



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

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By Email

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Circular Letter: SU/CCO/2022/002

To: All Registered Intermediaries

Dear Sirs,

Safeguard against Dishonest, Criminal or Fraudulent Activities

The Mandatory Provident Fund Schemes Authority (MPFA) would like to remind registered intermediaries (RIs) the utmost importance of acting honestly, fairly, in the best interests of client and maintaining integrity. RIs should take reasonable steps to guard against any dishonest, criminal or fraudulent activities and never engage in any acts that may pose risks of committing, aiding or abetting such activities. RIs are required to meet the standards of conduct as set out in the conduct requirements under section 34ZL of the Mandatory Provident Fund Schemes Ordinance (Cap.485) (MPFSO) and the Guidelines on Conduct Requirements for Registered Intermediaries (Conduct Guidelines).

1. Improper unsolicited calls

The MPFA has from time to time received intelligence and complaints regarding unsolicited calls and telephone marketing activities involving suspected fraudulent or improper acts.

(1) Scam calls inducing scheme members to make fraudulent MPF withdrawal claims

Fraudsters may approach scheme members through unsolicited calls and induce scheme members to make false MPF withdrawal claims, such as making false

declaration of permanent departure from Hong Kong to withdraw their MPF benefits. The fraudsters would charge a high percentage of the amount of MPF benefits withdrawn by members as commission or handling fees. In some cases, fraudsters may falsely claim to represent certain financial group, MPF trustee or principal intermediary (PI) in order to gain trust from scheme members.

(2) *Telephone marketing activities*

In conducting telephone marketing activities to solicit business from scheme members, some RIs may engage third party service providers or persons that are not RIs to make unsolicited calls to scheme members. The MPFA noted that in many unsolicited call cases, the callers failed to clearly identify themselves during the call and used fabricated excuses (for example, deliver important MPF documents to scheme members) to induce scheme members to attend meetings for conducting sales of MPF products or other investment products. In some cases, the callers might even falsely claim to be representatives from the MPFA or eMPF Platform Company in order to entice members to attend meetings for conducting sales. Any false representations made by RIs when conducting marketing activities are in breach of the conduct requirements that RIs must act honestly, fairly, in the best interests of the client, and with integrity.

In this regard, the MPFA would like to remind PIs to have proper controls in place to guard against fraudsters impersonating them in scam calls. Possible measures include but not limited to:

- (a) provide a designated telephone number for public's enquiry and verification of the caller's identity;
- (b) when conducting telephone marketing activities, the caller should provide the following information to scheme members to properly identify himself:
 - (i) full name of the caller;
 - (ii) name of the PI that authorized the making of the call;
 - (iii) any official telephone number of the PI which the scheme member can call during normal business hours to verify the identity of the caller; and
 - (iv) purpose of the call;

- (c) conduct publicity to alert scheme members of possible scam calls falsely claiming as RIs.

Apart from the aforesaid measures, PIs are reminded to establish proper procedures and controls and provide guidance before embarking on any telephone marketing campaigns, such as:

- (a) require such calls to be made by authorized persons of PIs only (it is important to note that only RIs may conduct regulated activities);
- (b) if service providers are engaged to make the calls, PIs should engage reputable service providers and contractually require them to abide by applicable laws and rules under the MPFSO and Conduct Guidelines;
- (c) set standards and issue guidelines to the persons conducting the telephone marketing activities;
- (d) provide standard telephone scripts and contents of the calls for any telephone marketing activities;
- (e) use designated or authorized phones to make the calls for better monitoring and control;
- (f) require the calls be audio-recorded and maintain a call log on telephone marketing activities for monitoring purpose;
- (g) establish mechanism for regular and random checking on the calls;
- (h) remind the persons conducting the telephone marketing activities of the conduct requirements as well as other applicable laws and rules, including the Data Protection Principles under the Personal Data (Privacy) Ordinance, Cap. 486, and the possible consequences of non-compliance; and
- (i) when a new or potential client being approached expresses concerns about how his or her contact information was obtained by the caller, the caller should be able to explain the source of the information.

In conclusion, RIs are reminded to adopt appropriate measures to guard against fraudulent and improper activities. Furthermore, failing to maintain proper controls or making false representations when conducting telephone marketing activities may be in breach of the conduct requirements and may give rise to disciplinary sanctions under the MPFSO.

2. False examination records

Recently, it has come to the MPFA's attention that an applicant applying for registration as a subsidiary intermediary (SI) might have made a false declaration to the MPFA in the relevant application form by stating that he had passed the qualifying examination specified by the MPFA when in fact he had failed in the examination. This applicant also provided a copy of forged MPF examination result to the MPFA.

Any act of forgery or falsification of instrument is criminal and serious in nature. The MPFA would verify the examination results as reported by the applicants with the relevant examination bodies. When the MPFA becomes aware of any suspected criminal offence, the MPFA will report the matter to the Police. The MPFA may also consider referring those cases of improper acts and undesirable practices to the SI applicants' respective frontline regulators (i.e. the Insurance Authority, Hong Kong Monetary Authority and Securities and Futures Commission) to follow up and consider any actions against the SIs under their respective regimes.

The MPFA requires the PIs to step up its internal controls and procedures to ensure that any person intending to apply for approval of attachment to them via Form INT-2 "Applications for Registration as a Subsidiary Intermediary (by an Individual) and Approval of Attachment of a Subsidiary Intermediary to a Principal Intermediary" has genuinely fulfilled all the registration requirements as an MPF intermediary.

SIs should contact their PIs for any queries about this letter and PIs may contact Ms Clio Wong on 2292 1369 if further assistance is required.

Yours sincerely,



Doris Tin

Senior Manager

Enforcement Division

c.c. Ms Candy Tam, Senior Manager, Banking Conduct Department, Hong Kong Monetary Authority

Ms Emma Tong, Senior Manager, Licensing, Intermediaries, Securities and Futures Commission

Ms Shirley To, Senior Manager, Market Conduct Division, Insurance Authority