

PFR11 - FUND
ADMINISTRATORS RULES
2024

NBFIRA/RS/RF/RUL011

NBFIRA

Non-Bank Financial
Institutions Regulatory
Authority



CONTROL TABLE



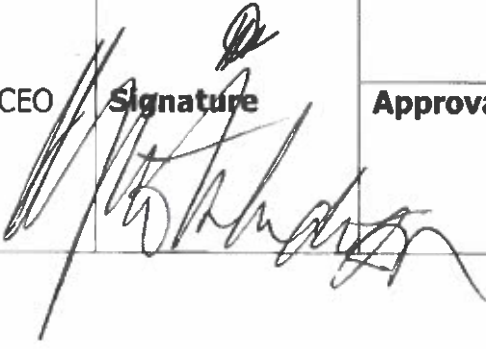
		Document Name: PFR11 - Fund Administrators Rules		Unique Identification Number: NBFIRA/RS/RF/RUL011	
Process Owner	Director: Retirement Funds Regulatory Services	Signature 	Version:	0	
			Review Frequency:	5 Years	
			Creation Date:	11/24	
Approved By	NBFIRA BOARD	Signature	Commencement Date:	12/24	
Signed On Behalf of The Board By	NBFIRA CEO	Signature 	Approval Date:	11/24	

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1. **PURPOSE**

1.1 The purpose of these Rules is to provide for the governance and operation of Fund Administrators in accordance with the NBFIRA Act, the Retirement Funds Act and other relevant Financial Services laws. These Rules aim to provide clear guidelines, foster ethical behaviour, and ensure the highest level of business conduct, integrity, accountability, and transparency in fund administration business. These Rules are issued in terms of Section 64 of the Retirement Funds Act, 2022.

2. **SCOPE**

2.1 These Rules apply to Fund Administrators licensed in terms of the Act.

2.2 Where a Fund Administrator is part of a financial service group, these Rules shall apply to the financial service group which conducts activities in one or more sectors listed under Section 2 of the NBFIRA Act.

2.3 Where such financial service activities are subject to comprehensive group-wide corporate governance supervision within Botswana or within a foreign jurisdiction, the locally licensed entity shall adhere to these Rules.

2.4 These Rules are not exhaustive and shall be read in conjunction with the NBFIRA Act, the Retirement Funds Act, 2022 and its Regulations and other financial service laws.

3. **ASSOCIATED DOCUMENTS**

Document	Reference
Retirement Funds Act and its Regulations	
Other Rules	
Fund Rules	

4. **DEFINITIONS**

Terms	Definition
Act	means the Retirement Funds Act, 2022 or as amended from time to time.
Governing Body	means the Board of Directors.
Independent Director	means a director who is not an employee of the Fund Administrator, its service providers or shareholders

	and does not have a material personal interest, or any other form of conflict of interest regarding the Fund Administrator business. Such director shall be able to exercise objective and unfettered judgement.
NBFIRA Act	Means the NBFIRA Act, 2023 or as amended from time to time.
Senior Management	means CEO or equivalent, Board Secretary, Compliance Officer and all Heads of Department of the Fund Administrator.

5. ABBREVIATIONS

Abbreviation	Full Phrase
CEO	Chief Executive Officer.
BAOA	Botswana Accountancy Oversight Authority.

6. RESPONSIBILITY

All licensed Fund Administrators

7. PFR11 - FUND ADMINISTRATORS' RULES

7.1 Duties of A Fund Administrator

7.1.1 The duties of the Fund Administrator under the Retirement Funds Act, 2022 shall be to keep and maintain proper records of Retirement Funds. The duties of a Fund Administrator shall include the following:

7.1.1.1 Maintain bank account(s) on behalf of Retirement Funds under management in consultation and as directed by the Board of Trustees, for purposes of receiving contributions from the Sponsors and any income due to the Retirement Fund;

7.1.1.2 Receive member contribution schedules containing at least the information prescribed in Appendix 1, from the Sponsors or Employers, verifying the accuracy of the data, distributing the contributions amongst the members;

