

MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

II.7 Guidelines on Half-Yearly Returns of Approved Pooled Investment Funds

INTRODUCTION

The Guidelines on Reserving Standards for Investment Guarantees (Guidelines III.9) prescribe the framework of reserving for investment guarantees for constituent funds and approved pooled investment funds (“APIFs”) offering investment guarantees.

2. Section 6H(1) of the Mandatory Provident Fund Schemes Ordinance (“the Ordinance”) provides that the Mandatory Provident Fund Schemes Authority (“the Authority”) may issue guidelines for the guidance of approved trustees, service providers and other persons concerned with the Ordinance.

3. Section 6H(3) of the Ordinance provides that a guideline may require persons (including persons belonging to a class) specified in the guideline to give to the Authority information or documents of a kind specified in the guideline. The guideline may only specify information or documents of a kind that the Authority reasonably requires for the exercise or performance of its functions.

4. The Authority hereby issues guidelines to specify the information contained in a half-yearly return required to be submitted to the Authority in respect of APIFs, which are insurance policies with authorized insurers acting

as the investment guarantors. These guidelines also specify the means by which the half-yearly returns should be submitted to the Authority.

EFFECTIVE DATE

5. The revised Guidelines shall take effect from the financial year ending on or after 31 December 2008.

6. Submission of the first set of half-yearly return in accordance with the revised Guidelines is required for the 6-month period from the financial year ending on or after 31 December 2008, i.e. for the 6-month period after the first submission of the annual statements in accordance with MPF Guidelines II.5 (Version 5 – December 2007). The previous version (April 2001) of the Guidelines shall be superseded on that day.

HALF-YEARLY RETURN

Prescribed Format and Information

7. The prescribed information and format of the half-yearly return are set out in the Annex (FORM PF(HR)-IR).

Submission of Half-Yearly Return

8. The half-yearly return should be filed by the authorized insurer in relation to an approved pooled investment fund being a series of Class G insurance policies guaranteed by the insurer. Filing of return for the 6-month period ending on the financial year-end date of the APIF is not required, since submission of the annual statements of APIF is required under MPF Guidelines II.5.

9. The authorized insurer is to submit the return within 3 months from the end of the 6-month period from the financial year end date of the APIF either by electronic means (such as e-mail or diskettes) or in hard copies to:

Mandatory Provident Fund Schemes Authority
Level 16, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Definitions of Terms

10. Except where otherwise specified in the Annex, the terms common to the Ordinance and the subsidiary legislation of the Ordinance carry the same meanings as defined in the Ordinance and the subsidiary legislation. References should be made to the Ordinance and the subsidiary legislation, where necessary.

FORM PF(HR)-IR

**MANDATORY PROVIDENT FUND SCHEMES ORDINANCE (CAP. 485)
("the Ordinance")**

**HALF-YEARLY RETURN OF APPROVED POOLED INVESTMENT FUND
BEING A SERIES OF CLASS G INSURANCE POLICIES
GUARANTEED BY AN INSURER**

NOTES:

- (1) *This Form must be completed by the authorized insurer in relation to a series of insurance policies.*
- (2) *The authorized insurer of the Approved Pooled Investment Fund ("APIF") should refer to the "Guidelines on Half-Yearly Returns of Approved Pooled Investment Funds" for the purpose of submitting the half-yearly return of the APIF.*
- (3) *All questions must be answered. If any question is not applicable, please write "N.A."*
- (4) ** means delete whichever is inappropriate.*

FOR OFFICIAL USE ONLY

Reference no.: _____ **Date of receipt:** _____

Subject officer: _____ **Input officer:** _____

SECTION I – PARTICULARS OF THE APIF

- (1) Name of the APIF: _____
- (2) Name of the insurer: _____

SECTION II – PARTICULARS OF THE HALF-YEARLY RETURN

- (1) Person accepting responsibility for the report and the underlying results _____
- (2) The capacity and qualifications of the person accepting responsibility for the completion of the report _____
- (3) For the 6-months period ending from the last financial year-end date _____

SECTION III - SUMMARY OF HALF-YEARLY RETURN

The half-yearly return should provide the following information:

1. Aggregate account balances and notional/guaranteed account balances of the APIF (if applicable), or if relevant, of each class of units of the APIF. The net asset value of the APIF should also be provided if different from the account balances.
2. The asset holdings of the APIF in percentage term, by broad investment classes (e.g. equities and debt securities) and geographical exposure.
3. A movement report (reconciliation of beginning and end of period account balances, both actual and notional) showing new contributions, gross investment returns, administrative expenses (with breakdown by types, e.g. custody fees, investment management fees, guarantee fees and reserving charge etc.), withdrawals, interest credited and other adjustments for the APIF, or if relevant, for each class of units of the APIF.
4. The reserve valuation results for the APIF (with breakdown by provision for account balance, provision for investment guarantee, provision for smoothing of investment returns and other provisions if applicable), for each class of units of the APIF. Also, indicate where the relevant provisions are accounted for in financial statements.

5. An explanation of any material changes since submission of the latest report, clearly identifying and quantifying (where applicable) the material changes. The company needs not separately quantify every change, but should highlight the relative impact or significance of each revision or modification, including that of:
 - (a) fund features;
 - (b) data;
 - (c) models, methods or software;
 - (d) assumptions;
 - (e) reliance on other parties;
 - (f) management policy, oversight or controls.
6. A description of any limitations which should be noted either in the data, methodologies or assumptions.
7. Compliance with GN7 and standards which are applicable, including, but not limited to, “Guidelines on Reserving Standards for Investment Guarantees” (Guidelines III.9).