



National Pension Commission

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Guidelines for the
Operations of PFAs

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GUIDELINES FOR THE OPERATIONS OF PENSION FUND ADMINISTRATORS

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1.0 INTRODUCTION

- 1.1 The purpose of these guidelines is to provide the basic procedures for the operations of Pension Fund Administrators (PFAs) pursuant to the Pension Reform Act 2004 (the Act).
- 1.2 In developing these requirements, the National Pension Commission (the Commission) has avoided taking overly prescriptive approach and has, instead, provided the PFA with minimum standards so as to assist it achieve the prudential objectives of the requirements.
- 1.3 These guidelines are not intended to be all encompassing and reference to the Act and further regulations by the Commission must always be taken into consideration.

2.0 RULES OF GENERAL APPLICATION

- 2.1 The business of the PFA shall be to administer and manage the Retirement Savings Account (RSA) of an employee.
- 2.2 The PFA shall clearly identify the services it intends to provide.
- 2.3 The PFA shall process and open an RSA for an employee in liaison with the Commission.
- 2.4 The PFA shall appoint a Pension Fund Custodian (PFC) to collect contributions and hold pension fund assets in custody, on its behalf.
- 2.5 The PFA shall reconcile contributions and payments/lodgments.
- 2.6 The PFA shall manage contributions efficiently and transparently on behalf of RSA holders.

2.7 The services to be provided by the PFA shall include RSA administration, funds management and customer support.

2.8 The PFA shall administer retirement benefits to retirees in accordance with the provision of the Act and rules and regulations issued by the Commission.

3.0 IT REQUIREMENTS

3.1 The following are the ICT guidelines serving as minimum IT requirements for licensed PFAs.

3.2 Pension processes require transactions and associated data to flow seamlessly between the Commission, PFAs and PFCs.

3.3 The key issues to be considered for efficient information flow and effective system interoperability among the scheme's stakeholders are:

- System Management: Hardware, Operating System, Application, Database, Storage and Backup.

- Network Management: Telecom Infrastructure Management, Configuration Management, Performance and Security.

3.4 Hardware:

The desired system shall have all the standard specifications found in a server used for mission critical operations like Pension Administration Package system, including a high degree of interoperability with the other RISC base system and devices.

3.5 Servers:

As a minimum requirement, each PFA shall have a high grade Application Server, two Database Servers, with one to serve as a backup, and a Communication Server.

3.6 Auxiliary Devices:

1. Security Firewall.
2. Intrusion Detection Devices.
3. Modems & Routers.
4. Enterprise Antivirus.

3.7 Communication:

1. VPN link to the Commission (through any of the appropriate medium - VSAT, Leased Line, etc.)
2. Broadband Internet access.

3.8 Call Center Systems:

There shall be a need for a well equipped call center to take care of contributors' enquiry and other stakeholders' information needs. IVR and other business intelligent applications would be highly desirable.

3.9 Collection/Remittance:

Collection shall be operated through, amongst others, collaboration with existing payment platform such as switching systems. Consequently, the system is expected to have the capability for integration with major e-payment platforms.

3.10 Disaster Recovery:

The key disaster recovery methods shall include:

- Mirroring of the database with RAID storage implementation.
- Complete redundancy of all components of the server.
- A Standby server to take over the functional server in case of server failure.
- Regular backup of the database onto a different physical location in the form of Compact Disk or DAT Media.

3.11 Security Features:

The key security features shall include:

1. Biometrics enabled User Security features.
2. Access Permissions restricted to the authenticated users only.
3. Data Security to be done at:

- Data entry level restricted to privileged group only.
- Storage level.

3.12 Software:

All the standard features found in a Pension Administration Package System, including a high degree of integration with the other standard Front Office Operations and Back Office Applications, are expected. The system shall be based on standard ODBC database platform running on a legacy Operating System at the back end.

