



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

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**By Email**

16 December 2015

Circular Letter: SU/CCI/2015/006

To: All Principal Intermediaries

Dear Responsible Officers,

**Mandatory Provident Fund Schemes (Amendment) Ordinance 2015**  
**(“the Amendment Ordinance”)**  
**Withdrawal of Accrued Benefits by Instalments**

The purpose of this circular is to remind all Principal Intermediaries (“PIs”) that they should provide adequate training to their subsidiary intermediaries (“SIs”) to ensure that they keep abreast of the imminent implementation of the withdrawal of accrued benefits by instalments. PIs should also have adequate resources and satisfactory internal control procedures at all times for compliance with relevant regulatory requirements by themselves and by their SIs.

The Amendment Ordinance was enacted on 21 January 2015. It mainly covers the amendments to allow withdrawal of accrued benefits by instalments, to add “terminal illness” as a ground for early withdrawal of benefits and includes other technical amendments. While the amendments of early withdrawal of accrued benefits on the ground of terminal illness were implemented on 1 August 2015, the amendments relating to withdrawal of accrued benefits by instalments upon retirement or early retirement will take effect on **1 February 2016**. New publications about withdrawal of accrued benefits by instalments are available for download from the Authority’s website at attached [link](#).

## **Intermediaries Training**

Intermediaries should be well prepared for scheme members' enquiries about withdrawal of accrued benefits by instalments. PIs should provide adequate training and support to their SIs. To support the industry, the Authority is hosting a series of train-the-trainer ("TTT") workshops in December 2015 to core CPD activity providers / major PIs covering the salient points of legislative changes under the Amendment Ordinance and the conduct requirements for SIs. After the TTT workshops, we expect the participating CPD activity providers to conduct training for SIs and there will be a number of new / revised CPD courses available in the market. PIs should require their SIs to attend appropriate training such that SIs are well prepared to answer scheme members' enquiries or to provide regulated advice on withdrawal by instalments. Furthermore, different approved trustees may develop their own forms, administrative procedures for withdrawal by instalments. PIs should obtain information from relevant approved trustees and ensure that their SIs are familiarized with the contents and terms of the forms and relevant procedures before providing advice to clients.

Some salient points of the training relating to withdrawal by instalments are highlighted below: -

### **A. Suitability Assessment**

Withdrawal of benefits by instalments is only limited to scheme members who have reached the retirement age of 65 or have reached the age of 60 and decided to withdraw accrued benefits on the ground of early retirement. As the withdrawal decision may have materially adverse consequences for these members if such decision does not suit their personal circumstances and the members who without the relevant knowledge may rely on SIs for professional advice, PIs should develop appropriate suitability assessment procedures and internal guidelines for their SIs to follow.

### **B. Vulnerable Clients**

As some of the retiring scheme members may be vulnerable client<sup>1</sup>, SIs should exercise extra care and provide additional support in advising elderly scheme members who may not be able to make independent decisions on whether, when or

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<sup>1</sup> A vulnerable client is a person who is not, or may not be, able to fully understand the type of information to be provided and discussed or who is not, or may not be, able to make that key decision. Such clients may include, for example, those who are illiterate, with low level (primary level or below) of education, visually or otherwise impaired in a manner that affects their ability to make the relevant key decision independently.

how much accrued benefits to be withdrawn. PIs should develop appropriate procedures to deal with the elderly scheme members.

### **C. Guaranteed Funds**

If the scheme member has invested into a guaranteed fund and would like to withdraw benefits from the fund, the SIs should follow the relevant requirements in the Guidelines on Conduct Requirements for Registered Intermediaries (“Conduct Guidelines”) and draw the scheme member’s attention to the possible impact of withdrawal by instalments from the guaranteed fund.

Please be reminded that all the registered intermediaries should follow the requirements and procedures of their PI and comply with the conduct requirements under section 34ZL of the Mandatory Provident Fund Schemes Ordinance and the Conduct Guidelines when carrying on regulated activities.

Should you have any questions on the contents of this circular letter, please do not hesitate to contact my colleague Mr Peter Lee on 2292 1267.

Thank you for your attention.

Yours sincerely,



Susanna Lee  
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Supervision Division

c.c. Hong Kong Monetary Authority - Mr Kevin Sham  
Securities and Futures Commission - Ms Emily Ho  
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