



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

電話號碼 Tel. No. : 2292 1363

傳真號碼 Fax. No. : 2259 8825

電郵地址 Email :

本局檔號 Our Ref. : MPFA/IP/76/9/1 (C)&  
MPFA/S/TR/91/6 (C)

來函檔號 Your Ref.:

26 August 2016

Circular Letter: SU/COT/2016/003

To All Sponsors / Local Representatives of  
Approved Index-Tracking Collective  
Investment Schemes

**By Email and By Post**

Dear Sirs,

**General Matters relating to Compliance with Approval Criteria of  
Index-Tracking Collective Investment Schemes (“ITCIS”)**

We refer to the ITCIS which were approved by the Authority pursuant to section 6A(b) of Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation (“Regulation”) of which you are acting as the sponsor or the local representative. We would like to bring a particular issue to your attention so that you are in a position to devise and implement appropriate measures to address the Authority’s concerns in a satisfactory manner.

**Ongoing obligation of sponsors of approved ITCIS**

At the time of approval, sponsors of approved ITCIS or their local representatives undertook to notify the Authority of events that may result in any of the approval criteria as stipulated in Schedule 1 to the Regulation and Guidelines on Index-Tracking Collective Investment Schemes (together, the “Approval Criteria”) no longer being satisfied. Recently, a sponsor of an approved ITCIS failed to notify the Authority in a timely manner of its failure to comply with the Approval Criteria. Given that an ITCIS may be invested by MPF funds anytime once it is approved by the Authority, it is important that sponsors of approved ITCIS should properly monitor events that may result in any of the Approval Criteria no longer being satisfied and timely notify the Authority of such events.

**Expected compliance measures**

In view of this incident, the Authority would like to reiterate that approval by the Authority of an ITCIS is granted based on the information provided and representation made at the time of approval. If there are any material changes including modification or variation of the product features of an approved ITCIS, approval from the Authority may be required. For the avoidance of doubt, proposed changes of particulars of an approved ITCIS set out below should be reported to the Authority for assessment:

- (a) a change of the reference index;
- (b) a change of the listing status of the ITCIS on any stock exchange approved by the Authority for the purpose of section 6A of Schedule 1 to the Regulation;
- (c) a change of the name of the ITCIS or reference index;
- (d) a change of investment policy and objective of the ITCIS;
- (e) an increase in the limits in relation to borrowing, securities lending and investments in financial derivatives; and
- (f) other material changes that may result in any of the Approval Criteria no longer being satisfied or materially prejudice investors' rights or interest.

To facilitate the Authority's assessment, the notification of proposed changes of particulars to the Authority should include a written submission (supported with reasons) that the approved ITCIS either continues to satisfy or no longer satisfies the Approval Criteria after the proposed change is effective. The notification should be provided to the Authority as soon as practicable and be made prior to any proposed changes becoming effective.

If, in the exceptional circumstances where a change occurs in respect of the approved ITCIS that could not have been reasonably anticipated by the sponsor or the provider of the relevant approved ITCIS, the sponsor of the relevant approved ITCIS or its local representative should notify the Authority as soon as it becomes aware of it.

In the event of an approved ITCIS no longer being able to satisfy the Approval Criteria after the change is effective, the sponsor of the relevant approved ITCIS or its local representative should immediately notify all the relevant MPF approved trustees and submit a request for withdrawal of the approved status of the

relevant approved ITCIS to the Authority.

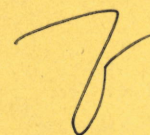
It is expected that appropriate procedures and internal controls are put in place by sponsors of approved ITCIS or their local representatives to monitor on-going compliance with the Approval Criteria and reporting requirements and to ensure that accurate information is provided to MPF approved trustees.

**Other operational measures**

Furthermore, the Authority would also like to remind you that you should provide contact details of a designated person to your MPF clients, including but not limited to MPF approved trustees or their appointed investment managers, for them to obtain information related to any approved ITCIS for which you are acting as the sponsor or the local representative. Such designated person must have a comprehensive and accurate understanding of the relevant MPF requirements on ITCIS and MPF approved investment products offered through you as well as being a senior member of staff. As you are aware, information provided by you or your local representative will be used by the relevant MPF approved trustees and investment managers as part of their own compliance monitoring obligations for MPF investments. Section 43E of the Mandatory Provident Fund Schemes Ordinance provides that any person who knowingly or recklessly makes a false or misleading statement in any document given to an approved trustee commits an offence.

Sponsors of approved ITCIS or their local representatives are expected to review whether adequate and appropriate procedures and internal controls are put in place to avoid any late notification of non-compliance to the Authority and provision of inaccurate information to MPF approved trustees. If you have any questions, please contact Ms Susanna Lai at 2292 1354.

Yours faithfully,



Franco Au  
Senior Manager  
Supervision Division