LC Paper No. CB(1)176/2026(05)

Ref: CB1/PL/FA

Panel on Financial Affairs
Meeting on 2 March 2026

Background brief on the annual budgets of the Mandatory Provident Fund Schemes Authority and the latest development of the eMPF Platform

Purpose

This paper provides background information on the Mandatory Provident Fund Schemes Authority ("MPFA"), including its establishment, mission, organization structure and funding arrangements; and the development of the eMPF Platform. The paper also summarizes the major views and concerns expressed by Members of the Legislative Council ("LegCo").

Background

Establishment, mission and organization structure of the Mandatory Provident Fund Schemes Authority

2. MPFA is a statutory body established in 1998 under the Mandatory Provident Fund Schemes Ordinance (Cap. 485) ("MPFSO") to regulate, supervise and monitor the operation of the Mandatory Provident Fund ("MPF") System.

3. The functions of MPFA are laid down in section 6E(1) of MPFSO. The membership of MPFA as of February 2026 consists of a Chairman, nine

non-executive directors and five executive directors.[1] An organization chart of MPFA is given in **Appendix 1**.

Financial arrangements

4. In 1998, the Government provided MPFA with a Capital Grant of $5 billion for meeting the latter's set-up and operating costs **before** it could achieve a self-financing basis and **recover its costs from collection of statutory and other fees**, including the annual registration fees ("ARF") on registered MPF schemes payable by MPF trustees. Another major source of MPFA's income is the investment income derived from the Capital Grant.

5. MPFA started collecting MPF intermediaries fees in January 2018. With effect from October 2020, MPF trustees began to pay ARF to MPFA at a rate of 0.03% per annum of the net asset value ("NAV") of individual registered MPF schemes. This rate is applicable for the first six years and will be subject to review from the seventh year with a view to enabling MPFA to achieve full cost recovery in the long run.

6. Section 6J of MPFSO requires MPFA to prepare, before the end of each financial year, **a corporate plan for its next financial year, including a budget of estimated expenditure**. The draft corporate plan must be **submitted to the Financial Secretary for approval**.

Development and implementation of the eMPF Platform

7. The development of **the eMPF Platform** was an initiative in the Chief Executive's 2017 Policy Address. The eMPF Platform is a central and integrated electronic platform to standardize, streamline and automate MPF scheme administration work, thereby enhancing operational efficiency, reducing administrative costs and providing one-stop hassle-free user experience for scheme members and employers. Savings in administrative costs will benefit scheme members directly through fee reduction.

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[1] Section 6A of MPFSO stipulates that MPFA is to be consisted of not fewer than 10 directors, a majority of whom must be non-executive directors. The non-executive directors have to include representatives of the interests of participating employers and relevant employees. Sections 6B and 6C of MPFSO further provide that the Chief Executive is to appoint one of the executive directors as the Managing Director and one of the non-executive directors to be the Chairperson of MPFA.

8. The eMPF Platform is built and operated on a non-profit basis by the eMPF Platform Company Limited ("eMPF Company"), a wholly-owned subsidiary of MPFA established pursuant to section 6DA of MPFSO.

9. The Mandatory Provident Fund Schemes (Amendment) Ordinance 2021 ("Amendment Ordinance") enacted in 2021 mainly amends MPFSO and its subsidiary legislation to provide for the management and implementation of the eMPF Platform. Since the launch of the eMPF Platform on 26 June 2024, nine batches of legal notices have been gazetted to facilitate the phased onboarding of trustees in ascending order of their assets-under-management size. As at 4 February 2026, **22 MPF schemes**, out of a total of 24, **have been onboarded to the eMPF Platform**, with **a total of about 1.7 million registered users** (the numbers of registered employers and scheme members are approximately180 000 and 1.52 million respectively).

10. There are **two MPF industry schemes**[2] **not yet onboarded to the eMPF Platform**, namely the BCT (MPF) Industry Choice administered by the Bank Consortium Trust Company Limited ("BCT") and the BEA (MPF) Industry Scheme administered by the Bank of East Asia (Trustees) Limited ("BEA"). To facilitate the onboarding of the above two MPF industry schemes to the eMPF Platform, and to specify commencement dates for certain uncommenced provisions in the Amendment Ordinance, the Secretary for Financial Services and the Treasury has made five pieces of subsidiary legislation.[3] According to the commencement dates of such subsidiary legislation, the industry schemes administered by BCT and BEA are expected to be onboarded to the eMPF Platform on 26 March 2026 and 30 April 2026 respectively.

