



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

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By Email

9 December 2015

Circular Letter: SU/CCI/2015/005

To: All Principal Intermediaries

Dear Responsible Officers,

Regulated Advice on whether or when to transfer accrued benefits

The Mandatory Provident Fund Schemes (Amendment) Bill 2015 (“Bill”) was introduced into the Legislative Council on 25 November 2015. The Bill proposes to mandate each MPF scheme to provide a standardized and fee-controlled Default Investment Strategy (“DIS”) in each MPF scheme. The Bill also provides for the transitional arrangements under which the accrued benefits of those existing scheme members who have not made any investment choices, which are currently invested into the default fund of an MPF scheme, will be transferred to the DIS. A copy of the Government’s press release is at attached [link](#) for your information.

With the upcoming legislation for the DIS, some media reports suggested that scheme members in current default fund arrangements may face increasing marketing activities or solicitation by MPF trustees or their affiliated registered intermediaries to transfer out of current default arrangements to invest into other constituent funds.

The Authority wishes to take this opportunity to remind market participants that any persons who carry on regulated activities need to be duly registered under the Mandatory Provident Fund Schemes Ordinance (“MPFSO”). Offering advice to MPF scheme members, or soliciting them to transfer any or all of their accrued benefits out of a constituent fund, be it an

investment choice under a current default fund arrangement or other types of constituent funds, constitutes regulated activities.

When carrying on a regulated activity, registered intermediaries must ensure compliance with the conduct requirements under section 34ZL of the MPFSO and the Guidelines on Conduct Requirements for Registered Intermediaries (“Conduct Guidelines”). Special attention should be paid to the relevant provisions of the Conduct Guidelines relating to the situations where the invitation/inducement/advice involves the transfer of accrued benefits from one particular constituent fund to another particular constituent fund or a transfer into or out of a guaranteed fund.

Finally, principal intermediaries (“PIs”) are reminded to ensure that their subsidiary intermediaries (“SIs”) are fully conversant with the conduct requirements and the consequences of non-compliance. At the same time, PIs and their responsible officers should ensure that there are proper controls and surveillance in place with regard to marketing activities carried out by their SIs on MPF scheme members regarding MPF related matters.

Should you have any questions about the contents of this letter, please do not hesitate to contact my colleague Ms Clio Wong on 2292 1369.

Thank you for your attention.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Susanna Lee', is written over a light blue rectangular background.

Susanna Lee
Senior Manager
Intermediaries Registry
Supervision Division

c.c. Hong Kong Monetary Authority – Mr Kevin Sham
Securities and Futures Commission – Ms Emily Ho
Office of the Commissioner of Insurance – Ms Shirley To