Director – Director) or above at the Commission before the expiration of the three-year cooling-off period after his/her disengagement; and

- ix. A person who has been disqualified or removed by a professional or regulatory body.

2.3 Criteria for Assessing Fitness (Competence and Capability)

2.3.1 A person nominated for appointment to Board and Senior Management positions of LPFOs must have requisite qualifications and experience to enable him/her to carry out the duties and responsibilities of the position, which should include, but not be limited to:

- i. Sufficient professional knowledge, work experience, skills, diligence, and sound judgement; and
- ii. Previously demonstrated competence and integrity in his/her career.

2.3.2 All nominees for appointment to Board and Senior Management positions of LPFOs shall undergo the “fit and proper person” due diligence evaluation with relevant Security and Regulatory Agencies.

3.0 Appointment to Board and Senior Management Position

3.1 In order to ensure sound governance and management of LPFOs, only qualified and experienced persons shall be approved by the Commission for appointments to Board and Senior Management positions of LPFOs. The criteria specified in these Guidelines are minimum requirements for candidates occupying or intending to occupy the under-listed Board and Senior Management positions:

- i. Managing Director/Chief Executive Officer
- ii. Executive Director
- iii. Head of Department
- iv. Non-Executive Director

- v. Independent Non-Executive Director

3.2 Appointment of Managing Director/Chief Executive Officer

3.2.1 A candidate nominated for the position of MD/CEO shall possess the following:

- i. A minimum of a first degree or its equivalent and a post-graduate degree in a numerate or semi-numerate discipline or a recognised professional certification.
- ii. A minimum of 20 years post-qualification experience, out of which 15 years must have been in the Financial Services Sector;
- iii. A minimum of 10 years of top management experience.

3.3 Appointment of Executive Director

3.3.1 A candidate nominated for the position of ED shall possess the following:

- i. A minimum of a first degree or its equivalent and a post-graduate degree in a numerate or semi-numerate discipline or a recognized professional certification.
- ii. A minimum of 18 years post-qualification experience, out of which 13 years must have been in the Financial Services Sector.
- iii. A minimum of 7 years of senior management experience;
- iv. In addition to the above requirements, the Supervising ED of the Investment Department shall have relevant experience in investment-related matters.

3.4 Appointment of Head of Department

3.4.1 A candidate nominated for the position of HOD shall possess the following:

- i. A minimum of a first degree or its equivalent and a post-graduate degree in a numerate or semi-numerate discipline or a recognized professional certification;
- ii. A minimum of 10 years post-qualification experience, out of which 8 years must have been in the Financial Services Sector;
- iii. A minimum of 5 years of top management experience and

3.4.2 In addition to meeting the requirements in 3.4.1 above:

- i. A person nominated for appointment as Head of Investment Department shall have a minimum of 10 years of cognate experience in investment/portfolio management in a recognized financial institution and must have managed a portfolio size of between **N50Billion to N100Billion.**
- ii. A person nominated for appointment as Head of the Benefits Administration Department shall have at least 10 years of cognate experience in operations related fields.
- iii. Persons nominated for appointment as Head of Internal Audit/Control Department and Head Finance Department shall be a Chartered Accountant and possess a recognized professional certificate.
- iv. A person nominated for appointment as Head of Information & Communication Department shall possess relevant ICT qualifications.
- v. Notwithstanding the provisions of Clause 2.1.4 above, the cadre or grade levels of persons nominated as Heads, Internal Control/Audit, Compliance and Risk Management Departments shall not be less than

three levels below the rank of the most senior officer in the hierarchy of the LPFO.

- vi. The Regulation for Compliance Officers issued by the Commission remains valid for the appointment/redeployment of Compliance Officers.

3.4.3 The requirement for experience in the financial services sector shall not apply to roles in the following Departments: Legal/Company Secretary, Human Resources, Information & Communication Technology (ICT), Finance/Accounting, Marketing, Strategy, Communication and Administration Departments.

3.4.4 Candidates who have been in the employment of the LPFO and have served as Unit Head or the next most senior officer to a substantive HOD for a minimum of 5 years will be considered as having met the required top management experience for appointment as HOD.

3.5 Appointment of Non-Executive Director

3.5.1 A person nominated for the position of Non-Executive Director (NED) shall possess the following:

- i. A minimum of a first degree in any discipline and/or membership of a recognized professional body/association or its equivalent;
- ii. A mix of requisite skill, knowledge and broad experience, in the public and/or private sector;
- iii. A minimum of 15 years post-graduation/professional work experience; and

- iv. Experience in an established business enterprise with total assets of not less than **₦1billion** or experience in public policy matters at the Management level in a recognized public institution in Nigeria, in the case of retired public officers.