7.1.1.3 Keep proper records of contributions received, including information of the member's contribution, employer contributions and any additional voluntary contributions made by members;

7.1.1.4 Keep records of all Retirement Funds' investments and transactions thereof;

- 7.1.1.5 Keep records of the performance of the different asset managers and assisting Retirement Funds with circulation of accurate benefit statements to members in a timely manner;
- 7.1.1.6 Receive information on the investments returns and allocate accurate returns to the members in benefit statements, in consultation and as directed by the Board of Trustees;
- 7.1.1.7 Calculate and facilitate payments of fees and expenses of Retirement Funds in liaison with all third-party service providers and as directed by the Board of Trustees;
- 7.1.1.8 Perform calculations in relation to retirement benefits to be paid to members as directed by the Board of Trustees and transmitting such calculation, after approval by the Board of Trustees to the Custodian for settlement;
- 7.1.1.9 Ensure that all Retirement Funds tax related issues are cleared with the Tax Authorities;
- 7.1.1.10 Perform monthly reconciliation of retirement benefits paid to members in consultation and as directed by the Board of Trustees;
- 7.1.1.11 Keep proper records of benefit payments and the related documents;
- 7.1.1.12 Ensure the records maintained by a Fund Administrator shall be kept up to date;
- 7.1.1.13 Ensure records shall be kept, whether in electronic or other form and shall be stored so as to:
 - (a) minimise any risk of their loss due to theft, fire, flood, corruption or unauthorised erasure;
 - (b) prevent unauthorised access; and
 - (c) backed up or otherwise duplicated so that copies shall be available if the originals are lost, destroyed, corrupted, or erased.
- 7.1.1.14 Ensure records, shall be kept for at least thirty (30) years, from the date of termination of membership in the Retirement Fund;
- 7.1.1.15 Ensure records shall be kept in a form and location that ensures that they are available to the member, Fund Administrator, Retirement Fund and **the Regulatory Authority** in a timely manner. If **the Regulatory Authority** is of the view that the form or location of the records is not permitting proper regulatory

oversight, the Regulatory Authority may give directions as to the form and location of the records and the Fund Administrator shall comply with that direction;

7.1.1.16 Report to **the Regulatory Authority**, as soon as reasonably practicable, any unusual occurrence with respect to the Retirement Funds under management, which in the opinion of the Fund Administrator could adversely affect the rights of the members; and

7.1.1.17 Report to **the Regulatory Authority**, immediately after the seven (7) days in consultation with the Principal Officer, when the Sponsor is in default of remittance of any contributions and such remittance remains due for a period of more than fourteen (14) days.

7.2 Change of Fund Administrator

7.2.1 The Board of Trustees of a Retirement Fund may change the fund administration function of a Retirement Fund from one Fund Administrator to another and shall notify **the Regulatory Authority** of such a change within fourteen (14) days from the date of new appointment.

7.2.2 The change of Fund Administrator shall be effected in a manner that ensures continuous performance of the fund administration function and duties in respect of service to members and all fund administrative affairs.

7.2.3 Where a service contract with a Fund Administrator is terminated, the Fund Administrator shall handover all Retirement Fund member records, kept up to date under its administration and all documents relating to the performance of its duties to a new Fund Administrator within a period of sixty (60) days after the date of termination.

7.2.4 The terminated Fund Administrator remains liable for performance of its duties until all up-to-date documents and member records have been completely transferred and handed over to the new Fund Administrator.

7.3 The Governing Body of A Fund Administrator

7.3.1 The governing body of a Fund Administrator shall consider allocating oversight of, and reporting on, organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships to a dedicated Board committee or adding it to the

responsibilities of another Board committee as is appropriate for the Fund Administrator.

7.3.2 The Board committees shall be established, not limited to provide oversight on risk, finance, audit, as well as nomination and remuneration of Board of Directors and senior management of the Fund Administrator and each Board committee shall have a Chairperson and operate within its terms of reference approved by the governing body.

7.3.3 A Fund Administrator is required to have a minimum of five (5) Board of Directors, all of which shall be independent directors. The Board of Directors shall not consist of Senior Management except the Chief Executive Officer (CEO).

