



# NATIONAL PENSION COMMISSION

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**PENCOM/INSP/CIR/SURV/17/25**

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All Licensed Pension Fund Operators

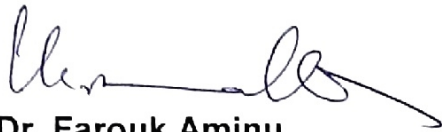
Dear Sir/Madam,

## **DIRECTIVE TO LICENSED PENSION FUND OPERATORS ON SHARING AND TREATMENT OF BROKERAGE COMMISSION ON ALL BOND TRANSACTIONS**

- 1.0 The Securities and Exchange Commission (SEC) has through a Circular dated 27 July, 2019 directed that only Capital Market Operators duly registered by SEC are eligible to be paid brokerage fee/receiving agents' commission and such Operators shall not pay or offer a percentage of the commission earned from services provided in a transaction as an incentive for investment.
- 2.0 Accordingly, the Commission wishes to clarify that in line with the SEC directive, PFAs are no longer required to negotiate or receive a portion of the brokerage commission from Primary Dealer Market Makers (PDMMs)/Issuing Houses/Receiving Agents e.t.c for the purchase of Bonds in the primary/secondary market.
- 3.0 Any PFA that willfully negotiates or receives brokerage commission from PDMMs/Issuing Houses/Receiving Agents e.t.c shall be sanctioned in line with the Commission's Regime of Sanctions and Penalties.

- 4.0 This letter is clarification on the Operational Guideline on Sharing and Treatment of Brokerage Commission Received by PFAs/CPFAs on all Bond Transactions in the Primary Market issued by the Commission in August 2014. Consequently, the General Provisions, Reporting Requirements and Sanctions for Non-Compliance of the Operational Guideline shall no longer be applicable and are hereby rested until further notice.
- 5.0 This directive takes immediate effect. All enquiries regarding this letter should be directed to the under signed.

Thank you.



**Dr. Farouk Aminu**  
**Head, Investment Supervision Department**