

APPENDIX 12

DEFINITION OF TERMS

(A) OCCUPATIONAL RETIREMENT SCHEMES

Defined benefit scheme	Means an occupational retirement scheme which is not a defined contribution scheme.
Defined contribution scheme	Means an occupational retirement scheme which provides that the amount of a benefit under the scheme is to be an amount determined solely by reference to: <ol style="list-style-type: none"> the contributions to the scheme's funds by or in respect of the member concerned and any declared return in respect of such contributions (where such return may be subject to a minimum guaranteed rate but is otherwise unascertainable before it is declared); and where appropriate, the qualifying service and age of the employee.
Insurance arrangement	Means an agreement or arrangement: <ol style="list-style-type: none"> made in respect of an occupational retirement scheme with an authorized insurer under which the insurer is responsible for managing the scheme; and which is of a class or description specified in rules made by the Registrar of Occupational Retirement Schemes.
Member	Includes, in relation to an occupational retirement scheme, an individual who is entitled or prospectively entitled to benefits under the scheme by virtue of: <ol style="list-style-type: none"> his employment by the relevant employer (whether past or present) of the scheme; or an agreement made between the relevant employer of the first-mentioned scheme and the relevant employer of another occupational retirement scheme of which such individual was formerly a member, whether or not such individual is a party to the agreement, and where appropriate, "member" also includes the estate of a deceased member.
MPF exempted ORSO scheme	Means an occupational retirement scheme in respect of which an exemption has been granted under section 5 of MPFSO. Members of this ORSO scheme are exempted from the MPFSO.
Occupational retirement scheme	Means subject to section 2(6) of the ORSO any scheme, not being a contract of insurance under which benefits are payable only upon the death or disability of the insured, which: <ol style="list-style-type: none"> is comprised in one or more instruments or agreements; and has or is capable of having effect in relation to one or more descriptions or categories of employment so as to provide benefits, in the form of pensions, allowances, gratuities or other payments, payable on termination of service, death or retirement, to or in respect of persons gainfully employed (whether in Hong Kong or elsewhere) under a contract of service in any employment, and includes, where the context admits, a proposed such scheme.

Appendix 12 (Cont'd)

DEFINITION OF TERMS

ORSO exempted scheme	Means an occupational retirement scheme for which the Registrar of Occupational Retirement Schemes has issued an exemption certificate under section 7 of ORSO and any withdrawal under section 12 of ORSO has not come into effect.
ORSO registered scheme	Means an occupational retirement scheme which is registered under section 18 of ORSO.
ORSO scheme administrator	Means: <ol style="list-style-type: none"> in the case of a scheme or pooling agreement governed by a trust, the trustee concerned; in the case of a scheme or pooling agreement which is the subject of or regulated by an insurance arrangement, the insurer concerned; in any other case, the person who is principally responsible for the management of the scheme and its assets otherwise than as a person who is solely concerned with the investment or custody of the assets.
Pooling agreement	Means an agreement or arrangement: <ol style="list-style-type: none"> which is: <ol style="list-style-type: none"> governed by a single trust; or the subject of or regulated by an insurance arrangement including a series of insurance arrangements which are of the same class or description; which applies to 2 or more individual occupational retirement schemes each of which is: <ol style="list-style-type: none"> governed by such trust; or (where appropriate) the subject of or regulated by such insurance arrangement, by virtue of such application; under which, in the case of an agreement or arrangement governed by such trust, the assets of its participating schemes are vested with the administrator of the agreement or arrangement, as the case may be; which is managed, in the case of an agreement or arrangement governed by such trust, by a registered trust company; in relation to which, and its participating schemes, proper accounts and records are kept; and under which the value of the assets attributable to, and the liabilities of, each of its participating schemes are readily determinable from such accounts and records.
Relevant employer	Means, in relation to an occupational retirement scheme, the employer who provides the employment which entitles or enables the employee to be a member of the scheme.
Top-up scheme	Means an occupational retirement scheme restructured to supplement the benefits provided under an MPF scheme.

Appendix 12 (Cont'd)

