

EXECUTIVE ORDER

Whereas, His Majesty the King commanded the Royal Civil Service Commission vide the Royal Edict dated Third Day of the Fourth Month of Earth Tiger Year corresponding to Twenty-Seventh Day of Fifth Month, 1998 to review the present post-retirement benefit scheme and propose an appropriate retirement plan with enhanced benefits to adequately support the livelihood of civil servants on their retirement;

AND whereas, the Ministry of Finance vide Executive Order No. MOF/Pension/4841 of March 30, 2000 established the National Pension & Provident Fund to facilitate savings of the civil servants, employees of the public sector organizations and the armed force personnel for their post-retirement financial security;

AND whereas, a bill on the aforesaid effect is being drafted for consideration of the National Assembly;

Now, therefore, pending the enactment of the bill, the Royal Government makes the following Executive Order:

Article 1. This Executive Order may be called the **Establishment of National Pension and Provident Fund Executive Order, 2002.**

Article 2. That there be established a mandatory National Pension and Provident Fund Plan, hereinafter referred to as the NPPFP, for civil servants and employees of Government owned and joint sector corporations and a separate Armed Forces Pension and Provident Fund Scheme, hereinafter referred to as the AFPPFS, for the members of the armed forces.

Article 3. That there be established an agency named as the National Pension and Provident Fund, hereinafter referred to as the NPPF, to manage and administer the National Pension and Provident Fund Plan in accordance with the provisions of the National Pension and Provident Fund Plan Rules and Regulations, 2002 and Armed Forces Pension and Provident Fund Scheme in accordance with the Armed Forces Trust Deed, approved herewith.

Article 4. All powers of the NPPF shall vest in the Board of Directors (National Pension Board) appointed by the Royal Government. The Board shall be responsible for the policy and general supervision of the NPPF.

Article 5. The National Pension Board shall be responsible for deciding as to the type of financial products in which members' contributions are invested so that the viability and sustainability of the pension and the provident fund plan is assured, provided that investments shall be limited to the following:

- (a) Cash and cash products;
- (b) Securities issued by the Royal Government, or the Royal Monetary Authority of Bhutan;
- (c) Securities and other instruments of indebtedness;
- (d) Shares of public limited companies;
- (e) Construct, acquire and dispose residential housing and commercial complexes; and
- (f) Acquire building sites and lands for promotion of real estate development.

Article 6. The National Pension and Provident Fund shall be an autonomous public organization with perpetual succession and a common seal. It shall have the power to:

- (a) Enter into contract and issue obligations;
- (b) Sue and be sued in its own name; and
- (c) Acquire, hold and dispose property, whether movable or immovable and to pledge and mortgage the same.

Article 7. Subject to the terms and condition as may be prescribed and monitored by the Board, the NPPF may grant loans and advances to:

- (a) The Royal Government and its institutions, agencies and projects;
- (b) Government owned, Joint Sector Corporations and Public Limited Companies incorporated under the Companies Act of Bhutan; and
- (c) Any of its current members for the purchase, construction or repair of residential house against the security of the house and/ or his/her accumulated provident fund contributions.

Article 8. Subject to the approval of the Royal Government, and on such terms and conditions as deemed fit by the Board, the NPPF may make investments outside Bhutan. For this purpose it may engage the services of professional investment managers and the Board shall be responsible for drawing up the guidelines for investments and monitoring and evaluating the performance of such investments

Article 9. The NPPF shall pay returns to the Provident Fund members annually. Such returns shall be based on the actual income generated by the NPPF on the investments of its assets after adjusting the administrative costs.

Article 10. The NPPF shall be exempted from taxes and assessment thereof on income derived from contributions and investments.

- Article 11. The NPPF shall maintain proper books of account and other books and records of all financial transactions of the National Pension and Provident Fund Plan and the Armed Forces Pension and Provident Fund Scheme.
- Article 12. The accounts of the NPPF shall be audited at least once every financial year by a suitably qualified auditor appointed by the Board from out of the panel of auditors maintained by the Royal Audit Authority.
- Article 13. The NPPF shall within three months after the end of each financial year, submit to the Board a copy of its annual accounts certified by the auditor together with a report on its operations during the year, and publish the said accounts and report once they have been approved by the Board.
- Article 14. The Royal Government/Board shall appoint a Chief Executive Officer (CEO) to be in charge of the NPPF who shall be responsible to the Board for the implementation of its policy and the day-to-day administration.
- Article 15. Pursuant to the National Pension and Provident Fund Plan Rules and Regulations and Armed Forces Trust Deed, the Chief Executive Officer shall have the power to act, contract and sign instruments and documents for and on behalf of the NPPF.
- Article 16. The Board may appoint and employ on such terms and conditions as it may prescribe, such other officers and employees, agents and correspondents, as it considers necessary for the efficient functioning of the NPPF.

Article 17. The Board shall have the power to make, alter, or repeal the rules and regulations, and to issue such orders as it deems necessary to give effect to the purposes of this Order.

Article 18. This Executive Order shall take effect on the 21st day of Fifth Month of Water Horse Year corresponding to July 1, 2002. The effectiveness of this Order shall cease on the day of the enactment of the National Pension and Provident Fund Act.

1. Amendment of Executive Order vide letter No. MoF/ PED/28/2009/ 9683 dated 22nd December 2013 on the Articles 5 and 7:

Article 5. The National Pension Board shall be responsible for deciding as to the type of financial products in which members' contributions are invested so that the viability and sustainability of the pension and the provident fund plan is assured, provided that investments shall be limited to the following:

- (a) Cash and cash products;
- (b) Securities issued by the Royal Government, or the Royal Monetary Authority of Bhutan;
- (c) Securities and other instruments of indebtedness listed on the Royal Securities Exchange of Bhutan. *The Board however shall approve investments in unlisted instruments on a case to case basis taking into account the aims and objectives of this Executive Order;*
- (d) Shares of public limited companies that are listed on the Royal Securities Exchange of Bhutan. *The Board however shall approve investments in unlisted shares of companies on a case to case basis taking into account the aims and objectives of this Executive Order;*
- (e) Construct, acquire and dispose residential housing and commercial complexes; and

- (f) Acquire building sites and lands for promotion of real estate development.

Article 7. Subject to the terms and condition as may be prescribed and monitored by the Board, the NPPF may grant loans and advances to:

- (a) The Royal Government and its institutions, agencies and projects;
- (b) Government owned, Joint Sector Corporations and Public Limited Companies incorporated under the Companies Act of Bhutan; *The Board however shall grant loans to unlisted Joint Sector Corporations and public limited companies incorporated under the Companies Act on a case to case basis taking into account the aims and objectives of this Executive Order;*
- (c) *Private companies incorporated under the Companies Act provided loans are granted through consortium; and*
- (d) Any of its current members for the purchase, construction or repair of residential house against the security of the house and/ or his/her accumulated provident fund contributions.