

香港特別行政區政府  
財經事務及庫務局  
財經事務科  
香港金鐘添美道二號  
政府總部二十四樓



CB(1)1289/11-12(02)

FINANCIAL SERVICES BRANCH  
FINANCIAL SERVICES AND  
THE TREASURY BUREAU  
GOVERNMENT OF THE HONG KONG  
SPECIAL ADMINISTRATIVE REGION  
24TH FLOOR  
CENTRAL GOVERNMENT OFFICES  
2 TIM MEI AVENUE  
ADMIRALTY  
HONG KONG

電話 TEL.:

圖文傳真 FAX.: 2810 3066

本函檔號 OUR REF.: 2529 1663

來函檔號 YOUR REF.:

12 March 2012

Clerk to Bills Committee  
(Attn: Mr Hugo Chiu)  
Legislative Council Complex,  
1 Legislative Council Road,  
Hong Kong

Dear Mr Chiu,

**Bills Committee on Mandatory Provident Fund Schemes  
(Amendment) (No.2) 2011**

**Follow-up to meeting on 23 February 2012**

I refer to your email of 6 March 2012 and the letter of 24 February 2012. The response of the Administration and the Mandatory Provident Fund Schemes Authority on items 1-4 and 6-8 of the list of follow-up actions arising from the discussion at the meeting on 23 February 2012 is set out at the Annex. We will revert separately on item 5.

Yours sincerely,

A handwritten signature in black ink that reads 'Frederick'.

( Frederick Yu )

for Secretary for Financial Services and the Treasury

**Bills Committee on  
Mandatory Provident Fund Schemes (Amendment) (No. 2) Bill 2011**

**List of follow-up actions arising from the discussion  
at the meeting on 23 February 2012**

**Ways to ensure that Mandatory Provident Fund (“MPF”) intermediaries  
have up-to-date and adequate knowledge on the MPF system and MPF  
products**

The following measures will help ensure that MPF intermediaries have up-to-date and adequate knowledge on the MPF system and MPF products -

- (a) Since 2009, Mandatory Provident Fund Schemes Authority (“MPFA”) has set up a dedicated team to implement a comprehensive quality assurance system (“QA System”) to enhance the training quality of all core-Continued Professional Development (“CPD”) courses for MPF intermediaries.
- (b) Under the QA System, MPFA reviews and approves all core CPD course materials and conducts frequent class visits to ensure that the training is delivered appropriately and the course providers have implemented proper class management measures, e.g. classroom patrols.
- (c) The dedicated team communicates with course providers through sharing sessions and regular meetings with a view to raising training standards through the adoption of best practices, taking into account feedback of course attendees.
- (d) Only trainers who attend “Train-the-Trainer” workshops on key subjects (core CPD course) conducted by MPFA may deliver the training for MPF intermediaries. MPFA reviews the focus of these workshops from time to time.
- (e) MPFA has designed comprehensive training course to strengthen MPF intermediaries’ understanding of the Employee Choice Arrangement (“ECA”) as well as the proposed statutory regulatory regime. Training materials are distributed to all attendees. So far more than 90% of the registered MPF intermediaries have attended the training course.

- (f) As in the case of the other regulatory regimes for the financial sector and most professional sectors, continued competence of MPF intermediaries would be ensured through continued CPD courses supplemented by effective regulation with powers of the regulators to inspect, investigate, and impose disciplinary sanctions.
- (g) Under the Bill, principal intermediaries (“PIs”) will have a legal responsibility to put in place control and procedures to ensure that their subsidiary intermediaries (“SIs”) comply with the conduct requirements. Frontline Regulators (“FRs”) in their supervision of the PIs will ascertain compliance therewith. “Mystery shopper” will form part of the available supervisory toolbox.
- (h) MPFA will conduct random spot-checks to verify the accuracy of MPF intermediaries’ core CPD training records, and will inspect attendance records.

### **Review of CPD requirements**

2. MPFA will review the number of CPD hours required to be completed every year as well as the proportion of CPD hours for core vis-à-vis non-core subjects. MPFA will take into account the practice adopted by the regulators in other financial sectors in its review, and will consult the industry in due course.

### **“One-stop” approach for handling of complaints**

3. Under the proposed arrangement, MPFA will receive all complaints against MPF intermediaries. Upon receipt of a complaint, MPFA will first log the case details, acknowledge receipt of the complaint, collect background information from the complainant and make a preliminary assessment on whether the information provided suggests a possible breach of the conduct requirements. If so, MPFA will refer the complaint case, together with the information collected by MPFA, to the relevant FR for follow-up. MPFA will advise the complainant immediately when a complaint has been referred to a FR. The FR will investigate the case and obtain evidence from relevant parties, including the complainant if additional information is considered necessary.

4. MPFA will receive regular updates from FRs on the progress of their investigations. FRs will submit information on the case to MPFA for a decision as to whether the complaint is substantiated and disciplinary action is warranted. MPFA will notify the complainant of the outcome of the

investigation and its decision on any disciplinary action.

5. In case a scheme member lodges a complaint with a FR direct, the FR will forward the complaint to MPFA for initial processing and such that MPFA can maintain an oversight of all complaints. Where a complaint concerns, for example, a MPF trustee or a MPF scheme, MPFA will take up the investigation direct as part of its statutory functions under the existing MPFSO.

6. A flowchart showing the workflow, and the delineation of responsibilities and powers between MPFA and the FRs in the process of handling alleged cases of misconduct of MPF intermediaries is at the **Appendix**.

7. MPFA will produce a leaflet detailing the complaint handling procedures through illustrative examples, and make it available to the public via various distribution channels in the run-up to the launch of the ECA. The information will also be conveyed to the public through the MPFA's hotline and website.

#### **The necessity of section 6H(4) of MPFSO**

8. The existing section 6H(4) of the MPFSO requires MPFA to publish guidelines in the Gazette or in some other publication determined by MPFA. This provision already provides MPFA with an option as regards the modes of publication. This notwithstanding, MPFA will ensure that any updates or amendments to existing guidelines would be promulgated through the same means as those adopted for the existing guidelines. In practice, MPFA will upload all guidelines to its website, and will also issue letters to inform relevant stakeholders of any new or updated guidelines.

9. The current mechanism for issuance of new or revised guidelines has been operating well and section 6H(4) has not posed any operational difficulties.

#### **Estimated number of licensed MPF intermediaries and ROs when ECA is implemented**

10. As at March 2012, there were 29,919 registered intermediaries and 568 responsible officers. MPFA expects that the number of registered MPF intermediaries and ROs might slightly increase before the commencement of the ECA.

**Process of Handling Alleged Cases of Misconduct by MPF Intermediaries  
Interface between MPFA and the Frontline Regulators and Notification to Complainants**