11. **The latest schedule for the onboarding** of the 12 trustees and their 24 MPF schemes **to the eMPF Platform** is set out in **Appendix 2**.

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[2] The two industry schemes are specially designed for casual employees (i.e. persons employed on a day-to-day basis or for a fixed period of less than 60 days) of the catering industry and the construction industry.

[3] The five pieces of subsidiary legislation were gazetted on 23 January 2026 and submitted to the Legislative Council ("LegCo") on 28 January for negative vetting. LegCo has formed a subcommittee to scrutinize the five pieces of subsidiary legislation.

Major views and concerns expressed by Members

12. The major views and concerns expressed by Members on MPFA's financial budgets and the eMPF Platform are summarized in the ensuing paragraphs.

Budgets of the Mandatory Provident Fund Schemes Authority

Staff salary adjustment

13. At the meeting of the Panel on Financial Affairs on 14 March 2025, Members pointed out that various government departments would reduce recurrent expenditure by 2% annually in the next three years, and civil servants, Executive Council Members and LegCo Members would have a **pay freeze** in 2025. Members enquired **whether** MPFA, as a public organization, **would have corresponding arrangements in terms of expenditure and staff salaries**.

14. MPFA advised that when preparing the Proposed Budget for the financial year of 2025-2026, it was **committed to aligning with the Government's measures in containing its operating expenditure**. After reviewing the workload for the coming year and identifying room for consolidating internal resources, MPFA still took a proactive step to achieve the target of reducing total expenditure by 2% as compared with the approved budget for the financial year of 2024-2025, in which MPFA had already implemented a 1% reduction in operating expenditure and a headcount freeze. In addition, **no provision for staff salary adjustment was made in MPFA's Approved Budget for the financial year of 2025-2026**.

Expenditure of MPFA

15. Noting that MPFA's estimated deficit for the financial year of 2025-2026 was over $80 million, which was higher than the that of the previous year, Members asked **whether** MPFA **had taken revenue-generating measures to achieve a fiscal balance**. Also noting that MPFA had made provision for expenditure on engaging an external consultant to develop a corporate digitalization strategy, Members requested MPFA to provide specific details of its **digitalization strategy and measures**, including how to interface with the business version of "iAM Smart" in future. Members also enquired whether MPFA's digitalization strategy and measures would help reduce future staffing costs.

16. MPFA responded that MPF trustees had started to **pay ARF to MPFA** with effect from October 2020 and the 0.03% rate would be subject to review from the seventh year with a view to enabling MPFA to achieve full cost recovery in the long run. If MPFA could recover its full costs from the seventh year, **it was envisaged that there would no longer be a deficit in the financial year of 2026-2027**.

17. Regarding the expenditure reserved in the budget for engaging an external consultant, MPFA explained that it was mainly for **conducting a comprehensive review of its corporate digitalization strategy**, with a view to **enhancing efficiency, streamlining procedures and reducing manpower through further application of artificial intelligence and digital technology**.

<u>Implementation of the eMPF Platform</u>

Take-up rate of the eMPF Platform

18. Members noted that the number of scheme members using the eMPF Platform had reached over 1.5 million, exceeding the target of **a digital take-up rate of 50% in the first year of operation**. Members were concerned whether the Platform could smoothly achieve the target of 90% digital take-up rate in the fifth year of operation. Members pointed out that only about 1.52 million (around 32%) out of approximately 4.8 million scheme members had registered for or used the Platform; and about 180 000 (around 67%) out of roughly 270 000 employers were using the Platform. Members considered that the Administration should **set key performance indicators ("KPIs") for the registration rate**, otherwise it would amount to wasting the development cost of the eMPF Platform.

19. The Administration responded that the latest digital take-up rate of the eMPF Platform was about 70%, and it was confident of **achieving the 90% target within five years**. MPFA explained that digital take-up rate refers to the percentage of users registered with the eMPF Platform who handle MPF affairs electronically. Before the Platform was available, about 60% of users handled MPF matters using paper forms and about 40% electronically. The ratio has now changed, with over 70% of users using electronic means and only about 30% still using paper forms. MPFA emphasized that **members would not be mandated to use electronic means to handle MPF matters**, but **continuous efforts would be made to promote higher digital take-up rate and registration rate**, including

organizing briefing sessions, trial/demo sessions and on-site registration activities, as well as deploying mobile registration vehicles to various districts to assist scheme members in registration.