Item No	Requirement/ Feature
1.	The system shall be capable of interfacing with other external systems and reduce the dependency of processes on manual intervention and paper flows.
2.	Utilization of open architecture tools for scalability and compatibility with other systems (web, legacy systems) or databases (Oracle, DB2, Ingress Server 7, Sybase).
3.	The system shall be easily expandable to accommodate a database that supports a growing number of contributors.
4.	<p>The system shall consist of the following modules, among others:</p> <p>Registration:</p> <ul style="list-style-type: none"> ▪ Employees. ▪ Employers. ▪ Agents. <p>Retirement Savings Account Management:</p> <ul style="list-style-type: none"> ▪ Transfers. ▪ Retirement/Benefits. ▪ Voluntary contributions. ▪ Sales. ▪ Customer Relationship Management. ▪ Self-Service Centre. <p>Investment & Asset Management :</p> <ul style="list-style-type: none"> ▪ Portfolio management (with valuation, limit administration). ▪ Multiple Funds management <p>Risk Management:</p> <p>PFAs shall use bespoke programs that, based on certain pre-determined risk tolerance parameters, will be able to generate exception reports that it can use to manage its risk profile and generate appropriate risk responses. The program should have the following minimum features:</p>

Item No	Requirement/ Feature
	<ul style="list-style-type: none"> ▪ Risk Modeling & Measurement concepts: ▪ Risk Types (market, credit, liquidity). ▪ Risk Factors (interest rates, exchange rates, price indexes, stock indexes, etc). ▪ Risk Concentration, volatility, sensitivity analysis, etc. <p>Accounting Management.</p> <p>Transfer of accounts between Pension Fund Administrators.</p> <p>Collection & distribution of payments/remittances.</p> <p>Research/statistical and analytical system.</p> <p>Executive Information System.</p> <p>Interactive Web Site.</p>
5.	All the modules of the system shall be tightly integrated with one another. A multi-tier business architecture which offers differentiated access, security and look and feel for different types of users or pension related businesses.
6.	The system shall be easy to learn to use, as would be reflected by an intuitive user interface and helpful tools, e.g. wizards, to introduce key concepts to new users.
7.	The system shall be Web-enabled and web transaction enablement.
8.	Ability of the system to link to an Intranet site and facilitate occasional users sending information to the system and obtaining reports and other information from the system.
9.	The system shall offer a very high degree of reporting flexibility and offer a range of easily customizable pre-defined report templates with automated procedures, e.g. wizards, to tailor reports (content and formatting) to suit individual preferences.
10.	The system shall be compatible with the standard payroll packages to enable contribution processing providing automated collection and reconciliation from HR systems.
11.	Facility to accept and validate files of postings generated by external systems.
12.	The system shall have the ability to output reports into spreadsheet format.
13.	The system shall be able to link directly to standard word processing package that can enable mail merging and other office automation operations.
14.	The system shall be capable of integrating standard Biometrics devices.

Item No	Requirement/ Feature
15.	User defined standard reports shall be available on line.
16.	The system shall be available in a full client / server version, using an industry standard database at the server.
17.	The system shall be capable of performing selective, incremental and full back up and recovery.
18.	The system shall have document image processing (DIP) facilities, including the ability to display scanned images of contributor forms and other source documents as part of standard enquiry routines.
19.	The system shall have full support for multi-user operation.
20.	The system shall have the option to post on a batch basis, with a full range of batch handling facilities, including the ability to print unfinished-posted batches, allow users to create but not post batches, with only authorized users permitted to post batches.
21.	The system shall have the option to allow specified users to post on a real time basis, with each transaction posted to the system as it is entered.
22.	The system shall have the facility to attach free text memorandum notes to any header record/transaction, and to view such notes on demand.
23.	Ability to print hard copy output on either pre-printed or blank stationery.
24.	The system shall have a context sensitive on line help facility, with help available at field-level.
25.	Ability to capture contributions offline either on diskettes, flash drive, CDs or any other storage media and update at a later time.
26.	Ability to handle registration of contributors – employers/ employees on selected media (diskette, CD, etc).
27.	Capability to automatically check that the value of the sums collected and that of the amount on the instruments of payment are the same (equal).
28.	Capability to distinguish a batch of transaction to be made up of each schedule from a given employer.
29.	Capability to ensure that each batch balances before acceptance into the database.
30.	The system must be able to facilitate the electronic/biometric identification of claimants. This could be by any or combination of the following: Photographic identity; Signature verification; Thumbprint digitalization; and It shall be capable of identifying the claimant online by accessing his biodata.
31.	It shall be able to generate up to date information of all contributors that will be due for retirement pension on a regular period.
32.	Capability to generate the claim history of every claimant and also to flag any