7.3.4 In addition to the requirements of companies' laws, the Board Directors shall individually and collectively cultivate the following characteristics and exhibit them in their code of conduct:

(a) **Integrity:** the Board of Directors shall act in good faith and in the best interest of the Retirement Funds under administration and their members, the Fund Administrator and its employees, and other stakeholders. The Board of Directors and or each director of the Board shall avoid conflict of interest as well as inculcate an ethical culture. All directors shall act with integrity, lead by example and promote the desired culture. The Board of Directors shall take action to identify and manage conflicts of interest, including those resulting from significant shareholdings, related party transactions and ensure that the influence of third parties does not compromise or override independent judgement. The Board of Directors shall have a code of conduct that addresses conflicts of interest, particularly relating to directors and partners which shall be regularly reviewed and updated as necessary;

(b) **Competence:** the Board of Directors shall ensure that they have at least a working knowledge of the fund administration business, its industry, the capital requirements as well as compliance requirements applicable to the fund administration business. At all times, the Board of Directors shall act with due care, skill and diligence and take reasonable steps to become informed about matters to enable them to make informed decision;

- (c) **Responsibility:** the Board of Directors shall assume collective responsibility for steering and setting the direction of the organisation; approving policy and planning; overseeing and monitoring of implementation and execution by management; ensuring accountability for performance. The Board of Directors shall ensure formation of any committees of the Board of Directors as may exist and their terms of reference. Board of Directors shall attend meetings of the Board of Directors and its committees and dedicate time to prepare for meetings; shall ensure compliance with the Act, with any other regulatory requirements imposed under the Act and any other applicable statute. Where the Board of Directors chooses to engage third parties or agents to conduct some of the functions for which the Board of Directors is responsible, the Board of Directors shall retain responsibility for the performance of those duties as performed by the third party or agent. The Board of Directors shall adopt a policy for arranging its business, such policy shall include, inter alia; the method of appointing the Chairperson or, as the case may be, the managing partner or senior management;
- (d) **Accountability:** Board of Directors shall answer for the execution of their decisions even when such were delegated. The Board of Directors shall adopt a policy stating the decisions that shall be reserved to the Board of Directors or a statement of matters that are delegated to a Board committee or to the CEO; the procedures for taking Board decisions, including, inter alia, the required majority vote, the use of a casting vote and the minimum quorum; the method of recording and disseminating Board decisions. The Board of Directors shall ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board of Directors, including whether any director abstained from voting or deliberating on a particular matter. There shall be a policy which includes a provision requiring the Fund Administrator to explain what action they intend to take in response to situations where a resolution agreed at any general meeting is not aligned with the Board of Directors resolution;
- (e) **Fairness:** Board of Directors shall adopt a stakeholder inclusive approach in the execution of their governance role and responsibility and make decisions which are friendly to the natural environment, society and future generations; and

(f) **Transparency:** Board of Directors shall be transparent in the manner in which they execute their governance role and responsibility.

- 7.3.5 The Board of Directors shall establish the Fund Administrator's purpose, values and strategy, and satisfy itself that these and its culture are aligned. The Board of Directors shall ensure that the necessary resources are in place for the fund administration business to meet its objectives and measure performance against such. The Board of Directors shall also establish a framework of prudent and effective controls, which enable risks to be assessed and managed.
- 7.3.6 In order for, the Fund Administrator to meet its responsibilities to shareholders and other stakeholders, the Board of Directors shall ensure effective engagement with, and encourage participation from shareholders and stakeholders.
- 7.3.7 The Board of Directors shall ensure that staff policies and practices are consistent with the Fund Administrator's values and support its long-term sustainable success and staff shall be able to raise any matters of concern.
- 7.3.8 The Board of Directors shall undertake an evaluation of the business plan, including, inter alia, the budget and staff complement at least annually and shall review evaluation results with a view to make such changes as it considers appropriate and necessary.
- 7.3.9 In the event that the Fund Administrator's solvency is of concern, the Board of Directors shall forthwith summon a special board meeting of the Fund Administrator to discuss the matter and report to **the Regulatory Authority** the nature of the remedial action being taken immediately.
- 7.3.10 The Board of Directors shall adopt the procedures and controls that it considers necessary for managing the business.
- 7.3.11 The Board of Directors shall undertake an evaluation of the procedures and controls at least annually and shall review the evaluation results with a view to make such changes as it considers appropriate and necessary.
- 7.3.12 The Board of Directors shall have a policy which limits the tenure of its independent directors which limits shall range between three (3) to five (5) years, subject to renewability once.

