

# **NON-BANK FINANCIAL INSTITUTIONS REGULATORY AUTHORITY (NBFIRA)**

## **PENSIONS PRUDENTIAL RULES**

In terms of Section 50 of the NBFIRA Act – Section 43 on Licensing

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### **PFA2**

New License Application - Fund Administrator

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Effective march 1, 2012

**1. General Information**

***Administrator Details***

- 1.1. Name of administrator<sup>1</sup>: .....
- 1.2. Previous Name(s): .....
- 1.3. Certificate of Incorporation Number: .....
- 1.4. Date of incorporation: .....
- 1.5. Income Tax P.I.N. Number: .....
- 1.6. Income Tax Reference Number.....
- 1.7. The administrator is a registered insurer  
 Yes       No

*[If yes, attached copy of Certificate of Registration]*

***Registered Office***

- 1.8. Provide details of the administrator’s registered office:
  - Building.....
  - Road.....
  - Town/City .....
  - Country.....
  - Postal Address .....
  - .....
  - .....
  - Telephone.....
  - Fax.....
  - Email.....

***Principal Place of Business***

- 1.9. If different to Registered Office, provide details of the administrator’s principal place of business:
  - Building.....
  - Road.....
  - Town.....

<sup>1</sup> Administration comprises the collection of contributions, maintenance of membership records, reconciliation of total balances of the membership records with the asset managers’ records, payment of benefits and management of the bank account of the pension fund. This is quite distinct from the investments of the assets owned by a pension fund. If a single institution performs both administration and asset management, the institution will be required to register as both an administrator and as an asset manager.

Country.....

Postal Address:.....

.....

.....

Telephone.....

Fax.....

Email.....

**Reliance on Other Parties**

1.10. Provide the name of the persons who assisted in compiling this application (if applicable).

Name.....

Name.....

Name.....

*[Please provide the contact details of these persons in Appendix A]*

**Contact Details**

1.11. Provide details of the contact person(s) for further enquiries regarding this this application

Name.....

Qualification/ role.....

Postal Address .....

.....

.....

Telephone.....

Fax.....

Email.....

**2. Governance**

**Key Persons**

2.1. The directors and senior managers have been appointed

Yes

No

***[If YES, complete Appendix B and Appendix D for each director and senior manager and attach with application. Please note that where only a minority of the directors and senior***

*managers have been appointed, the Regulatory Authority may decline or postpone approval of the application.]*

2.2. State the name of the chairperson

.....

2.3. State the name of the chief executive officer

.....

***[Complete Appendix B and Appendix D]***

2.4. State the name of the chief operating officer

.....

***[Complete Appendix B and Appendix D]***

2.5. The following office bearers have been appointed:

Auditor	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
Custodian <sup>2</sup>	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

***[If YES, complete Appendix C and Appendix E for each service provider and attach with application]***

### **3. Ownership and Control**

#### ***Group Structure***

- 3.1. Attach a structural chart of the group of companies to which the administrator belongs. Include the respective percentages of shareholdings.
- 3.2. Attach an organisational chart of the administrator. Include the functions of the various departments.
- 3.3. How many of these employees have previous experience in working for a pension or provident fund administrator .....

### **4. Capital Requirements**

4.1. The company complies with the minimum capital requirements set by the Regulatory Authority.

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
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***[The relevant details are provided in the attached business plan (see Appendix H)]***

<sup>A</sup> Custodian appointment would not be necessary for an administrator under normal circumstances (because its primary function is to ensure that the fund's assets are held independently of the fund manager, except that the Act seems to require a custodian to administer the fund's bank account. This seems to be excessive.

**5. Size and Type of Business**

5.1. Disclose the number of proposed pension or provident funds to be administered:

Number of single-employer funds: .....

Number of multi-employer funds: .....

Total number of members of those funds: .....

