



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

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**Circular Letter: SU/CCO/2024/002**

**To: All Registered Intermediaries**

Dear Sir/Madam,

**Regulation on Offering of Rebates, Gifts and Incentives**

This circular reminds registered intermediaries (RIs) of the regulation on offering rebates, gifts or incentives when conducting MPF marketing and sales activities.

**Relevant regulatory requirements**

2. Section 34ZL(1)(a) of the Mandatory Provident Fund Schemes Ordinance (MPFSO) requires RIs to act honestly, fairly, in the best interests of the client and with integrity when carrying on a regulated activity. Paragraph III.6 of the Guidelines on Conduct Requirements for Registered Intermediaries (Conduct Guidelines) requires RIs not to, directly or indirectly, offer any rebates, gifts or incentives (including, without limitation, commissions or other monetary/non-monetary benefits) to any person for the purpose of encouraging a client to (a) become a member of; (b) make a contribution to;

(c) transfer any MPF benefits; or (d) retain membership in one or more MPF schemes or constituent funds (collectively “Purposes”)<sup>1</sup>.

3. Paragraph III.6 of the Conduct Guidelines serves to prevent employers and scheme members from being induced to make unnecessary or frequent switching of MPF schemes / constituent funds. Unless any of the exceptions in paragraph III.7 of the Conduct Guidelines applies, offering rebates, gifts or incentives to *any person* (including but not limited to (i) employers; (ii) scheme members; and (iii) any third parties referring clients to the RI) by RIs for any of the Purposes, is prohibited and is in contravention of paragraph III.6 of the Conduct Guidelines. It is to ensure that employers and scheme members are able to make an independent and informed decision when deciding whether or not to join, make contributions to or switch MPF schemes / constituent funds and to prevent unnecessary/frequent switching of MPF schemes/ constituent funds. As an illustration, if an RI offers rebates, gifts or incentives to a third party for referring clients (i.e. employers and scheme members) to the RI for any of the Purposes, the RI is liable to disciplinary sanctions for contraventions of section 34ZL(1)(a) of the MPFSO and paragraph III.6 of the Conduct Guidelines.

### **Guidance to RIs for avoiding contravention**

4. In a recent case, a principal intermediary (PI) was found to have operated a referral programme under which it offered referral fees to human resources agencies or recruiters (who were not RIs) for referring corporate clients to the PI. The PI concerned has failed to comply with paragraph III.6 of the Conduct Guidelines.

5. The Authority hereby reminds all RIs that before launching any marketing programme, they should give due consideration to the following matters:

#### **(a) Risk of unregistered third parties conducting regulated activities**

If PIs engage third parties in referring clients, they should be vigilant in ensuring that the third parties who are not registered RIs, when soliciting clients, do not conduct regulated activities under the MPFSO contravening the prohibition against carrying on regulated activities under section 34L of

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<sup>1</sup> Subject to exceptions under paragraph III.7 of the Conduct Guidelines, such as a discount of fees and charges by way of bonus units, bonus credit or rebates credited to the MPF account of the recipient of the offer; a commission or other monetary / non-monetary benefits paid to a registered intermediary for performing services as a registered intermediary, etc.

the MPFSO, which is a criminal offence<sup>2</sup>. PIs are required under paragraph III.61(c) of the Conduct Guidelines to have in place controls, procedures and arrangements to ensure that only RIs are used in undertaking regulated activities on their behalves.

**(b) Due consideration of the relevant regulatory requirements**

PIs must have due regard to the requirements under paragraph III.6 of the Conduct Guidelines before launching any marketing programme. Upfront review of the marketing programme and assessment on compliance with relevant regulatory requirements should be conducted and documented. Any indication, concern or potential risk of non-compliance identified from the review and assessment must be properly addressed and mitigated before pursuing the marketing programme.

**(c) Educate subsidiary intermediaries (SIs) about the requirements of the Conduct Guidelines**

Adequate training should be provided to SIs on a regular basis to ensure they are familiar with the regulatory requirements under the MPFSO and the Conduct Guidelines. If a regulatory requirement is contravened, the RIs may be subject to disciplinary action.

**(d) Gifts**

RIs are also reminded that gifts, such as merchant coupons, are strictly prohibited from being offered to any person including scheme members for any of the Purposes under paragraph III.6 of the Conduct Guidelines.

**PIs to have proper controls and procedures in place**

6. PIs are reminded of the requirements under section 34ZL(3)(a) of the MPFSO that they must establish and maintain proper controls and procedures for securing compliance by themselves and their subsidiary intermediaries (SIs) with the conduct requirements. Paragraphs III.60 and III.61 of the Conduct Guidelines require PIs to have in place a rigorous framework that can identify those matters that require

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<sup>2</sup> Under section 34N of the MPFSO, first-time offender in contravention of section 34L of the MPFSO is liable on conviction on indictment to a fine of \$5,000,000 and imprisonment for 7 years.

compliance by themselves and their SIs, and put in place controls, procedures and other arrangements that are designed to ensure compliance. PIs are required to have adequate resources and satisfactory internal control procedures at all times for compliance with relevant legal and regulatory requirements by themselves and by their SIs.

### **Specified responsibilities of responsible officer (RO)**

7. Under section 34ZM of the MPFSO, an RO of a PI must use his or her best endeavours to carry out specified responsibilities in relation to the PI by ensuring that the PI has established and maintains proper controls and procedures for securing compliance with regulatory requirements by the PI and its SIs.

8. In this regard, an RO of a PI should ensure that the PI has proper controls and procedures in place (including those relevant to the matters set out in paragraph 5) for securing compliance with the relevant requirements regarding the prohibition of the offering of rebates, gifts and incentives by the PI and the SIs attached to it. If the RO fails to carry out his/her specified responsibilities, he/she is liable to disciplinary sanctions, including revocation of / disqualification from / suspension of registration, reprimand and / or pecuniary penalties.

9. Please note that the above requirements and guidance are not meant to be exhaustive and RIs should design their procedures and internal controls that commensurate with their circumstances. Should you have any questions about the contents of this circular, please contact Ms Clio Wong on 2292 1369.

Yours sincerely,



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