Item No	Requirement/ Feature
	duplicate claim for the same benefit.
33.	The system shall provide sufficient security of access to allow user accounts to be defined for each type of user and segregation of duties to be maintained.
34.	The system shall be able to maintain a permanent log file which keeps information of all creates, edits, deletes or accesses. Ability to access log files only by authorized personnel. Ability of information stored to include time and date of operation, function performed, and user identification.
35.	Ability to produce exception reports on users who modify the system configuration and static data.
36.	Web enabled to facilitate interaction with other stakeholders (the Commission & PFC) and also enable self service by Employee & Employer.
37.	Capability to integrate with the National Databank using standard tools.
38.	Automated updating of the contributor's portfolios with transactions.
39.	Capability to create and maintain Retirement Savings Accounts.
40.	Capability to distribute aggregate return on fund investment across individual RSA.
41.	Capability to enable: <ul style="list-style-type: none"> • Customer Relationship Management. • Recording of all payment related transactions for each contributor. • Documenting all transfers related activities. • Conducting reconciliation of customer accounts.
42.	Enable valuation of investments and risk management of the contributors' funds.
43.	Enable Retirement Phase management by providing: <ul style="list-style-type: none"> ▪ Withdrawal facility options with detail procedures ▪ Purchase of Life Annuity Option with detail procedures ▪ Facility for redemption of redemption bond ▪ Facility for assessing accrued benefit amounts by the appropriate contributors.
44.	Enable Flexible investment processing for both internal and external fund management, interest based, unit linked and unitized with profits processing and life styling
45.	Enable computation of financial ratios.
46.	Enable Comparison of each investment portfolio against regulation limits.
47.	Enable analysis of : <ul style="list-style-type: none"> ▪ Asset quality of PFAs portfolio. ▪ Asset concentration of PFAs portfolio. ▪ Diversification of income source of PFAs portfolio.

Item No	Requirement/ Feature
	<ul style="list-style-type: none"> ▪ Maturity mismatch. ▪ Future cash flow requirements of PFA. ▪ Overall rate of return of investment portfolio. ▪ Return of each asset class. ▪ Market and industry risk of each asset class, etc.
48.	Immediate recall of any information the system statistically manages (e.g. contributors' historical data, display of the contributors' portfolios for any moment in the past).
49.	The system shall be able to generate report into different standard format, e.g. XML, for transition to a designated location.
50.	The system shall enable a rules based "engine" enabling flexible and innovative (pension) product design for the provision of an excellent platform for both today's business requirements and for your future needs.

4.0 RETIREMENT SAVINGS ACCOUNT

4.1 A PFA shall develop guidelines and specify the process and documents required for opening RSAs. The specification shall be in line with the general guidelines issued by the Commission.

4.2 A PFA shall outline and maintain the records to be kept in respect of each RSA and the types of report (i.e. periodic statements, performance reports, etc.) it intends to give the RSA holder. The minimum records to be maintained on each RSA shall include:

- bio-data of the contributor and changes thereon
- contributions (i.e. employee, employer and voluntary) and dates
- income earned and dates
- fees and commissions deducted and dates

4.3 An employee commences a relationship with a PFA when he chooses to open an RSA with the PFA. The PFA is obliged to open the RSA in which all contributions, income generated and all costs/charges would be recorded. In opening the RSA, a PFA would undertake the following:

