



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

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By Email Only

27 January 2016

Circular Letter: SU/CTR/2016/002

To All Approved Trustees of MPF Schemes

Dear Sirs,

Implementation of Default Investment Strategy (“DIS”)

As you are aware, the Authority has started the preparation with trustees for the implementation of DIS. Two work groups, DIS Product Documentation Work Group and DIS Implementation Work Group, have been formed to thresh out and resolve issues relating to the implementation of DIS, and the first meeting of these two work groups were recently held. Thank you again for your nomination of representatives to these work groups.

The implementation of DIS is expected to bring about important changes to the MPF system and its success will require your support to make corresponding changes to the trustees’ work processes, administration systems and scheme documentation. On the basis that the DIS is to be implemented in 2016, we foresee a number of important tasks would need to be undertaken and completed in advance of the launch date, such as:

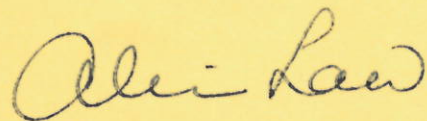
- (i) to ensure that there is a robust methodology and process to identify default investment arrangement (“DIA”) accounts in accordance with the legislation which defines the term “DIA” and complete identification of DIA accounts;
- (ii) to enhance the scheme administration system for DIS (including DIA accounts identification and de-risking);

- (iii) to obtain approval of DIS related products and the amendments to the offering documents;
- (iv) to conduct independent audit on identification of DIA account, de-risking and fee control mechanisms and logic, and to seek CEO's certification on readiness of the implementation; and
- (v) to issue DIS information booklet to members.

In view of the tight timeframe, we would like to take this opportunity to urge the Board of trustees to deploy sufficient resources and management attention to areas that would require improvement or changes before the DIS is implemented. You are urged to ensure that key operational aspects that need to be changed to accommodate the launch of DIS will be rigorously monitored and tested before the same are put to use.

Meanwhile, it is of utmost important that your representatives at these work groups seize the opportunity of the work groups to discuss and explore practical solutions for issues that may have major impact to the launch of DIS. We will continue to communicate to you regarding the preparatory tasks as we progress. We also welcome requests from you and your operation team to meet and discuss any specific issues about your scheme operation in order to facilitate better and smoother preparation for the DIS launch. If you have any questions, please do not hesitate to contact Mr Joseph Lee at 2292 1016 or Mr John Wan at 2292 1390 in the Authority.

Yours faithfully,



Alice Law
Chief Operating Officer