7.4 Board of Directors Balance

7.4.1 The Board of Directors shall comprise only independent directors and the Chairperson of the Board shall be elected from independent directors, it is also desirable to achieve an appropriate mix of knowledge, skills, relevant commercial and business acumen, and diversity for the Board of Directors to objectively and effectively discharge its governance roles and responsibilities.

7.5 The Chairperson Roles

7.5.1 The Chairperson leads the Board of Directors and is responsible for its overall effectiveness in strategic direction of the Fund Administrator. The Chairperson shall demonstrate objective judgement throughout their tenure and promote a culture of openness and debate.

7.5.2 The Chairperson shall preserve order and facilitate the effective discharge of Board functions and inculcate a culture of good corporate governance at all times.

7.5.3 The Chairperson shall conduct board proceedings in a proper manner and ensure, inter-alia, that:

(a) the effective participation of all directors is secured;

(b) all directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Fund Administrator;

(c) balance of power in the Board of Directors is maintained and domination of individual members is avoided;

(d) the sense or decision of directors on issues, under consideration, is ascertained; and

(e) the Board of Directors is in complete control of the Fund Administrator's affairs and alert to its obligations to all stakeholders.

7.6 Appointments To The Board of Directors

7.6.1 There shall be a formal and transparent procedure for the appointment of new directors to the Board.

7.6.2 A Nomination committee of the Board of Directors shall be established to make recommendations to the Board of Directors on all new board appointments, where practical. A majority of the members of the Board committee shall be independent directors and the Chairperson of the Board committee shall be an independent director.

7.7 Appraisal of Board of Director's Performance

7.7.1 Board of Directors shall appraise its own performance annually to ensure that primary board responsibilities are satisfactorily discharged and such report shall be submitted to **the Regulatory Authority** within four (4) months from financial year-end of the Fund Administrator.

7.7.2 The Board of Directors shall annually appraise its performance in the key responsibilities, inter-alia, of: -

- (a) reviewing, formulating, monitoring and implementation of a sound business strategy;
- (b) ensuring that the Chief Executive Officer (CEO) and Management Team are competent and the adoption of an effective CEO and senior management succession strategy;
- (c) securing effective information, control and audit systems;
- (d) ensuring compliance with legal and ethical standards;
- (e) ensuring prevention and management of risks; and
- (f) fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.

7.7.3 The annual Board of Directors' performance evaluation shall not only cover the Board of Directors, but also the performance of Board committees and the Chairpersons of the Board of Directors and committees.

7.8 Appraisal of Chief Executive Officer

7.8.1 The Board of Directors shall be required, annually to assess the performance of the Chief Executive Officer. The Chairperson shall

conduct the performance appraisal of the CEO and be informed of performance appraisal findings of other senior management.

7.8.2 At the commencement of every fiscal year, the Board of Directors, in consultation with the Chief Executive Officer, shall set reasonable financial and non - financial targets, in line with the short-, medium- and long-term objectives of the Fund Administrator, that are to be met by the Chief Executive Officer during the year.

7.8.3 The performance of the Chief Executive Officer shall be evaluated by the Chairperson to ascertain whether the targets set by the Board of Directors have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.

7.9 Code of Conduct For Board of Directors

7.9.1 All directors shall bring an independent judgement to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct of business.

7.9.2 Every director shall dedicate adequate time and effort to matters of the Board of Directors and the Fund Administrator, to ensure that the duties and responsibilities owed by him or her to the Fund Administrator are satisfactorily discharged.

7.9.3 All directors shall objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Fund Administrator.

7.9.4 Every director is required to keep abreast of his responsibilities as a director and of the conduct, business activities and development of the Fund Administrator.

