



Closed Pension Fund Administrator (CPFA) License in Nigeria: Complete 2026 Regulatory Guide

Description

Introduction

Nigeria's pension industry is regulated by the National Pension Commission (PenCom) under the Pension Reform Act. One of the specialised licenses issued by PenCom is the **Closed Pension Fund Administrator (CPFA) License**, designed exclusively for employers that operated pension schemes before the introduction of the Contributory Pension Scheme (CPS) in June 2004.

Unlike open Pension Fund Administrators (PFAs), CPFAs are permitted to manage only the pension funds of their sponsoring employers. This license is no longer open to new market entrants and is strictly reserved for legacy defined-benefit schemes that satisfy PenCom's statutory requirements.

This guide provides a comprehensive, regulator based explanation of:

- What a CPFA license is
- Who qualifies
- Regulatory requirements

- Application procedures
- Costs and documentation
- Governance obligations
- Common misconceptions
- Frequently asked questions

All information contained herein is derived directly from practice experience and PenCom's official publications and guidelines.

What Is a Closed Pension Fund Administrator (CPFA)?

A Closed Pension Fund Administrator is a pension operator licensed by PenCom to administer only the pension scheme of its sponsoring employer.

CPFAs typically manage defined benefit pension schemes that existed prior to the commencement of the CPS. Under this arrangement, the sponsoring employer guarantees all pension liabilities and funds any deficits.

PenCom has formally closed the CPFA category to new applicants. Only employers with qualifying pre-2004 schemes may apply.

Legal Basis for CPFA Licensing

CPFA licensing is governed by:

- Pension Reform Act 2014
- PenCom Guidelines on Pension Fund Administration

- PenCom Requirements for PFA Licensing
- PenCom Corporate Governance Guidelines
- PenCom Investment Regulations

These instruments collectively regulate eligibility, governance, capital adequacy, operational standards, and investment activities.

Who Is Eligible for a CPFA License?

An employer may qualify for CPFA status if it satisfies ALL the following:

1. Minimum Pension Assets

The employer must already control pension assets valued at **not less than ₦500,000,000**.

2. Historical Pension Scheme Management

The applicant must have managed its pension scheme effectively for at least **five (5) years prior to June 2004**.

3. Demonstrated Operational Capacity

Applicants must show:

- Adequate ICT infrastructure
- Qualified board and senior management
- Sound corporate governance

- Audited financial statements
- Internal control systems

Failure to meet any of these conditions results in automatic disqualification.

Key Characteristics of CPFAs

Feature	CPFA
Client scope	Sponsoring employer only
Scheme type	Defined Benefit
New licenses	Not available
Asset minimum	₦500 million
Sponsor guarantee	Mandatory
Regulatory authority	PenCom

CPFA Application Requirements

Applicants must submit the following:

Corporate Documents

- Certificate of Incorporation
- Memorandum & Articles of Association
- CAC Forms (C02, C06, C07)
- Board resolutions

Financial Records

- Three years audited accounts
- Pension fund asset verification
- Actuarial valuation reports

Governance Documents

- Directors' CVs
- Senior management profiles
- Corporate governance policy
- Independence declarations

Operational Documents

- ICT infrastructure description
- Internal control framework
- Compliance manual

Regulatory Declarations

- Fit and proper attestations

- No-mismanagement affidavits
- Conflict of interest statements

Application Form

- Completed PenCom APP/02/PFA Form

CPFA Licensing Process (Step-by-Step)

Step 1: Internal Readiness Review

Confirm eligibility thresholds, governance structure, pension asset valuation, and documentation completeness.

Step 2: Documentation Assembly

Prepare all corporate, financial, governance, and operational materials.

Step 3: Payment of Application Fee

Applicants must pay a **non-refundable PenCom application fee of ₦1,000,000**.

Step 4: Submission to PenCom

Applications are submitted physically or through PenCom's designated portal.

Step 5: Regulatory Review

PenCom conducts:

- Document verification
- Management screening
- ICT assessment
- Compliance review
- Possible onsite inspection

Step 6: Approval and Licensing

Upon satisfaction, PenCom issues a CPFA license subject to ongoing compliance obligations.

CPFA Licensing Costs

Item	Amount
PenCom Application Fee	₦1,000,000
Auditors	Variable
Actuarial valuation	Variable
Legal advisory	Variable
ICT systems	Variable

Note: Only the PenCom fee is statutory.

Post-Licensing Obligations

Licensed CPFAs must:

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- Submit periodic regulatory returns
 - Maintain pension fund segregation
 - Observe investment limits
 - Comply with governance codes
 - Undergo annual audits
 - Permit PenCom inspections
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Common Misconceptions

CPFA licenses are still open

False. PenCom closed CPFA licensing to new schemes.

Paying the fee guarantees approval

False. Approval depends on governance, assets, and compliance.

CPFAs operate like regular PFAs

False. CPFAs serve only sponsor employees.

Frequently Asked Questions (FAQs)

What is the minimum CPFA asset requirement?

₦500,000,000.

Can startups apply?

No.

Are CPFAs allowed to accept external clients?

No.

Is actuarial valuation mandatory?

Yes.

How long does approval take?

Typically 3–6 months depending on regulatory queries.

Final Thoughts

The Closed Pension Fund Administrator License represents one of Nigeria's most restricted financial services approvals. It exists solely to preserve legacy defined-benefit pension arrangements under strict regulatory supervision.

Employers considering this pathway must be prepared for intense regulatory scrutiny, significant documentation requirements, and continuous compliance oversight.

Early engagement of legal, actuarial, and audit professionals is strongly advised.

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