DEFINITION OF TERMS

(B) MPF SCHEMES

Accrued benefits	In relation to a registered scheme, means the amount of each scheme member's beneficial interest in the registered scheme at any time, including sums derived from the contributions made by or in respect of that scheme member, together with the income or profits arising from any investments thereof, but taking into account any losses in respect thereof.
Approved pooled investment fund	An investment fund which is an insurance policy, authorized unit trust or authorized mutual fund that <ol style="list-style-type: none"> complies with the requirements set out in section 17(2) of Schedule 1 to the General Regulation; and is approved by the MPFA.
Approved trustee	Means a company or a natural person approved by the MPFA as a trustee in accordance with section 20 of the MPFSO.
Casual employee	Means a relevant employee who is declared by an order made under section 2(2) of the MPFSO to be a casual employee for the purposes of the MPFSO. Section 2(2) of the MPFSO provides that if relevant employees: <ol style="list-style-type: none"> are engaged in an industry for which a provident fund scheme is registered as an industry scheme; and employed in that industry by an employer on a day to day basis or for a fixed period of less than 60 days, the MPFA may, by order published in the Gazette, declare those employees to be casual employees for the purposes of the MPFSO.
Constituent fund	In relation to a registered scheme, means the fund that constitutes a registered scheme, or a fund that forms part of the scheme, and complies with the requirements set out in section 36 of the General Regulation.
Employer sponsored scheme	Means a registered scheme membership of which is: <ol style="list-style-type: none"> in the case of an employer who is not a company, open only to the employees of that employer; or in the case of an employer that is a company, open only to the employees of that company or an associated company.
Industry scheme	Means a provident fund scheme registered under section 21A of the MPFSO as an industry scheme. Such a scheme may be for the persons engaged (whether as employees or as self-employed persons) in a particular industry or a particular class of industries or in two or more industries or classes of industries.
Mandatory contribution	Means <ol style="list-style-type: none"> an amount that is required to be paid as a contribution to a registered scheme under section 7A or 7C of the MPFSO; or minimum MPF benefits, to which section 5(1) of Schedule 2 to the Exemption Regulation applies, that have been transferred to a registered scheme.

Appendix 12 (Cont'd)

DEFINITION OF TERMS

Master trust scheme	Means a registered scheme membership of which is open to: a) the employees of more than one employer; and b) self-employed persons; and c) persons who, having accrued benefits in another registered scheme, wish to have those benefits transferred to the first-mentioned scheme; and d) persons who, having benefits in an ORSO exempted scheme or an ORSO registered scheme, within the meaning of section 2(1) of the Exemption Regulation, wish to have those benefits transferred to the first-mentioned scheme, but does not include an industry scheme.
Provident fund scheme	Means a scheme governed by a trust: a) the terms of which are set out in one or more documents; and b) that: i) provides for the payment of pecuniary benefits to the members of the scheme when they reach the retirement age, or any other prescribed event occurs in relation to them; or ii) in the case of members who die before reaching that age or before the occurrence of such an event, provides for the payment of those benefits to the personal representatives or beneficiaries of the estates of those members, and includes a proposed provident fund scheme.
Registered scheme	Means a provident fund scheme registered under section 21 of the MPFSO as an employer sponsored scheme or a master trust scheme or registered under section 21A of the MPFSO as an industry scheme.
Relevant employee	Means an employee of 18 years of age or over and below retirement age.
Relevant income	Means: a) in the case of a relevant employee, any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance (other than a housing allowance or other housing benefit), expressed in monetary terms, paid or payable by an employer (directly or indirectly) to that relevant employee in consideration of his employment under that contract, but does not include severance payments or long service payments under the Employment Ordinance (Cap. 57); b) in the case of a self-employed person, income of that person as ascertained in accordance with the regulations made under section 46 of the MPFSO.
Scheme member	In relation to a registered scheme, means a person who has a beneficial interest in the registered scheme.
Self-employed person	Means a person whose relevant income (otherwise than in the capacity as an employee) derives from his production (in whole or in part) of goods or services in Hong Kong, or his trade in goods or services in or from Hong Kong.

Appendix 12 (Cont'd)

DEFINITION OF TERMS

Service provider	In relation to a provident fund scheme, means an investment manager, custodian of scheme assets or other person appointed or engaged by the trustee of the scheme to provide services for the purposes of the scheme, and includes a person to whom the provision of those services is delegated by such a manager, custodian or other person, but does not include a person appointed or so engaged as an auditor, solicitor or actuary.
Voluntary contribution	Means a contribution paid to a registered scheme in accordance with section 11 of the MPFSO.

(C) ABBREVIATIONS

APIF	stands for	Approved pooled investment fund
Disclosure Code	stands for	Code on Disclosure for MPF Investment Funds
General Regulation	stands for	Mandatory Provident Fund Schemes (General) Regulation
HKMA	stands for	Hong Kong Monetary Authority
HKSAR	stands for	Hong Kong Special Administrative Region
IA	stands for	Insurance Authority
ISC	stands for	Industry Schemes Committee
ITCIS	stands for	Index-tracking collective investment scheme
MPF	stands for	Mandatory Provident Fund
MPFA	stands for	Mandatory Provident Fund Schemes Authority
MPFSAC	stands for	Mandatory Provident Fund Schemes Advisory Committee
MPFSO	stands for	Mandatory Provident Fund Schemes Ordinance
ORSO	stands for	Occupational Retirement Schemes Ordinance
RORS	stands for	Registrar of Occupational Retirement Schemes
SEP	stands for	Self-employed person
SFC	stands for	Securities and Futures Commission
SORC	stands for	MPF Schemes Operation Review Committee