

NATIONAL PENSIONS REGULATORY AUTHORITY



NPRA/GD/PFM/01/11

GUIDELINES FOR PENSION FUND MANAGERS

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1. INTRODUCTION

The purpose of these Guidelines is to provide the basic procedures that shall be adhered to for services provided by Pension Fund Managers (PFM) in terms of the National Pensions Act, 2008 (Act 766), hereinafter referred to as the Act.

- 1.1 In developing these requirements, the National Pensions Regulatory Authority (NPRA) has provided Pension Fund Managers with the minimum requirements as to how it could achieve the prudential objectives of the requirements.
- 1.2 Furthermore, these requirements are not intended to be all encompassing, references to the Act and the Regulations shall always be taken into consideration.

2. ELIGIBILITY FOR APPOINTMENT

- 2.1 An Applicant shall be eligible for appointment as Pension Fund Manager if that Applicant is licensed by the Securities & Exchange Commission as an Investment Adviser under the Securities Industry Act, 1993 (P.N.D.C.L 333) and has paid up stated capital of not less than GHS 200,000.00 and net assets of at least the same amount.
- 2.2 An Applicant shall not be appointed as a Pension Fund Manager unless that Applicant:
 - 2.2.1 Is a Body-Corporate
 - 2.2.2 Is independent of the Approved Trustee and Pension Fund Custodians appointed in respect of the Scheme, and all delegates of the Trustee and Pension Fund Custodians.
 - 2.2.3 Has sufficient expertise and management resources including human resources to conduct its business operations effectively.
 - 2.2.4 Has in place adequate controls and safeguards with respect to the investment of funds of the pension scheme to protect the interest of scheme members.

3. REGISTRATION AND REQUIREMENTS

The following are the registration requirements:

- 3.1 The Applicant must submit to the NPRA, evidence that:
 - 3.1.1 It is a body corporate.

- 3.1.2 It is licensed by the Securities & Exchange Commission as an investment adviser under the Securities Industry Act 1993 (P.N.D.C. Law 333), and has paid up stated capital of not less than GHS200,000.00 and net assets of at least the same amount.
 - 3.1.3 It has sufficient expertise and management resources including human resources to conduct its business operations effectively.
- 3.2 Application shall be accompanied by:
- 3.2.1 A non-refundable application fee approved by the NPRA, in bank draft, payable to the National Pensions Regulatory Authority and marked "Application Fee".
 - 3.2.2 Name, Address (physical and electronic) telephone numbers of the person to whom enquiries may be referred.
 - 3.2.3 Address and location of the Applicant's Registered Office, and Head Office if different from the Registered Office.
- 3.3 The Application shall be accompanied by:
- 3.3.1 A Certified True Copy of the Regulation of the Applicant Company.
 - 3.3.2 Latest three (3) years Audited Accounts & Reports of the Company.
 - 3.3.3 Copy of SSNIT Employer Registration Certificate
- 3.4 After evaluation of the Application, an Applicant must submit evidence of a minimum paid up capital prior to registration with the NPRA.
- 3.5 Duly completed application form and supporting documents should be submitted in both hard and soft copies in sealed envelopes to the following address:

CHIEF EXECUTIVE OFFICER

NATIONAL PENSIONS REGULATORY AUTHORITY

PMB, MINISTRIES POST OFFICE, ACCRA

All enquiries should be referred to the above address. Relevant forms can be downloaded from the NPRA website: www.npra.gov.gh.

4. FUNCTIONS OF PENSION FUND MANAGERS

A Pension Fund Manager registered under the National Pensions Act shall perform the following functions:

- 4.1 Invest pension funds and assets in accordance with provisions of the National Pensions Act, 2008 (Act 766).
- 4.2 Invest the funds in different investments to minimize investment risks whilst achieving the best returns within specific investment activities set by Trustees.
- 4.3 Maintain books of accounts on transactions related to pension funds invested.
- 4.4 Take reasonable care to ensure that the management of the pension funds is carried out in the best interests of the members.