7.9.5 Every director shall receive appropriate Board induction upon first appointment to the Board of Directors of the Fund Administrator and subsequently as necessary. The Board of Directors may be provided with mentorship and encouraged to undergo training, where identified and deemed necessary.

7.9.6 The training curricula shall encompass both general aspects of directorship as well as strategic focus of the Fund Administrator. This may include regular briefings on legal and corporate governance

developments, as well as risks and changes in the external environment of the organisation.

7.9.7 Directors shall be subject to heightened transparency requirements regarding their dealings in the Fund Administrator's securities. Directors of listed companies must disclose any interests they have in the shares of the Fund Administrator or its related body corporate. A director with a material personal interest in any matter that relates to the affairs of the Fund Administrator must notify the other directors of that interest.

7.9.8 **The Regulatory Authority** may prescribe the qualifications necessary for the Board of Directors.

7.9.9 The Board of Directors shall adopt a protocol for the appointment of Directors or, where appropriate senior management which shall be designed to ensure that they are fit and proper and shall include but not be limited to:

- (a) the establishment of the skills and qualifications required for the appointment;
- (b) the enquiries that shall be made as to fitness and properness and the verification of skills and qualifications;
- (c) the terms and conditions of the appointment;
- (d) the process for evaluating the performance of the appointee; and
- (e) the period of appointment and the process for terminating the appointment.

7.9.10 The Board of Directors shall adopt a policy for determining the remuneration of the Board itself, the senior management and staff of the business. The remuneration policies and decisions shall be made through a transparent and independent process.

7.10 Responsibilities of The Board Secretary

7.10.1 All directors shall have access to the advice and services of the Board Secretary. The success and effectiveness of the Board's operations depend mainly on how the Board Secretary assumes the roles and duties in an efficient and proper manner. Any question of the removal of the Board Secretary shall be a matter for the Board of Directors as a whole and may not be terminated except by a Board resolution. Remunerations of the Board Secretary shall be determined by a resolution of the Board

of Directors unless the Fund Administrator's by-laws include provisions in connection in this regard.

7.10.2 The duties and responsibilities of the Board Secretary shall include the following:

- 7.10.2.1 **Documenting the Board's meetings** - the Board Secretary is responsible for documenting the Board's meetings and preparing minutes thereof, which shall include discussions and deliberations conducted during such meetings and recording the resolutions of the Board of Directors and voting results and retaining them in a special and organised register. The Board Secretary shall present the draft minutes to the Board of Directors to provide their feedback before signing.
- 7.10.2.2 **Record keeping** - the Board Secretary shall ensure that all reports submitted to the Board of Directors or prepared by it are retained, including but not limited to quarterly and annual reports.
- 7.10.2.3 **Providing the Board of Directors with information and minutes** - the Board Secretary shall provide the Board of Directors with all information needed in the course of their work.
- 7.10.2.4 **Compliance** - the Board Secretary shall ensure that the Board of Directors comply and commit to the procedures approved by the Board of Directors.
- 7.10.2.5 **Notifying Board of Directors of the dates of Board's meetings** - the Board Secretary serves as a liaison between Board of Directors, especially regarding coordinating dates of meetings. Therefore, the Board Secretary shall notify the Board of Directors of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting.
- 7.10.2.6 **Coordinating among Board of Directors** - the Board Secretary shall coordinate among Board of Directors to help raise the efficiency of the Boards' operations and enhance decision making expeditiously and efficiently.
- 7.10.2.7 **Providing assistance and advice** - the Board Secretary shall provide assistance and advice to Board of Directors.
- 7.10.2.8 **Regulating disclosure register of the Board of Directors** - the Board Secretary shall manage the disclosure register of the Board of Directors as per the disclosure requirements stipulated in the financial services laws.

7.10.2.9 Or any other functions as may be determined by the Board of Directors.

7.11 Risk Governance Principles

7.11.1 The governing body may consider allocating the oversight of risk governance to a dedicated Board committee or adding it to the responsibilities of another Board committee as is appropriate for the Fund Administrator. If the Board committees for audit and risk are separate, the governing body shall consider for one or more members to have joint membership of both committees for more effective functioning. The majority of the members of the Risk committee shall be independent directors and the Chairperson of the Risk committee shall be an independent director.

