

**Workshop on Governance of MPF Trustees**  
**17 October 2017**

**Concluding Remarks**

**Mrs Diana Chan**  
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**Mandatory Provident Fund Schemes Authority**

Distinguished guests, ladies and gentlemen,

I am very pleased that today's inaugural workshop on Governance of MPF trustees has received overwhelming support from the MPF industry. I am delighted to see many old colleagues and friends whom I have known since the inception of the MPF System, as well as new members of MPF trustee boards who have been recently appointed to bring diverse expertise and professional knowledge to our MPF System.

2. I would also like to thank all of you who come to this important workshop. I hope you have enjoyed the sessions of the day as much as I have learnt from you.

3. I am aware that this is the penultimate session for the trustee boards' independent non-executive directors (INEDs) amongst us since they still have a closed door roundtable discussion after my concluding remarks. INEDs do work very hard, so I promise to keep my remarks short and succinct.

4. First, I would like to earnestly thank the speakers today, who have brought to this Workshop a lively debate and discussion on what good governance means in the context of MPF trustees with much practical advice. By now, I am sure you will agree that achieving good governance amongst MPF trustees is not just a slogan championed by the regulators, but the paramount factor in delivering the BEST outcome for the 4 million-odd MPF scheme members.

5. And what does a BEST outcome of the MPF scheme mean for the members? It must be for the scheme members to attain a reasonable return for the investment of their hard-earned monies which they have entrusted to the MPF trustees.

6. In the presentations and discussions today, there has been repeated reference to the fiduciary duties of trustees and the accountability of the governing board. The buck stops here, as the Hon Bernard Chan said this morning.

7. It is incumbent upon the trustees to fulfill their fiduciary duty in acting in the interests of scheme members, and not in the trustees' or their financial group's own interests.

8. MPF trustees are commercial entities, but they also take on social responsibilities. The MPF System is mandatory in nature, designed to help the employed population save for their future and contribute to their

retirement protection. As professionals entrusted with the management of the pool of MPF savings \$800 billion, and very soon, building up to \$1,000 billion, trustees have a significant responsibility to work for scheme members' greatest benefit.

9. To achieve this, we have heard that trustees need to have a strong and robust governance discipline to drive good savings outcomes to meet scheme members' retirement needs. We have heard that they should have the right people on the governing board with diverse expertise and the right risk culture; they should be member-centric, put in place a good communication system, both internally and with their scheme members; and they should promote transparency of information. They must understand the needs of scheme members and offer them products and services that represent good value for money.

10. Good governance for MPF trustees means that the governing board should always **“put members' interests first”** (以成員為先) when making both investment and operational decisions for the scheme, deciding carefully the service providers they appoint, and scrutinizing the fees and charges for their services. The governing boards should bear in mind that every dollar paid out from the scheme assets to these service providers comes from scheme members, and that their fees and charges paid by scheme members will erode the members' investment returns.

11. Good governance also means that the trustee boards make sure

that they carefully select fund managers to provide investment products suitable for retirement purposes and monitor the funds' performance with effective benchmarking tools, with a view to providing scheme members with products that are "value for money" (物有所值).

12. And we also heard from Howard Lee of the HKMA and Stephen Wong, Privacy Commissioner for Personal Data, the importance of establishing policies and procedures for incorporating cyber security and the protection of personal data for the benefits of our members.

13. At the end of the day, the trustees and their governing boards are answerable to scheme members for the outcomes of their schemes.

14. Going forward, to help board members of MPF trustees uphold good governance practices, the MPFA will issue a set of "High Level Principles on Governance of MPF Trustees" in 2018 for the industry to follow.

15. Also, to enhance transparency of the MPF scheme outcomes, on top of the current fee comparative platform already provided on the MPFA website, we will launch a new MPF Fund Performance Platform in 2018.

16. Before I close, I would like to say a few words of appreciation to all the participants in this Workshop. I would particularly like to express my gratitude to the Hon Bernard Chan, our guest of honour and MPFA Chairman Dr David Wong for sharing their personal experience and

valuable insights on the topic. I would like to thank all the guest speakers and panelists, our fellow regulators, the Hong Kong Trustees Association, the Hong Kong Investment Funds Association and other industry bodies who have sent representatives to join us today. Last but not the least, I wish to thank the HKMA for letting us use their facilities for this workshop.

17. Finally, I hope that all of us have benefited from today's Workshop, being better equipped to foster stronger and better governance for the MPF industry in the years to come. As the MPFA Chairman said this morning, although MPF trustees are not public trustees per se, they are actually the trustees of the public. Together, let us strive to achieve the objective of providing products and services that represent good value for money for our MPF scheme members with "low fees and high performance", and with your partnership, let us strive to realize the MPFA's vision, which is "to build a retirement savings system that is valued by Hong Kong people".

18. Thank you very much for your attention.

Ends