5.2 Please disclose the types of pension or provident fund that you plan to administer:

<input type="checkbox"/>	Defined contribution – single-employer
<input type="checkbox"/>	Defined contribution – multi-employer
<input type="checkbox"/>	Defined benefit <sup>3</sup> (all single employer)
<input type="checkbox"/>	Hybrid <sup>4</sup> (all single employer)

**6. Administration Systems and Processes**

**Administration System**

6.1. Attach a brief overview of the administration system, controls and reporting capabilities of the administrator used to secure the proper functioning of the administrator.

6.2. Please indicate the party who developed your administration system

<input type="checkbox"/>	Developed in-house
<input type="checkbox"/>	Developed by third party and customised to own specifications
<input type="checkbox"/>	Purchased an off the shelf system from a third party (other than a software vendor <sup>5</sup> )
<input type="checkbox"/>	Purchased an off the shelf system from a software vendor specialising in software for the administration of pension funds
<input type="checkbox"/>	Other, please specify .....

6.3. Did you have to have the administration systems customised for your particular use?

<input type="checkbox"/>	Customised	<input type="checkbox"/>	Purchased off the shelf
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<sup>3</sup> This will include defined benefit funds in which the member and employer contributions are fixed as a percentage of pensionable remuneration and there is some mechanism to adjust the defined benefits if they cannot be afforded from the contributions payable.  
<sup>4</sup> A hybrid fund is one where each member has an individual account operated on a defined contribution basis but the rules grant the member at least the capital value of a defined benefit on retirement, if this capital value exceeds the amount accumulated in the member’s individual defined contribution account.  
<sup>5</sup> A software vendor in this context is an organisation whose primary business is the development and supply of systems applications.

Nature of customisation:

.....  
.....  
.....

6.4. If purchased “off the shelf”, have you subsequently amended the system yourselves?

Yes     No

6.5. Can you (or people whom you employ, inside or outside the organisation) amend the administration systems that you use?

Yes     No

6.6. State the number of people in the software support team available to make modifications to the administration system (this could be in-house or partly or fully outsourced to the software vendor)

Number of people: .....

6.7. Have you identified that there are key people within the software vendor or the supplier of your system without whom maintenance or enhancement would be problematic?

Yes     No

6.8. How regularly are your administration systems backed up?

Number of times per week: .....

6.9. Indicate whether the backup is held on site, or whether the system is backed up to a remote site?

On site     Remote site

6.10. Do you have a disaster recovery system in place?

Yes     No

6.11. Do you have a business continuity plan in place?

Yes     No

6.12. Are you dependant at all on administration systems developed in Excel or any other spreadsheet language that can be easily changed?

Yes     No

6.13. Are your auditors satisfied as to your systems and controls?

Yes  No

*[Attach declaration from the auditors on systems and controls]*

If no, please detail the issues identified by the auditors and the action that management has taken to address these issues:

Issues identified:

.....  
.....  
.....  
.....

6.14. Action taken to address the issues:

.....  
.....  
.....  
.....

**Reporting**

6.15. The system can cope with regular reporting to fund and regulator?

Yes  No

6.16. State the frequency of reports to fund

Number of times per year: .....

6.17. Information can be provided to a fund on request (not just at regular reporting intervals)?

Yes  No

**Professional Indemnity cover**

6.18. Do you have professional indemnity cover to an amount equal to at least the total contributions expected to be received by the administrator in any year?

Yes  No

*[Please attach a copy of the policy to application]*

6.19. If you hold professional indemnity cover to a lesser amount, please explain why you believe such amount to be adequate and whose advice you sought in determining this lesser amount

(a) Amount of cover held: P.....

(b) Reason for holding cover of less than the total assets administered:

(c) .....  
.....  
.....  
.....

(d) Person / company whose advice was sought on the amount of cover:

.....  
***[A copy of this report must be attached to application]***

NBFIRA



## 7. Declaration and Payment

I hereby enclose –

- a. Appendix A: Contact details of assisting parties
- b. Appendix B: Particulars of the directors and senior managers
- c. Appendix C: Questionnaire for directors and senior managers
- d. Appendix D: Particulars of service providers
- e. Appendix E: Questionnaires for service providers
- f. Appendix F: Particulars of the shareholders
- g. Appendix G: Risk Management Plan
- h. Appendix H: Business plan (if applicable)
- i. Copy of the Certificate of Incorporation under the Companies Act
- j. Articles of Association
- k. Structural chart of the company group
- l. Organisational chart of the administrator
- m. Sample contract and service level agreement to be used in respect of a client pension or provident fund
- n. Copy of the professional indemnity insurance policy
- o. Copy of report by an insurance professional advising on the amount of professional indemnity cover to be held
- p. Overview of administration system, controls and reporting capabilities of the administrator
- q. Declaration from the Auditors that the systems and controls have been investigated and have been found to be appropriate for an administrator (or a qualified declaration that identifies the issues that the administrator must address).