- a) Obtain all relevant information necessary to ensure unique identification of each individual RSA and the disclosure of the monthly contribution. The contributor shall be required to complete an RSA Opening Form, acceptable to the Commission. See Appendix 1 for format of the form.
 - b) Inform the contributor of the terms and conditions, including the cost of opening and maintaining an account with the PFA (i.e. charges/fees).
 - c) Transmit the details of the completed RSA Opening Form electronically to the Commission for validation and issuance of a PIN.
 - d) Provide RSA holder with the name of a bank and an account number to which all contributions would be lodged.
- 4.4 Once an account is opened, the PFA has the duty to:
- a) Invest all contributions received and credited to the RSA.
 - b) Maintain an up to date record of all transactions from the inception of the RSA.
 - c) Render periodic statements of the RSA to the account holder, not less than quarterly.
 - d) Establish a help desk (i.e. customer service desk) to attend to enquiries and/or queries from the account holder.
- 4.5 Retirement Benefits Administration
- The PFA shall:
- a) Develop a process for determining the best benefits withdrawal arrangement for individual RSA holders.

- b) Determine and advise on the best option for a retiring contributor in accordance with the provisions of the Act and relevant guidelines issued by the Commission.
- c) Establish the most efficient payment mechanism that is best suited to each individual retiree.
- d) Ensure prompt payment of both lump sum and periodic withdrawals.

4.6 Collection of Contributions:

- 4.6.1 Each PFA shall adopt the collection process prescribed by the Commission in Appendix 2. The process shall entail the following procedures:
- 4.6.2 The PFA shall furnish the employee with a bank account number into which contributions shall be paid and the format for the Schedule of Contributions. See Appendix 3 for the prescribed format.
- 4.6.3 The employee shall provide his employer with his PIN and the bank account number into which monthly contributions shall be paid.
- 4.6.4 The PFA shall send a direct confirmation of 4.6.2 to the employer.
- 4.6.5 Not later than 7 working days after payment of salaries, the employer shall lodge the contribution into the bank account advised by the employee/PFA. For the lodgment to be accepted, it must be accompanied by a schedule (Appendix 3), which could either be in soft or hard copy.
- 4.6.6 The employer shall simultaneously send a copy of the schedule to the PFA and the bank for lodgment.
- 4.6.7 In not more than 24 hours after the lodgment, the PFA shall be advised of the lodgment by the PFC.

4.6.8 Upon receipt of value, the PFC shall simultaneously notify the PFA and the Commission's National Data Bank of the receipt of value and the details.

5.0 SALES AGENTS

5.1 A sales agent is a person appointed by a PFA to market and enroll and/or conclude contracts for membership of a Pension Fund managed by the PFA.

5.2 All sales agents must be authorized by the Commission.

5.3 An authorized sales agent shall only act as a sales agent of the PFA that applies and obtains his authorization from the Commission.

Minimum Standards Required for Sales Agents

5.4 A prospective candidate, in the minimum, must possess an 'A' Levels Certificate or a Diploma.

5.5 Previous work experience shall be an added advantage but shall not be compulsory as it is expected that successful candidates shall undergo rigorous training to adequately prepare them for the job.

5.6 To foster integrity and high ethical standards, sales agents shall be required to provide a guarantor to the PFA. The guarantor must be one of the following:

5.6.1 A public servant not below the rank of Assistant Director, or its equivalent.

5.6.2 The Local Government Chairman, Member of the State House of Assembly, House of Representatives or Senator of the prospective sales agent.

5.6.3 A religious leader.

5.6.4 A Senior Staff of a limited or public liability company, not below the rank of an Assistant General Manager or its equivalent.

The Manner and Procedure of Authorization of Sales Agents

5.7 Only a PFA can apply and present persons to be appointed as authorized sales agents by the Commission.

5.8 A PFA can present a person for consideration not more than three times.

5.9 Persons desirous of operating as sales agents must meet the minimum requirements set out in this section or other such requirements that may be set out by the Commission from time to time. The requirements shall cover, among others, the following:

5.9.1 Knowledge and competence in financial matters.

5.9.2 Knowledge of the Pension Reform Act 2004 and other relevant laws and guidelines on pension matters published by the Commission.

