

Shaping up day by day, stretching out all the way



DISCLOSURE OF
PERFORMANCE
AND FEES
AND CHARGES
FOR MPF FUNDS

Investment regulation is an important aspect of the MPFA's work in protecting the interests of members of MPF schemes. The MPFA started a number of reviews on existing regulatory arrangements and the disclosure of information to scheme members.

The review of the disclosure of performance and fees and charges for MPF Funds (the disclosure project) is the first major review on investment regulation issues. The aim of the project is to improve the disclosure of information about fees, charges and fund performance for MPF products so that MPF scheme members will have continuous access to clear and simple information that will enable them to make effective MPF investment decisions.

After conducting a detailed review of MPF disclosure practices, the MPFA identified a number of areas where disclosure practices should be improved. The MPFA has consulted the SFC and other regulators in the development of recommendations for improvement.

Preliminary discussions with industry bodies and focus groups show that the industry is generally supportive of the initiative to enhance the quality of disclosure in MPF products. The MPFA has progressively issued discussion papers on various areas for preliminary consultation with a view to developing specific proposals in 2003-04.

REVIEW OF
PERMISSIBLE
INVESTMENT RULES

A study was initiated on making general improvements to Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation to ensure that the Schedule is delivering the underlying policy objectives of the MPF System. The investment policy framework under which the Schedule is to be amended was formulated, and a preliminary list of the items proposed to be changed was developed. Detailed development and consultation of reform proposals will be conducted in 2003-04.

INDEX-TRACKING
COLLECTIVE
INVESTMENT
SCHEMES

In view of the continued demand for more flexibility in the choice of investment products, the MPFA proposed amendments to the legislation to relax restrictions on investments in index-tracking collective investment schemes (ITCISs). Following the enactment of the amendments, we developed new guidelines which set out the criteria for approval of ITCISs. These guidelines, including a list of recognized exchanges for the purpose of listed ITCISs, were issued in August 2002. As at 31 March 2003, 39 ITCISs were approved.