I hereby declare that the Non-Bank Financial Institutions Regulatory Authority Act (2006) has been complied with and the statements contained herein and the documents submitted herewith are true and accurate to the best of my knowledge and belief. Any alterations in particulars stated here in or in the said documents will be promptly communicated to the Regulatory Authority within a period not later than thirty days from the date of the alteration.

Signed on this ..... day of .....

.....  
*Signature of Applicant*

Full Name: .....

Designation: .....

I hereby submit payment in respect of application for registration of an administrator in terms of the Non-Bank Financial Institutions Regulatory Authority Act (2006) as amended and its subsequent rules.

Amount paid : P.....

Cheque No. : .....

Date Paid : .....

Paid By : ..... (Full Names)

Signature : .....

Designation : .....

OFFICIAL DATE STAMP

**APPENDIX A: Reliance on Other Parties**

A.1. Provide the contact details of parties assisting with the application  
[to be completed by every party assisting with the application]

Name.....

Qualification/ role.....

Physical Address:

Building.....

Road.....

Town.....

Country.....

Postal Address.....

.....

.....

.....

Telephone:.....

Fax.....

Email.....

**APPENDIX B: Particulars of Key Person**

**Name of Administrator:** .....

<b>Director or senior manager (Full Name)</b>	<b>Nationality</b>	<b>Permanent Address</b>	<b>Occupation</b>	<b>Date of Appointment</b>	<b>Role</b>	<b>Experience in administering pension funds</b>

Note: "Senior manager" comprises the Chief Executive Officer, Chief Operating Officer and Chief Information Officer

**APPENDIX C: Particulars of Service Providers**

Name of Administrator: .....

	<b>Name of firm</b>	<b>Income Tax P.I.N Number</b>	<b>Address/ Telephone, or E-mail</b>	<b>Professional body to which Partner/ company are members</b>	<b>Date of appointment</b>
Auditor					
Custodian					

**Appendix D: Questionnaire for Directors and Senior Managers**

D1. Contact details

Name: .....

Primary residential address:

.....  
.....  
.....

Postal address:

.....  
.....  
.....

Email address: .....

Telephone number: .....

Mobile number: .....

Occupation: .....

D2. In what capacity are you being appointed?

<input type="checkbox"/>	Director
<input type="checkbox"/>	Chief Executive Officer
<input type="checkbox"/>	Chief Operating Officer
<input type="checkbox"/>	Chief Information Officer

D3. Qualifications and membership of professional bodies:

<b>Qualification or membership of a professional body</b>	<b>Institution granting the qualification or professional body</b>	<b>Date granted</b>


*[Please note that evidence of professional and academic qualifications must be enclosed with the questionnaire]*

D4. Prior experience in this or a similar role:

<b>Period</b>	<b>Name of company</b>	<b>Nature of experience gained that you believe is relevant to your appointment at the Administrator</b>

*[Please note that a brief curriculum vitae should be enclosed with the questionnaire]*

D5. Has any previous appointment as a director or senior manager of an administrator been terminated for a reason other than resignation or retrenchment?

Yes       No

If YES, please give details:

.....  
.....  
.....

D6. Have you ever been sentenced for fraud or dishonesty where the sentence has required a period of imprisonment of 6 months or more or payment of a fine as an alternative to such imprisonment?

Yes       No

If YES, please give details:

.....  
.....  
.....

D7. Have you ever been declared bankrupt?

Yes     No

If YES, please give details:

.....  
.....  
.....