5. PERMITTED INVESTMENTS

Pension Fund and Assets shall be invested in any of the following, subject to the Investment Guidelines issued by the Authority:

- 5.1 Bonds, bills and other securities issued or guaranteed by the Bank of Ghana or Government of Ghana
- 5.2 Bonds, debentures, redeemable preference shares and other debt instruments issued by corporate entities and listed on a stock exchange registered under the Securities Industry Act, 1993 (P.N.D.C. Law 333)
- 5.3 Ordinary shares of limited companies listed on a Stock Exchange and registered under the Securities Industry Act 1993 (P.N.D.C. Law 333) with good records, declared and paid dividends in the preceding five year.
- 5.4 Bank deposits and bank securities
- 5.5 Investment certificates of closed-end investment fund or hybrid investment funds listed on a Stock Exchange registered under the Securities Industry Act, 1993 (P.N.D.C.L333) with a good record of earning.
- 5.6 Units sold by open-end investment funds or specialist open-end investment funds listed on the Stock Exchange recognized by the Authority.
- 5.7 Bonds and other debt securities issued by listed companies
- 5.8 Real estate investment, and
- 5.9 Other forms of investment that the Authority may determine

6. PROHIBITED TRANSACTIONS

- 6.1 A Pension Fund Manager shall not hold or keep pension fund assets with a custodian where the Trustee or Pension Fund Manager has a business interest, shares or any other interest in that custodian.
- 6.2 An employee of the Pension Fund Manager shall not engage in a business transaction or trade in any manner with the Trustee or Pension Fund Manager as a counterpart or with a subsidiary in relation to pension fund or assets.

7. APPLICATION FOR REGISTRATION

- 7.1 An Applicant who desires to act as a Pension Fund Manager shall apply in writing to the Authority by completing an Application Form for that purpose, which shall be accompanied by the prescribed fee.

8. RULES OF GENERAL APPLICATIONS

- 8.1 The Pension Fund Manager, in discharging its responsibilities to the Scheme, must take cognizance of the Scheme's Statement of Investment Policy which is the investment principles governing decisions about investments for the purpose of the Scheme.
- 8.2 The Pension Fund Manager shall formulate internal investment strategies to enable compliance with the investment Guidelines issued by the Authority, taking into cognizance the macroeconomic environment as well as the investment objectives and risk profile of the approved Trustees of the registered scheme.
- 8.3 The Pension Fund Manager shall together with the Trustees, determine the acceptable risk profile of the investment portfolio, draw up risk assessment and measurement systems, monitor their portfolio against the risk tolerance limits, as well as all other functions relating to risk management to be determined by the Trustees and the Authority.

9. ANNUAL REPORT AND BOOKS OF ACCOUNT

- 9.1 A Pension Fund Manager shall cause proper books of accounts and records to be kept in relation to the Scheme.

- 9.2 A Pension Fund Manager shall cause its accounts to be audited by qualified external auditors and prepare an audit report which shall include a statement on the extent of compliance with the provisions of the National Pensions Act (2008) and the Regulations.
- 9.3 A Pension Fund Manager shall submit to the Authority, an Annual Report after the end of each financial year to give details of its activities in relation to the scheme in the preceding year.

10. INVESTMENT MANAGEMENT CONTRACT BETWEEN PENSION FUND MANAGERS AND TRUSTEES

- 10.1 There shall be a valid investment management contract between Trustees and the Pension Fund Manager(s) appointed for the Scheme.
- 10.2 The investment management contract shall specify the obligations of the Pension Fund Manager with respect to the investment of funds of the scheme.
- 10.3 All forms of agreement and contracts entered between the Trustees and the Pension Fund Manager shall be executed in Ghana.
- 10.4 The Contract shall provide that, subject to the provisions of the Act and the Regulations and any other Guidelines issued by the Authority, such contract can be terminated where there is reasonable grounds for believing that either of the parties are not complying with, or is unlikely to comply with, the requirements of the contract or the Act or Regulations. The Contract shall provide for other obligations of the parties at termination of the Contract, including the payment of any outstanding fees and charges.
- 10.5 A Copy of the investment management contract shall be lodged with the NPRA.

11. REVIEW AND ENQUIRIES

These Guidelines are subject to review by the Authority.

All Enquiries regarding these Guidelines shall be directed to the Chief Executive Officer, National Pensions Regulatory Authority, Accra.