5.9.3 Satisfactory result of assessment of the individual by the Commission.

5.10 The assessment of prospective authorized sales agents shall be conducted according to the following procedures:

5.10.1 During the first five days of each quarter, the PFAs may submit to the Commission the application referred to in 5.7 above.

5.10.2 An assessment of the candidature would take place monthly.

5.10.3 The assessment shall be by written tests administered by the Commission or its representative at a venue to be prepared by the PFA.

- 5.10.4 The Commission shall notify the PFAs on the results of the assessment within 30 days from the day of conducting the assessment.
- 5.10.5 The person who satisfies the requirements shall receive a certificate of authorization to operate as an authorized sales agent from the Commission.
- 5.11 The Certificate authorizing a person to operate as a sales agent shall contain the particulars of the agent and the name of the PFA that submitted the application.

The Manner and Procedure for Enlisting Agents in the Sales Agents Register

- 5.12 The Commission shall register all persons that fulfill the conditions for authorization as sales agents.
- 5.13 Immediately after registering the person in the Sales Agents Register, the Commission shall notify the respective PFA of the registration code of each sales agent. The registration code shall be indicated on all membership contracts or temporary membership contracts, for which the sales agent is responsible.
- 5.14 The PFA shall issue to every sales agent registered in the Sales Agents Register, an identification card with the PFA logo and name; and the sales agent's photo, full name and registration code. Every sales agent shall use the identification card whenever performing marketing activities, activities of membership or transfers of pension fund contributors.

The Manner and Procedure for Exiting from the Sales Agents Register

- 5.15 The PFA shall request the Commission's confirmation before a sales agent's contract is terminated. The request shall indicate the name, registration code and PFA identification number of the sales agent and the reason for the termination.

- 5.16 Upon confirmation by the Commission and termination of his contract, the PFA shall immediately retrieve the identification card from the person referred to in 5.12 above.
- 5.17 An aggrieved sales agent shall refer to the Commission for arbitration.
- 5.18 Any authorized sales agent whose contract is terminated by a PFA on grounds of misconduct shall thereafter not be authorized to act as a sales agent for any other PFA.
- 5.19 The authorization of any person, who has been registered as an authorized sales agent but has not performed any activity as a sales agent for 2 years, shall be withdrawn.

Other Matters Concerning Sales Agents

- 5.20 A PFA shall pay the sales agent only after the first contribution of a contributor enlisted by him has been received by the PFA.
- 5.21 The PFA shall immediately submit to the Commission any changes in the data (i.e. name, address, telephone numbers, and other relevant personal details) of the sales agents.
- 5.22 The PFA shall notify the Commission, in writing, of any breach of the law by its sales agent.
- 5.23 The Commission may remove any person from the Sales Agents Register for breaching the provisions of the law and shall immediately notify the PFA.
- 5.24 The written notifications required shall be based on objective and factual information.

6.0 ADVERTISEMENT

6.1 General Provisions

6.1.1 This guideline provides the method and the procedure of advertisement of products and services offered by PFAs. It sets out the form of the information, the manner in which such information shall be presented and the procedure for its submission to the Commission for approval.

6.1.2 “Advertising Activities” shall include all activities aiming at enrolling new contributors in a pension fund and transferring contributors from one PFA to another, promoting the characteristics of the Contributory Pension Scheme and in particular of a PFA managing pension funds.

6.1.3 They also include those activities carried out for the purpose of providing services and information, or objective and timely provision of information related to the PFA’s operations to the current or the future contributors, whether on or off the premises of a PFA or its branch offices, directly or via appropriate forms of communication (telephone, fax, Internet, radio, TV, newspapers, etc).

6.1.4 The PFA may commence advertisement and canvassing activities after acquiring a licence for managing pension funds and approval of the marketing materials by the Commission, in accordance with the Law.