D8. Have you ever previously been a trustee of a pension or provident fund, or have you ever been involved in the investment of assets for a pension or provident fund, or the administration of a pension or provident fund, where the pension or provident fund has had to be deregistered as a result of any failure on the part of the trustees or the persons investing the assets of the fund or administering the fund, or where the Registrar has appointed a curator?

Yes     No

If YES, please give details:

.....  
.....  
.....

D9. Are you disqualified from holding office as a director or senior manager by any law?

Yes     No

If YES, please give details:

.....  
.....  
.....



D10

If you are a member of a professional body which has a disciplinary code, please identify the body and give details of any complaints against you which caused you to have disciplinary action taken against you? Please also complete this statement if you were such a member and had disciplinary action taken against you but you are no longer a member of that body (in Botswana or elsewhere)<sup>6</sup>.

Name of the professional body	Date, nature of the complaint against you, and nature of the disciplinary action taken against you

D10. Are you, or have you been in the past 2 years, an employee or director of the sponsor of the administrator?

Yes

No

If YES, please give details:

.....  
.....  
.....

D11. Do you own shares in the sponsor of the administrator or have any actual or perceived business relationship with the sponsor of the administrator, other than your appointment as a director or senior manager?

Yes

No

If YES, please give details:

.....  
.....  
.....

D12. If you are appointed as an independent director of the Administrator:-

- a. What proportion of your annual income is derived from services supplied to the sponsor<sup>7</sup> and companies associated with the sponsor, with the exception of remuneration received as an independent director of the Administrator?

<sup>6</sup> Please note that the term “disciplinary action” will include a reprimand and must be stated even if you took remedial steps which avoided more serious disciplinary action.

<sup>7</sup> Note: The term “sponsor” used in this form relates to the organisation which controls the Administrator or any company associated with it.

- .....
- b. List any other companies or trusts sponsored by the sponsor of the Administrator on which you serve as a director:
- .....
- .....
- .....

I certify that the above information is, to the best of my knowledge, correct and complete and that I am not physically or mentally incapable of performing the duties expected of me

Signed: .....

.....  
Name in block letters

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**APPENDIX E: Questionnaire for Service Providers**

**[AUDITOR OR CUSTODIAN]**

E1. Contact details

Business name: .....

Physical address of business:

.....  
.....  
.....

Postal address of business:

.....  
.....  
.....

Email address: .....

Telephone number: .....

E2. Service to be offered to the Administrator:

<input type="checkbox"/>
<input type="checkbox"/>

Auditor

Custodian

E3. Individual who will take responsibility for service delivery to the Administrator:

.....

E4. Qualifications and membership of professional bodies:

Qualification or membership of a professional body	Institution granting the qualification or professional body	Date granted

*[Please note that evidence of professional and academic qualifications must be enclosed with the questionnaire]*

E5. Has this individual ever been barred from entry to any profession or occupation?

Yes       No

If YES, please give details:

.....

.....

.....

E6. Practising certificates from professional bodies of this individual:

Period	Certificate	Professional Body	Conditions on the certificate

E7. Has the application for a practising certificate ever been declined for this individual?

Yes  No

If YES, please give details:

.....  
.....  
.....

E8. Has this individual ever been dismissed or the subject of disciplinary proceeding by an employer?

Yes  No

If YES, please give details:

.....  
.....  
.....

E9. Prior experience of the individual in offering this sort of service to Administrators:

Period	Name of the administrator	Nature of service provided

E10. Have you a contract and service level agreement with the administrator which complies with the standards laid down in the rules<sup>8</sup>?

Yes  No

E11. Names of your directors (if a company) or your partners (if a partnership):

Name	Primary residential address	Occupation

E12. Have you, or, if a company or partnership, any of your directors or partners, ever been

<sup>8</sup> Please note that the NBFIRA may request sight of the contract and service level agreement.

sentenced for fraud or dishonesty where the sentence has required a period of imprisonment of 6 months or more or payment of a fine as an alternative to such imprisonment ?

