



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

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By Email

9 December 2016

Circular Letter: SU/CCI/2016/008

To: All Principal Intermediaries

Dear Responsible Officers,

Default Investment Strategy

Following our circular of 30 November 2016 on Default Investment Strategy (“DIS”), the Mandatory Provident Fund Schemes Authority (“MPFA”) would like to remind Registered Intermediaries (“RIs”) to take caution when carrying out sales and marketing activities in connection with MPF schemes and constituent funds in view of the upcoming launch of DIS on 1 April 2017.

Under the DIS, a new set of default investment logic that impacts on existing and future members’ benefits and contributions will be introduced which may affect how existing benefits or future contributions will be invested for different members’ accounts. In order to provide advance notice to members about the DIS launch and its impact, MPF trustees will deliver by post, starting from mid-December 2016, DIS Pre-implementation Notices (“DPN”) and amendments to the MPF scheme documents to all MPF scheme members, notifying them of the addition of DIS and the two constituent funds (namely the Core Accumulation Fund and the Age 65 Plus Fund) in each of the MPF schemes. Individual trustees may also roll out publicity programmes to educate members on DIS and other relevant messages. Copies of the DPN and amendments to MPF scheme documents will be made available on the trustees’ websites starting on 12 December 2016.

RI's may be approached or consulted by members to find out more about DIS and the implications of the new law, or to seek advice on investments in various constituent funds including the two constituent funds mentioned above. The MPFA would like to remind RI's that, amongst other things, inviting or inducing or advising MPF scheme members whether, or when, to transfer accrued benefits from a particular scheme or constituent fund may constitute a regulated activity under the Mandatory Provident Fund Schemes Ordinance ("MPFSO"). RI's must ensure compliance with the conduct requirements under section 34ZL of the MPFSO and the Guidelines on Conduct Requirements for Registered Intermediaries.

Principal Intermediaries are also reminded to refer to our circular letters of 19 January 2015, 9 December 2015, 29 April 2016 and 9 September 2016 for proper management of unsolicited calls related to MPF services, regulated advice on whether or when to transfer accrued benefits and matters relating to personal account enquiries respectively. The MPFA will refer any suspected non-compliance with the performance requirements under the MPFSO to the relevant frontline regulator which may result in disciplinary action to be taken against the RI concerned. The MPFA may report the same to the relevant enforcement agency including the Police if there is any suspected breach of other laws.

Should you have any questions about the contents of this letter, please contact Ms Clio Wong on 2292 1369.

Thank you for your attention.

Yours sincerely,



Susanna Lee
Senior Manager
Intermediaries Registry
Supervision Division

c.c. Mr Kevin Sham, Senior Manager, Banking Conduct Department, Hong Kong Monetary Authority
Ms Stephentica Lee, Associate Director, Licensing, Intermediaries, Securities and Futures Commission
Ms Shirley To, Acting Senior Insurance Officer (Enforcement), Office of the Commissioner of Insurance