



強制性公積金計劃管理局
MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

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By Email

22 December 2023

Circular Letter: SU/CTR/2023/002

To: All Approved Trustees

Dear Sir/Madam,

Strengthen the Measures to Guard Against Fraudulent Activities

MPF trustees are entrusted with a critical role in the identification and prevention of fraudulent activities, such as unauthorized transfer and false claim for early withdrawal of MPF benefits, when processing members' request on MPF matters. The Authority has from time to time issued circulars¹ and guidance to trustees emphasizing the importance of staying vigilant against various fraudulent activities and implementing robust control measures to detect and identify suspicious activities in order to safeguard the interests of scheme members.

Given that the tactics of fraudsters are constantly evolving with new ways to exploit vulnerabilities and circumvent existing safeguards, MPF trustees are required to regularly review the effectiveness of their control measures and make necessary enhancements to ensure their controls remain robust and effective. In light of the

¹ In particular, the Authority issued the following circulars reminding trustees to strengthen member protection against fraudulent activities (e.g. theft, fraud, unauthorized transfer and suspicious withdrawal requests) when processing members' applications:

- [Measures to Enhance Member Protection](#) (20 June 2019);
- [Handling of Applications for Withdrawal of Accrued Benefits on Grounds of Permanent Departure from Hong Kong \(PD Claims\) by Approved Trustees](#) (16 December 2020); and
- [Trustees to Strengthen Member Protection against Unauthorized Transfers](#) (12 August 2021).

above, we provide further guidance to MPF trustees on strengthening member protection measures:

(I) Tightening of MPF trustee's internal controls and procedures

- (1) Sending timely notifications to alert members upon receiving transfer applications** – it is noted that currently some MPF trustees only send notifications to members after completion of transferring member's accrued benefits. However, it is considered more effective to send notification to members upon receiving their transfer requests. This allows members to verify the legitimacy of the transfer requests and enables trustees to take necessary actions in case of unauthorized transfer. Therefore, MPF trustees should adopt this measure and send timely notification to alert members upon the receipt of the application if they are not already doing so.
- (2) Following up with members for verification on any suspicious information** – if MPF trustees come across suspicious information in an application, such as suspicious signature or amendments of material information without member's endorsement, MPF trustees should follow up with members directly (e.g. via calls or letters) for verification.
- (3) Enhance the red flag system to identify suspicious cases** – MPF trustees should regularly review and enhance their red flag system, which is a set of indicators or warning signs that suggests the presence of a potential issue or suspicious activity, to ensure the effective and timely identification of suspicious cases. Once suspicious cases are identified, MPF trustees should take appropriate actions before releasing the member's accrued benefits. Examples of red flag for handling of claims for early withdrawal of MPF benefits include (i) receipt of withdrawal requests within a short period of time from different members who are served by the same subsidiary intermediary (SI); and (ii) withdrawal request received shortly after the completion of transfer-in request.

(II) Collaboration with Principal Intermediary (PI)

- (1) Identify fraudulent activities related to SIs** – MPF trustees should

collaborate with PIs to develop effective measures to monitor any suspicious activities conducted by SIs. This can include monitoring abnormal increase in sales of MPF products by an SI. If any suspicious activities are identified, both trustees and PIs should take immediate actions to protect the interests of scheme members.

- (2) **Enhance training to SIs** – MPF trustees should work closely with PIs to enhance training to SIs, focusing on regulatory compliance and ethical behaviour. Regular refreshment training should cover regulatory updates, compliance requirements, best practices and ethical standards when engaging in activities related to the MPF products.

(III) Education to scheme members

- (1) **Enhance members' awareness of preventing scams and protecting personal information** – MPF trustees should step up fraud prevention education programmes through different channels, such as their website, to raise members' awareness on recent scams and importance of protecting personal information. Members should be reminded:
 - not to disclose any personal information to any unknown third parties;
 - not to sign on any blank or incomplete forms before passing to the servicing SI;
 - to contact the PI concerned if the SI's identity is in doubt; and
 - not to trust unknown parties or crime syndicates that advise members to make false statutory declaration or use forged documents to withdraw accrued benefits.

Please note that the above-mentioned practices and guidance are not meant to be exhaustive. MPF trustees should formulate effective control measures based on their own circumstances to identify and guard against fraudulent activities. Regular reviews should be conducted to ensure the effectiveness of control measures and procedures for safeguarding members' interests and benefits. In the event of any suspected fraudulent activities, MPF trustees should report such cases to the Authority and the Police.

Should you have any questions, please contact your supervisory manager in the Authority.

Yours faithfully,

A handwritten signature in black ink that reads "Ginni Wong". The signature is written in a cursive style with a large, looping initial 'G'.

Ginni Wong
Director (Supervision)
Supervision Division