Yes     No

If YES, please give details:

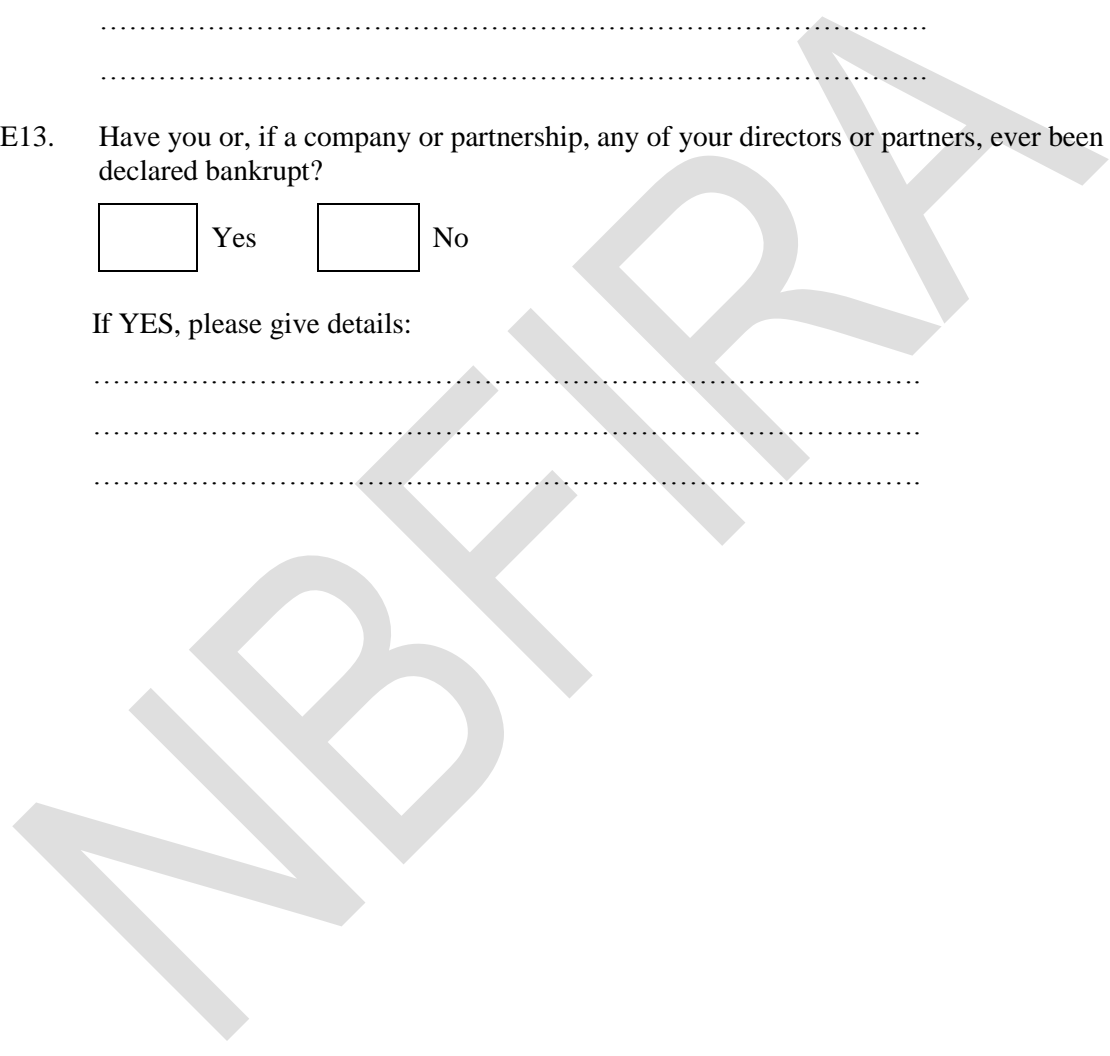
.....  
.....  
.....

E13. Have you or, if a company or partnership, any of your directors or partners, ever been declared bankrupt?

Yes     No

If YES, please give details:

.....  
.....  
.....



