Mandatory Provident Fund Schemes (Amendment) Bill 2009
Response to Further Comments of the Law Society of Hong Kong

The response of the Administration and the Mandatory Provident Fund Schemes Authority to the further comments of the Law Society of Hong Kong on the Mandatory Provident Fund Schemes (Amendment) Bill 2009 is set out in the **Annex**.

Annex

Transfers within the same registered scheme

As explained in our earlier response, the purpose of enabling an employee to transfer accrued benefits between accounts within the same Mandatory Provident Fund ("MPF") scheme is to provide for wider choice and allow greater flexibility for an employee to manage his/her accrued benefits. The proposed amendments will provide additional options for an employee in making a transfer decision.

Expenses of a transfer

2. We have explained during the Bills Committee discussion that in accordance with our policy intention in respect of our proposed amendment to section 34 of the Mandatory Provident Fund Schemes (General) Regulation, approved trustees are not allowed to charge any fees on transfer of accrued benefits except for recovering necessary transaction costs. We consider that it is clear from section 34 that "necessary transaction costs" comprises the following essential components -

(a) are incurred, or reasonably likely to be incurred, by the approved trustee in selling or purchasing investments;
(b) give effect to the transfer; and
(c) are payable to a party other than that approved trustee.

Given the above, we do not think that further amendments to section 34 are necessary.

Financial Services and the Treasury Bureau
Mandatory Provident Fund Schemes Authority
June 2009