



CIRCULAR

To,

PFRDA/CIR/1/PFM/1

All Pension Fund Managers,
National Securities Depository Limited
Stock Holding Corporation of India
Bank of India
NPS Trust

Date: 31-08-2012

Sub: Revision of Investment Management Fee (IMF) for Pension Fund Managers for Private Sector NPS

1. Based on the recommendations of the 'Expert Committee to determine the Upper ceiling of the Investment Management Fees or other Fees (if any) to be charged by the PFMs in the Private Sector of NPS' and with the approval of the Competent Authority, the upper ceiling of the Investment Management Fees has been fixed at 0.25% p.a. of the AUM (Asset Under Management) with effect from 1st November 2012.
2. This is applicable to all schemes for all Private and Corporate Sector subscribers. The PFMs can fix their own Investment Management Fee for different schemes subject to the upper ceiling of 0.25% p.a. This fee is inclusive of brokerage except Custodian charges and applicable taxes.
3. The Investment Management Fee for the NPS Lite/ Swavalamban shall be at par with the Investment Management Fee applicable to NPS Schemes for Government Employees which is currently at 0.0102% p.a.
4. The Investment Management Fee applicable to the NPS schemes for Government Employees would continue at 0.0102% p.a which was revised with effect from 18/04/2012.
5. No differential Investment Management Fee can be quoted in a scheme for different subscriber class (For example: professionals, salaried and corporates would all be quoted the same fee if they subscribe to Scheme-E of any specific PFM)

6. Investment Management Fee is to be calculated on the Assets Under Management (AUM) on a daily accrual basis and charged to the scheme at the end of every quarter.
7. The PFMs will be permitted to revise the Investment Management Fee, once in a year.
8. The following disclosure norms need to be followed at the time of revision of fee
 - (i) PFM to advise its initial fee to PFRDA 30 days prior to commencement of business after obtaining the registration from PFRDA.
 - (ii) PFMs with existing NPS business to indicate their IMF at the time of submission of their documents to PFRDA for Registration.
 - (iii) PFM to advise 30 days in advance before the change of IMF, to PFRDA.
 - (iv) Each change in IMF to be hosted on website of the PFM at least 15 days in advance, and an e-mail to be sent to each subscriber through CRA and notified in an English and Hindi national daily and a vernacular daily where the H.O. of the PFM is situated (15 days in advance) to give sufficient notice to the subscriber.
 - (v) The annual statement to subscribers by CRA to include all the changes in IMF by the PFM. PFMs to submit this to CRA for this well in advance before the issue of statements.
9. The Investment management fee as revised above would be applicable from 1st November 2012.

This circular is being issued in terms of resolution issued by MOF(DEA-ECB and PR division) dated 10th October 2003.

Mamta Rohit
(Chief General Manager)