



NATIONAL PENSION COMMISSION

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CIRCULAR

REF: PenCom/INSP/Surv/2025/1255

DATE: 26 September 2025

TO: All Licensed Pension Fund Administrators and Custodians

SUBJECT: Revised Minimum Capital Requirements for Licensed Pension Fund Administrators and Pension Fund Custodians

- 1.0 The Commission has reviewed the minimum capital requirements for Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs) pursuant to Sections 60 (1) (b), 62 (b) and 115 (1) of the Pension Reform Act (PRA) 2014. The review is to enhance the financial stability, operational resilience, improve service delivery and long-term viability of the PFAs and PFCs.
- 2.0 The capital requirement was reviewed in line with global best practice, which ensures that capital is proportionate to the risk exposure of the Pension Fund Operator. The new model aligned the capital requirement with the Pension Asset Under Management (AUM) and Assets Under Custody (AUC) of the PFAs and PFCs respectively.
- 3.0 **Minimum Capital Requirement for PFAs**
 - 3.1 Since the last review of the minimum capital requirement for PFA business in April 2021, the pension industry has witnessed significant changes in terms of the geometric growth of the AUM and complex operating environment, macroeconomic pressures requiring deployment of adequate capital.

- 3.2 PFAs are therefore required to maintain adequate capital to sustain the achievements of the Contributory Pension Scheme (CPS) after 21 years of existence, support ongoing pension reform initiatives aimed at positioning the Nigerian pension industry to respond to macroeconomic pressures, and deployment of adequate resources to effectively fund operations, improve service delivery and ensure long-term sustainability.
- 3.3 Accordingly, the revised minimum capital requirement of PFAs shall be measured as the Shareholders' Fund unimpaired by losses, less the Statutory Reserve Fund, as stratified as follows:

S/N	Category	Description	Capital Requirement
1	Category A	PFAs with AUM of ₦ 500 billion & above	₦ 20 billion + 1% of (AUM – ₦ 500 billion)
2	Category B	PFAs with AUM below ₦ 500 billion	₦ 20 billion
3	Category C	Special Purpose PFAs:	
		a. NPF Pensions Limited	₦ 30 billion
		b. Nigerian University Pension Management Company Limited	₦ 20 billion

- 3.4 The minimum capital requirement for new PFA License shall be **₦20 billion** with immediate effect.

4.0 Minimum Capital Requirement of PFCs

- 4.1 The minimum capital requirement for PFC business had not been reviewed since it was established at **₦2 billion** in 2004. The operating landscape of PFC business has evolved significantly over 21 years, marked by exponential growth in AUC and increased complexity of operational activities requiring deployment of robust technology, cybersecurity and staff welfare. These developments underscore the need to reassess the adequacy of the existing capital threshold to ensure

continued financial stability and effective risk management in the operations of the PFC business.

- 4.2 Accordingly, the revised minimum capital requirement for Licensed PFCs shall be based on Shareholders' Fund, unimpaired by losses, determined as follows:

₹25 billion + 0.1% of AUC

- 4.3 The minimum capital requirement for new PFC License shall be **₹25 billion** with immediate effect.

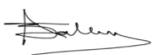
5.0 Monitoring of Compliance

- 5.1 The timeline for compliance with the revised capital requirements for both Licensed PFAs and PFCs shall be **31 December 2026**.

- 5.2 The revised capital requirement would subsequently be monitored by the Commission every two years based on the audited financial statements of the Pension Fund Operator and any shortfall shall be made up within 90 days.

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

Thank you.



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Director, Surveillance Department