6.2 Method and Procedure of Advertisement by PFAs

6.2.1 The PFA, an approved sales agent, the employees of a PFA and the affiliated entities and/or persons shall at all times provide accurate and true information in their oral and written notification through the materials they submit and publish.

6.2.2 When advertising, promoting and providing information, the entities referred to in paragraph 6.2.1 above must not mislead the pension fund contributors, potential contributors and the general public.

- 6.2.3 The advertisements shall not be directly or indirectly offensive to the public or competitors.
- 6.2.4 The PFA shall ensure accurate and true advertising and promotion regarding its operations, as well as in cases when organizing and preparing advertising activities carried out by third parties.
- 6.2.5 Only the PFA and its appointed agents shall perform marketing activities.
- 6.2.6 A PFA shall not issue value judgments about other PFAs in its advertisement nor shall it make comparisons with other Companies or pension funds, except in relation to services rendered, products offered, past investment returns, past investment policy, or past fees charged to contributors of the Pension Funds.
- 6.2.7 A PFA may only use information on other PFAs that are sourced from independent parties such as rating agencies. Such shall be used with proper disclosure of the source of the information.
- 6.2.8 In its advertising, a PFA or its agents shall not use phrases or slogans that cannot be confirmed, such as: “the best service”, “the best Pension Company”, “the best support”, and others.
- 6.2.9 A PFA’s advertisements shall not be injurious in any manner to the operations or products/services of other PFAs.
- 6.2.10 In advertising, promotion, information on fees, Pension Fund investment returns, branch offices, Pension Fund membership, and other data in which statistical data are used; a PFA shall clearly indicate the source of information.
- 6.2.11 In advertising, the PFA may provide contributors with pension projections by disclosing their unique profile such as gender, age and beneficiaries, as well as the assumed fees.

6.2.11 When publishing the Pension Fund investment return, the PFA shall compute return in accordance with the Law and the rules and regulations issued by the Commission.

6.3 Submission and Approval of Advertising Information

6.3.1 A PFA must obtain prior written approval of the Commission before advertising, promoting or providing information on its products and services or about its operations. The entire material for distribution, advertising, promotion or informing the public, must be submitted to the Commission for this purpose.

6.3.2 The obligation of Paragraph 6.3.1 above shall apply to any advertising or other informational material of the PFA already approved by the Commission where such information therein is to be added and/or modified.

6.3.3 If a PFA advertises or provides information, by any medium, that is identical to material which the Commission has already approved, the PFA is not under obligation to send such material to the Commission for approval provided that not more than one year has elapsed since such material for distribution, advertising or promotion, was approved. Such advertisement or information shall be considered identical if it contains the same text, diagrams and font.

6.3.4 The Commission shall communicate any reservations on the proposed advertisement to the PFA within 7 days of its receipt.

6.3.5 If after 7 days, the Commission does not communicate to the PFA, the PFA shall proceed with the proposed advertisement.

7.0 BOOKS OF ACCOUNTS, RECORDS AND REPORTING REQUIREMENTS

7.1 A PFA shall develop an accounting system that will ensure interface with all reporting requirements of the Commission.

7.2 A PFA shall maintain adequate and proper books of accounts and records which shall include records of contributions, income, expenditure, assets, liabilities, investments and returns on investments made from pension funds managed by it.

7.3 A PFA's records must:

- a) be kept in the English language;
- b) be maintained in Naira (~~N~~);
- c) be up to date and must disclose, with reasonable accuracy at any time, the PFA's financial position;
- d) demonstrate continuing compliance with the provision of the Act and the regulations issued by the Commission;
- e) provide information, which
 - the PFA requires to prepare financial statements and periodic reports as may be required by the Commission;
 - the PFA's auditor needs to express an opinion to issue its report; and
- f) be prepared in accordance with International Accounting Standards and Statement of Accounting Standards provided that they are not inconsistent with the provisions of the Act and regulations issued by the Commission.