E14. Have you or, if a company or partnership, any of your directors or partners, ever previously been a trustee of a pension or provident fund, or have you ever been involved in the investment of assets for a pension or provident fund, or the administration of a pension or provident fund, where the pension or provident fund has had to be deregistered as a result of any failure on the part of the trustees or the persons investing the assets of the fund or administering the fund, or where the Registrar has appointed a curator?

Yes  No

If YES, please give details:

.....  
 .....  
 .....

E15. If you are a member of a professional body which has a disciplinary code, please identify the body and give details of any complaints against you which caused you to have disciplinary action taken against you? Please also complete this statement if you were such a member and had disciplinary action taken against you but you are no longer a member of that body (in Botswana or elsewhere)<sup>9</sup>.

Name of the professional body	Date, nature of the complaint against you, and nature of the disciplinary action taken against you

E16. Are you or, if a company or partnership, any of your directors or partners, disqualified from holding office as a trustee, manager, custodian or administrator by any law?

Yes  No

If YES, please give details:

.....  
 .....  
 .....

E17. Do you have any actual or potential conflicts of interest which might interfere in the exercise of your duties towards the administrator? (Such conflicts might be a business association, cross shareholding or common holding company with the administrator, or any organisation that provides services to the administrator.)

Yes  No

<sup>9</sup> Please note that the term “disciplinary action” will include a reprimand and must be stated even if you took remedial steps which avoided more serious disciplinary action.

If YES, please give details:

.....  
.....  
.....

E18. Have you disclosed these potential or actual conflicts of interest to the administrator<sup>10</sup>?

Yes  No

I certify that the above information is, to the best of my knowledge, correct and complete.

Signed: .....

.....

Name in block letters

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<sup>10</sup> Please note that the presence of an actual or potential conflict of interest is not a bar to appointment as a service provider to the administrator. It is important that these conflicts be managed through proper disclosure to the administrator, the regulator and other stakeholders.



**Appendix F: Particulars of Shareholders**

**Name of Administrator:** .....

Full Name of Natural Person or Company	Country of permanent residence (individual) or domicile (company)	Address	Telephone, and E-mail	Shareholding as a percentage of the total shares in issue

## **APPENDIX G: Risk Management Plan**

- G.1 Provide a Risk Management Plan including at least the following information.
- G.2 An outline the major risks to the Administrator, the likelihood and the potential consequences of these risks, including:
- a. Liquidity risk
  - b. Operational risk (systems failure, outsourcing and fraud and theft)
- G.3 A brief description of the measures and procedures in place to identify, monitor and manage the following:
- a. Governance and decision making
  - b. Financial position and solvency
  - c. Liquidity risk
  - d. Operational risk
- G.4 A brief description of the measures and procedures in place to mitigate the following risks:
- a. Liquidity risk
  - b. Operational risk
- G.5 A description of the internal controls and risk control measures that will be implemented to ensure the proper functioning of the administrator.
- G.6 A description of the controls on people, inside or outside the organisation on changing the administration systems.
- G.7 A description of the use of internal reporting and audit mechanisms to manage the risks of the administrator.

**APPENDIX H: Business Plan**

- H.1 The business plan should state the main objective of the administrator
- H.2 The Plan should be able to demonstrate that the administrator will maintain reasonable capital to back their operation.
- H.3 The Business Plan should show the initial set up costs (if a new operation) and then for each of the next 3 years
  - a. Initial capital (at least 6 months’ gross fee income)
  - b. Assumptions used
  - c. Initial start up costs
  - d. Projected business acquired (or business already acquired) in terms of numbers of pension or provident funds expected to contract with the administrator and the total expected numbers of members to be administered in respect of those fund
  - e. Projected administration fees
  - f. Projected revenue accounts
  - g. Projected profit and loss accounts
  - h. Projected cashflow statements
  - i. Projected balance sheets
- H.4 Provide the following information relating to share capital

**Authorised capital**

Type of Shares	Local/ foreign	Number of shares	Nominal value (P)	Total amount (P)
<b>Total</b>				

**Paid up capital**

Type of Shares	Local/foreign	Number of shareholders	Number of shares	Nominal value (P)	Total amount (P)	% of total
<b>Total</b>						

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