3.5.2 The Chairmen of the Board Investment Strategy Committee and Risk Management Committee shall be persons who have attained Senior Management positions or served on the Board of a regulated financial institution.

3.5.3 The Chairman of the Board Investment Strategy Committee shall be a person with a minimum of 10 years' relevant experience in investment/risk management in reputable institutions.

3.5.4 The Chairman of the Board Risk Management Committee shall be a person with a minimum of 10 years' relevant investment/risk management experience in reputable institutions.

3.6 Appointment of Independent Non-Executive Director

3.6.1 A person nominated for the position of an Independent Non-Executive Director (INED) shall meet the following requirements:

- i. A minimum of a first degree in any discipline and/or membership of a recognized professional body/association;
- ii. A minimum of 15 years post-graduation/professional work experience;
- iii. Has no direct or indirect relationship with the LPFO or its affiliates, its officers, major Shareholders, which may impair his/her ability to make independent judgment or compromise his/her objectivity; and

- iv. Other relevant requirements specified in the Nigerian Code of Corporate Governance 2018 and Guidelines on Corporate Governance for Licensed Pension Operators, issued by the Commission.

3.7 Recruitment and Promotion of Management Staff

3.7.1 Pursuant to Clause 2.1.3 above, persons engaged or promoted by the LPFOs as Management Staff shall possess the following:

- i. A minimum of a first degree or its equivalent and/or a higher degree in numerate or semi-numerate disciplines and/or post-graduate certification in business-related disciplines; and
- ii. A minimum of 8 years post-qualification experience.

3.8 All requests to the Commission for approval for appointment to Board and Senior Management positions of LPFOs shall be accompanied with the under-listed documents:

- i. Board Resolution approving the appointment;
- ii. Curriculum Vitae (CV) of the nominee;
- iii. Copies of appointments and promotion letters;
- iv. Bank Verification Number (BVN) of the nominee;
- v. Copies of the certificates of qualifications attained and membership of professional bodies;
- vi. Grade/Cadre being offered to the nominee, where the nominee is a prospective Senior Management staff;

- vii. Disclosure of membership of other Boards of Organizations, if any, to the Commission, where the nominee is a prospective NED, MD/CEO, or ED; and
- viii. Two reference letters from a former employer or persons of proven integrity in senior management positions, in the Financial Services industry in Nigeria or abroad, for appointments to Senior Management positions.

4.0 Appointments to Fill Vacant Positions

The Commission recognizes that vacancies may be created either through the planned or sudden exit of any member of the Board or Senior Management positions.

4.1 Planned Exit

Where a vacancy exists as a result of resignation, compulsory or voluntary retirement or termination of the MD/CEO, ED or HOD, the following action should be taken by the LPFO:

- i. Notify the Commission of the anticipated vacancy at least two months before the exit of an incumbent, and within 48 hours in the case of an unplanned or sudden exit.
- ii. Forward to the Commission a request for the replacement either on a substantive or acting capacity.

4.2 Sudden Exit

Where a vacancy that was not envisaged by the Management of the LPFO is created, the following steps shall be taken:

- i. Immediately nominate the most qualified staff to act in that capacity and forward relevant documents to the Commission for evaluation and approval.
- ii. Where the nominee is considered unsuitable or unqualified by the Commission, he/she shall vacate the seat immediately after the rejection notice by the Commission has been issued to the LPFO.
- iii. The tenure for acting capacity shall not exceed six months.
- iv. No tenure extension shall be granted by the Commission at the expiration of the acting capacity stated in Clause 4.2 (III) above.

5.0 Redeployment of Heads of Department

- 5.1 LPFOs are required to notify the Commission about the redeployment of EDs or HODs. However, prior approval shall be sought from the Commission for the redeployment of the Compliance Officer and Head, Investment Department.
- 5.2 The Senior Management Staff being redeployed shall meet the minimum requirements stipulated in these Guidelines.

6.0 Sanctions

- 6.1 Appropriate administrative penalties shall be imposed for violation of these Guidelines in line with the Commission's Framework for Regime of Sanctions and Penalties.

7.0 Review

These Guidelines are subject to periodic review by the Commission.

8.0 Effective Date

A transition window of twelve (12) months from the date of issuance of these Guidelines is hereby granted for implementation

9.0 Enquiries

All enquiries regarding these Guidelines shall be directed to:

The Director, Surveillance Department
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Wuse II, Abuja
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