7.11.2 The recommended practices that the governing body shall perform, are summarised as follows:

7.11.2.1 Set the approach for risk governance, including opportunities and risks when developing strategy and the potential positive and negative effects of the same risk on the achievement of objectives;

7.11.2.2 Treat risk as integral part of decision making and adherence to duties, approve risk policy, evaluate and agree the risks it is prepared to take, for instance, risk appetite and risk tolerance levels;

7.11.2.3 Delegate risk management implementation to senior management;

7.11.2.4 Oversee the risk management, including assessment of risks and opportunities in relation to the use of capital, achievement of objectives, dependency on resources as well as the risk responses, business continuity and culture of the organization;

7.11.2.5 Receive periodic, independent assurance on the effectiveness of risk management; and

7.11.2.6 Risk governance Board committee or another Board committee as appropriate for the Fund Administrator shall disclose to the Board of Directors the nature and extent of risks and opportunities; overview of the risk management system; areas of focus; key risks, unexpected risks, risks taken outside tolerance levels and actions to monitor and address risk management.

7.11.3 The Board of Directors shall assess the risks facing the Fund Administrator. This shall include, where relevant, any risks arising from, inter alia:

- (a) the products or services provided;
- (b) the facilities offered;
- (c) the clients targeted;
- (d) the financial capital applied to the business;
- (e) the reliance on certain employees;
- (f) the technology infrastructure;
- (g) the potential for internal fraud; and
- (h) any market, credit, operational, settlement, counterparty, regulatory and legal risks.

7.11.4 The Board of Directors shall, in its disclosure, include a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability were evaluated and the controls in place to mitigate or manage those risks.

7.11.5 The assessment of risks shall include the risks to the Fund Administrator arising from any other activities in which it is engaged or arising from the activities of any member of a financial group of which the Fund Administrator is a part. The Board of Directors shall adopt and document its assessment.

7.11.6 The Board of Directors shall adopt policies and procedures designed to mitigate the risks identified, which shall be:

- (a) documented; and
- (b) communicated to employees.

7.11.7 The Board of Directors shall adopt contingency plans for maintaining business continuity in the event of certain specified risks, including, inter alia:

- (a) technology failure;
- (b) the loss of access to the Fund Administrator's main offices;
- (c) the loss of records;
- (d) the default or failure of a counterparty;

- (e) the protection of data; and
- (f) the loss of key persons.

7.11.8 The Board of Directors shall ensure that the contingency arrangements are assessed from time to time and no less frequently than annually.

7.11.9 The Board of Directors shall conduct an evaluation of its risk assessment and the effectiveness of the risk mitigation policies no less frequently than annually.

7.12 Technology And Information Governance Principle

7.12.1 The recommended practices that the governing body shall perform are summarised as follows:

7.12.1.1 Set the approach and approve the policy for technology and information governance (including adoption of appropriate frameworks and standards);

7.12.1.2 Delegate effective technology and information implementation to management;

7.12.1.3 Oversee results of management's implementation (including integration, business resilience, monitoring for responsiveness to cyber security and social media risks, third-party and outsourced service provider risks, value delivered from technology investments and projects, disposal of obsolete technology and information, ethical and responsible use and compliance with laws);

7.12.1.4 Oversee management of information (including use, information architecture, protection of privacy and security);

7.12.1.5 Oversee management of technology (including technology architecture, sourcing risks, developments and disruptions);

7.12.1.6 Receive periodic, independent assurance on the effectiveness of the technology and information, including outsourcing; and

7.12.1.7 Disclose overview of governance and management; areas of current and future focus; significant changes, acquisitions, incident management; monitoring and response thereto.

7.12.2 The Board of Directors shall identify and document the information it considers necessary to assess the performance of the business, the fulfilling of its obligations, the effectiveness of risk mitigation policies, the

nature and magnitude of risks, the financial position of the Fund Administrator and other matters it considers necessary.