7.4 Additionally, a PFA shall comply with the following audit requirements:

- a) Cause its accounts to be audited by a qualified external auditor approved by the Commission in line with Section 56(2) of the Act.
- b) Submit the audited accounts in a format prescribed by the Commission to the Commission for approval in accordance with Section 56(3)a of the Act.

- c) Publish the approved audited accounts in accordance with Section 56(3)b of the Act.
 - d) Exhibit the approved audited accounts in accordance with Section 56(3)c of the Act.
 - e) Submit an annual report to the Commission in accordance with the provisions of Section 57 of the Act, including any other report that may be specified by the Commission.
- 7.5 Each PFA shall, on a regular basis, submit returns on the pension fund to the Commission, in line with the “Formats and Manual of Instruction for Financial Reports on Pension Funds” prescribed by the Commission.
- 7.6 The PFA shall also, on a regular basis, submit returns on its own operations to the Commission in line with the “Formats and Manual of Instruction for Financial Reports of Pension Fund Administrators” prescribed by the Commission.
- 8.0 CUSTODY CONTRACTS BETWEEN PENSION FUND ADMINISTRATORS AND PENSION FUND CUSTODIANS
- 8.1 Whereas the Act granted authority for the administration and investment of pension funds and assets to the PFAs, it vested the custody of all pension funds and assets on the PFC.
- 8.2 A PFA is at liberty to choose its PFC, in line with guidelines issues by the Commission, from time to time.
- 8.3 A formal arrangement detailing the duties and responsibilities and relationship between the PFA and PFC shall be required.
- 8.4 The following are areas that shall be included in any contractual arrangement between a PFA and PFC.

- 8.4.1 There must be a formal contract whereby a PFA appoints a PFC to receive contributions and take title of property, money or marketable securities in trust and to hold and otherwise deal with such assets strictly in accordance with instructions given by the PFA.
- 8.4.2 The contract shall include provision that will ensure compliance with all the requirements of the Act, especially sections 47, 52(1)(d) and (e) and 60(1)(2) of the Act, regulations issued by the Commission, and any additional duty that may be required by the PFA.
- 8.4.3 It shall specify the fees/charges that the PFC may be paid for its services within the limits approved by the Commission.
- 8.4.4 Set out the terms of payment of any agreed fees/charges.
- 8.4.5 Specify the mode of conveying proper instructions to execute transactions on behalf of the PFA. Such instructions shall cover amongst others, subscription, purchase, transfer, exchange or delivery of prescribed securities and other titled documents.
- 8.4.6 Specify a clause permitting the PFA, its officers or duly authorized agents to inspect the PFC's books, records and statements at any time.
- 8.4.7 Specify the mode of delivering to the PFA, copies of notices, proxies, financial reports and stockholder communications as the PFC may receive from issuers of securities and all information the PFC may receive from an offer or tender offers or other rights or offerings.
- 8.4.8 Specify the books and records to be kept and written information to be submitted on specified dates. Records may include listing of all assets of the PFA, full account of receipts and payments made and other actions taken by the Custodian. A PFA is advised to insist on electronic communication interface that offers reporting, inquiry and trade instruction capabilities.

8.4.9 A provision that the PFC shall accept liability for its Agents and Sub Agents.

8.4.10 The PFC shall make good losses which a PFA suffers due to its negligence.

8.4.11 A clause requiring the exercise of the same standard of care that it would exercise over its own assets in holding, maintaining, servicing and disposal of property and in fulfilling any other obligation in the agreement.

8.4.12 Termination provision that could be invoked at any time. The termination provision shall include:

- Notification by either party to the Commission of the intention to terminate the agreement.
- A clause requiring the submission to the Commission, of an audited report listing the assets, liabilities and inventory of the PFA, securities, title documents which have been handed over, transferred and delivered to an appointed PFC.
- The number of days within which the PFC must hand over and deliver all assets, documents and funds including bank accounts to another PFC must be as prescribed by the Commission.