



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

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**By Email**

14 October 2020

Circular Letter: SU/CCI/2020/004

To: All Principal Intermediaries

Dear Responsible Officers,

**Acceptable Means of Conducting Sales and Marketing Activities**

To maintain disease prevention measures during the COVID-19 pandemic, registered intermediaries (RIs) may want to minimize face-to-face (F2F) meetings with clients when conducting sales and marketing activities on MPF products. The Mandatory Provident Fund Schemes Authority (MPFA) would like to highlight the acceptable means and key principles when conducting sales and marketing activities.

The current Guidelines on Conduct Requirements for Registered Intermediaries (Conduct Guidelines) does not restrict the means of how sales and marketing activities are conducted by the RIs (e.g. F2F, telephone or video conference), but it is essential that they should comply with all the applicable regulatory requirements under the Mandatory Provident Fund Schemes Ordinance (MPFSO) and the Conduct Guidelines.

**Illustrative examples of compliance via non-F2F means**

**1. Handling of documents**

When handling documents which involve client's signatures such as MPF forms,

acknowledgement and confirmation (paragraphs III.3, III.19(a), III.27(d), III.29(e) and III.57 of the Conduct Guidelines):

- a) documents may be provided by means other than F2F delivery (e.g. mailing or electronic means) if the means are permitted by the relevant principal intermediaries (PIs); and
- b) PI / subsidiary intermediary (SI) may accept electronic instructions such as electronic signature and telephone recording if such options that serve to replace wet signatures are made available by the MPF trustees.

## **2. Extra care for vulnerable clients**

A RI should exercise extra care for a vulnerable client including offering the client the opportunity to be accompanied by a companion (or to have an additional member of staff) to witness the relevant sales process (paragraph III.19 of the Conduct Guidelines):

- a) The selling process and the witnessing may be conducted by way of video conference.
- b) Paragraph III.19(b) of the Conduct Guidelines also allows the extra care to be exercised by way of post-sale call.

## **3. Information about SI**

An SI in the initial contact with a client should identify himself with his business card bearing his name and MPF registration number (paragraph III.34 of the Conduct Guidelines) where the business card can be presented by electronic means (e.g. providing a scanned copy via messaging app or email).

## **4. Keeping of records**

A RI should record the particulars of any order instructions relating to material decisions received from a client and document any regulated advice, information and / or documents disclosed / provided to the client. A PI should ensure that all audio and written records required under the Conduct Guidelines are kept for a minimum period of seven years. Such records may be kept in electronic form (where applicable) but should be readily accessible by the frontline regulators for supervisory and inspection purposes (paragraphs III.16, III.57 and III.58 of the Conduct Guidelines).

## **Compliance issues that RIs should pay attention to when conducting non-F2F sales and marketing activities**

When carrying on a regulated activity, a RI must act honestly, fairly, in the best interests of the client, and with integrity (section 34ZL(1)(a) of the MPFSO). When using electronic means in communication and provision of documents, RIs should beware of the risk of fraudulent and dishonest acts in handling MPF related matters for clients, e.g. unauthorized transfer or improper withdrawal of client's MPF, forgery of client's signature, falsification of documents and misuse of client's personal information.

### **1. Prevention of unauthorized transactions**

- a) Regardless of how client's instructions are placed, PI / SI should verify the authenticity of client's instructions (e.g. application for MPF transfer or withdrawal, request for change of client's personal particulars or contact information) and documents submitted (including any supplemental documents) to prevent any unauthorized transactions.
- b) A PI should have adequate and effective procedures and controls in place to detect any fraudulent or dishonest acts, misuse of client's personal information and any other irregularities.

#### *Good practices for PI*

- i) *Notification to alert client*  
Send SMS alert to client to acknowledge receipt of a request to deal with the client's MPF account.
- ii) *Additional identity verification in suspicious situations*  
Contact the client directly to verify instructions received if any irregularity or dubious situation is noted when processing the client's instructions or MPF forms.

### **2. Confidentiality of client information**

A PI / SI should treat all information supplied by a client as confidential, must not disclose or use such information except as permitted at law, and avoid any misuse of the personal information obtained in the course of its business activities

(paragraph III.9 of the Conduct Guidelines).

- a) A PI / SI should exercise care when handling client information by electronic means and should not disclose client information to unintended recipients (e.g. encrypt electronic documents, use secured path for delivering clients' personal information by electronic means with password, ensure the attachment is correct before sending out, etc.).
- b) If an SI uses an electronic device (e.g. tablet computers) to handle MPF matters for a client, the SI should safekeep the device and password and not allow others to have any unauthorized access to the device.

### **3. IT security controls**

When using web based conferencing applications, PI should put in place adequate IT security controls (e.g. strong authentication controls and monitoring tools, contingency backup for system failures) to manage the potential security issues and cybersecurity risk.

To ensure compliance with the MPFSO and the Conduct Guidelines, PIs are required to have in place proper procedures / controls and adequately communicate with their respective SIs on how they can conduct MPF business properly when using non-F2F means. PIs should provide training for their SIs as appropriate for adopting the new working mode.

Thank you for your attention.

Yours sincerely,



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