7.12.3 The Board of Directors shall consider the information regularly and in particular, shall review the management accounts, major capital expenditure and the performance of the Fund Administrator no less frequently than quarterly.

7.12.4 The Board of Directors shall evaluate the adequacy of the management information arrangements no less frequently than annually.

7.13 Internal Controls

7.13.1 The Board of Directors shall maintain a sound system of internal control to safeguard the interest of stakeholders and Retirement Fund assets under administration.

7.13.2 The Board of Directors shall adopt internal controls that are designed to ensure that Fund Administration is conducted in a diligent and proper manner at all times.

7.13.3 **The Regulatory Authority** may prescribe the qualifications for a Compliance Officer.

7.13.4 The Board of Directors shall designate a person as Compliance Officer. The Compliance Officer may hold other position within the Fund Administrator, provided that this dual role does not create any conflict of interest:

7.13.4.1 The responsibility of the Compliance Officer, subject to the overall responsibility of the Board of Directors for compliance with regulatory requirements shall be:

- (a) to advise the Board of Directors on the policies and procedures necessary to comply with the regulatory requirements to which the Fund Administrator is subject;
- (b) to monitor compliance with internal controls, including those designed to meet regulatory requirements;
- (c) to ensure that all relevant persons are aware of the regulatory requirements, including, inter alia, employees and agents;
- (d) to report material breaches to the Board of Directors and **the Regulatory Authority**;

- (e) to report to the Board of Directors if there are material weaknesses in internal controls that require attention;
- (f) to report to the Board of Directors the results of any inspections or investigations conducted by **the Regulatory Authority**, and
- (g) to report no less frequently than annually to the Board of Directors on the adequacy of the internal controls.

7.13.4.2 The Board of Directors shall ensure that the Compliance Officer:

- (a) has sufficient seniority, authority and skills to conduct the tasks;
- (b) has direct access to the Board of Directors and **the Regulatory Authority**, and
- (c) is able, without requiring any other prior authority, to examine all books, documents and other records, in whatever media they are held; and to require any Director of the Board of Directors, employee, agent or other relevant person to answer questions about any aspect of their work.

7.13.4.3 The Board of Directors shall require the compliance officer to submit a report to the Board of Directors and to any parent company of the Fund Administrator, when there are any regulatory actions taken by **the Regulatory Authority** against the Fund Administrator, its controllers and senior management.

7.13.5 The Board of Directors shall adopt a procedure manual that includes, inter alia, a description of the internal controls and these manuals shall be provided to all employees.

7.13.6 The Board of Directors shall ensure that there are internal controls including policies, that ensure that for each employee, except where the Board of Directors determines that the nature of the post makes it unnecessary; there is a description of the duties of the post and there is a description of the key areas of discretion of the post, which shall include, but not limited to a description of the limits of that discretion and the criteria to be applied in exercising that discretion.

7.13.7 The Board of Directors shall ensure that the information in its possession is subject to adequate confidentiality protection, taking account of statutory obligations and the duty of care to all whose confidential information is entrusted to the Board of Directors.

7.13.8 Where the Board of Directors determines that it is appropriate and consistent with statutory and regulatory obligations to share confidential information with others as part of its business, it shall take reasonable steps to ensure that the recipient of the information affords the confidential information appropriate protection.

7.13.9 The Board of Directors shall establish formal and transparent arrangements for considering how they shall apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Fund Administrator's auditors.

7.13.10 The duties of the Board committee responsible for audit shall include:

7.13.10.1 keeping under review the scope and results of the audit and its effectiveness and the independence and objectivity of the auditors.

7.13.10.2 drawing up a recommendation to the Board of Directors for consideration and acceptance by the shareholders for the appointment of the external auditors.

7.13.10.3 ensuring that the independence of auditors is maintained and that any consultancy or any work contracted with the auditing firm will not have a material impact on the auditor's independence.

7.13.10.4 setting principles for recommending to the Board of Directors, rotation and remuneration of auditors and terms of engagement of the external auditor.

7.13.10.5 having policies and procedures to assess the suitability and objectivity of its function. This shall include:

(a) ensuring mandatory external auditor rotation every five (5) years, subject to renewability once or as determined by the Botswana Accountancy Oversight Authority (BAOA);

(b) pre-approving any proposed agreement with the auditor for the provision of non-audit services; and

(c) ensuring that at least one member of the Board committee responsible for audit has recent and relevant financial experience and that the Board committee has relevant sector experience.

7.14 Employees

7.14.1 The Board of Directors shall ensure that there are internal controls including policies, which make certain that all employees are fit and proper for their roles, including, inter alia, the following:

- (a) that they have the qualifications and experience for their job;
- (b) that the skills available to the entire Board of Directors, are sufficient to conduct the functions of the Fund Administrator;
- (c) that reasonable steps have been taken to verify employees' experience and qualifications; and
- (d) reasonable steps have been taken to establish that there is no evidence of lack of integrity or of financial difficulties by employees.

7.14.2 The Board of Directors shall ensure that the experience and qualifications needed for each post is documented. The experience and qualifications shall meet any requirements that may be determined by ***the Regulatory Authority***.

7.14.3 The Board of Directors shall adopt a policy that defines the training that each employee shall be given and such training shall include, inter alia, for each employee:

- (a) the Fund Administrator's relevant internal controls;
- (b) the regulatory and legal obligations relevant to the employee concerned; and
- (c) the code of conduct for employees.

7.14.4 The Board of Directors shall ensure that all staff training is conducted according to a programme based on the needs of the Fund Administrator and regulatory requirements and is properly documented.

7.14.5 The Board of Directors shall determine what succession plan arrangements are appropriate and ensure that appropriate succession planning is undertaken and documented.

7.15 Whistle Blowing Procedure

7.15.1 A Fund Administrator shall have appropriate procedures and protections for allowing employees to disclose any information to ***the Regulatory Authority*** or other appropriate bodies involved in the prevention of

market misconduct, mismanagement, financial crime and money laundering.

7.16 Agents And Third-Party Suppliers

7.16.1 Where the Fund Administrator decides to employ agents or other third-party suppliers to provide services for which it is responsible, the Board of Directors shall ensure that there are internal controls including policies that will specify:

- (a) the duties and obligations of the agent or third party supplier;
- (b) the duties and obligations of the Fund Administrator;
- (c) the remuneration and other terms;
- (d) the performance standards and the method by which third-party suppliers will be judged; and
- (e) the right of the Board of Directors or its employees to call for information or inspect at any time, the books, records and premises of the agent or third-party supplier to satisfy itself that the terms and conditions of the agreement are met.

7.17 Related Party Transactions

7.17.1 The Board of Directors shall develop a policy that would guide the Fund Administrator on all major transactions and related party transactions which are entered into by the Fund Administrator. The policy shall be developed in line with the Related Party Transactions Guidelines issued by ***the Regulatory Authority***.

7.18 Non-Compliance With These Rules

- (a) Non-compliance with these Rules will result in ***the Regulatory Authority*** imposing civil penalties on the non-complying persons as per Section 107 of the NBFIRA Act, 2023.

Appendix 1: Contribution Schedule Minimum Information

Fund Name: _____ Month: _____

Employer Sponsor/Participating employer:																				
Employee Number	Surname	First Name	Initial	Orang Number	Date of Birth	Date Employed	Date Joined Fund	Pensionable Service Date	Gender	Marital Status Or Member Title	Pensionable Salary	Member Contribution	Employer's Sponsor Contribution	Member AVC	Employer's Sponsor AVC	Member Tax Number	Member E Mail Address	Member Contact Number	Comments	

Employer Declaration - Certified that the information contained in the schedule is correct

Authorised Signature	
Designation	
Date	

Employer/Sponsor stamp

8. RECORDS

Reference Number	Record (Description of records)	Location / Holder	Retention Period	Justification
	Board of Directors Performance Assessment	Retirement Fund File/Procurement & Administration	Preserve Permanently	Effective Fund Administration Governance
	Onsite Report/Offsite Analysis	Retirement Fund File/Procurement & Administration	Preserve Permanently	Monitoring