Fee level of the eMPF Platform

20. Regarding the general fee level charged by the system operator of the eMPF Platform, the current charge is **0.37% per annum of the net asset value of constituent funds**. Members asked whether MPFA could provide the target and timetable for further fee reductions in future. As regards the **fee** cap of **0.85%** set for **default investment strategy ("DIS") funds**, Members also enquired whether the fee cap could be further lowered. MPFA was requested to explain the magnitude of fee reductions and specific benefits in a more easily understandable manner, so that grass-roots employees could understand the actual benefits of using the eMPF Platform.

21. The Administration responded that the Administration tentatively planned to **further reduce the eMPF Platform fee to 0.3% per annum of the net asset value of constituent funds**. According to the Administration's latest estimate, **the total cumulative quantifiable cost savings over a 10-year period** after the launch of the eMPF Platform in June 2024 **would be about $50 billion**, higher than the previous estimate of $30 billion to $40 billion. According to the Administration's original estimate, the administration fees of MPF schemes could be reduced by about 41% to 55% after their onboarding to the eMPF Platform, while according to the latest estimate, the reduction in administrative fees could reach 57% to 65%. For example, an administration fee of $1 at present could be reduced to $0.35 in future, which would be lower than the original estimate of $0.45. MPFA added that it was reviewing the fee cap for default investment strategy funds and would make further adjustments depending on the outcome.

Information and cybersecurity of the eMPF Platform

22. Members expressed grave concern about the information and cybersecurity issues of the eMPF Platform and put forward the following suggestions:

(a) having regard to the large volume of sensitive personal data stored on the Platform, the relevant policy bureau should study with the Security Bureau the **timely inclusion of the eMPF Platform as a critical computer system** under the Protection of Critical Infrastructures (Computer Systems) Ordinance (Cap. 653);

(b) before the new central register arrangement of the eMPF Company fully comes into effect, **the contractual requirements, penalties and overall regulatory framework set out in the contract between the eMPF Platform and its contractor should be reviewed** afresh; and

(c) **the Office of the Privacy Commissioner for Personal Data ("PCPD")** should **be invited to participate in a joint review** to ensure data security and privacy protection of the eMPF Platform.

23. In response, the eMPF Company advised that, in terms of system robustness, comprehensive tests on security, loading and privacy had been conducted prior to the launch of the eMPF Platform, and stress tests had been passed to ensure reliability, security and user-friendliness of the system. The security system of the eMPF Platform was designed with the highest specifications, with **reference to the highest standards set by the Government's Digital Policy Office and international cybersecurity standards**. Continuous audits were conducted throughout the design and development phases of the Platform, with **third-party auditors assessing whether security requirements were met**. The Platform underwent further security audits and simulated attack testing prior to its launch, with at least one security audit conducted annually thereafter

24. As regards personal data privacy protection, the eMPF Company stressed that all data of the eMPF Platform were encrypted during storage and transmission, and that access to the Platform's operation centre was subject to stringent control. The eMPF Company advised that PCPD was involved throughout the design and development phases of the Platform. Nevertheless, the eMPF Company **would actively consider** Members' suggestion of **inviting PCPD to participate in a joint review**.

<u>Review of the existing investment options of Mandatory Provident Fund schemes and the Mandatory Provident Fund System</u>

25. Members enquired, given that **MPF** was the largest pool of long-term capital in Hong Kong, how MPFA would **promote the entry of MPF into the local capital market** and **boost** the investment proportion of the Mainland's pension funds, social security funds, corporate annuities, etc. in

the Hong Kong stock market. In addition, Members suggested that MPFA **strengthen investment education and publicity**, particularly on DIS investments and return.

26. MPFA advised that the MPF System was set up as an important part of Hong Kong's retirement protection framework, providing basic retirement protection for the working population in Hong Kong. MPF investments were based on **the principle of diversification to mitigate risks**, such as by **investing in different markets and fund types**, including equities and assets in local and non-local markets. Among the 379 funds as at February 2025, **investments in various assets in the Hong Kong market accounted for about 40%** of the $1.3 trillion total assets, while investments in non-Hong Kong markets represented about 60%. From the inception of the MPF System to early 2025, equity funds and mixed assets funds had registered average annualized net returns of 4.5% and 4.0% respectively since the inception of the MPF System, both exceeding the annualized inflation rate of 1.8% over the same period. MPF fund investments and assets were subject to strict regulation and had the function of diversifying investment risks, making them highly suitable for investment by Mainland pension funds.

27. MPFA pointed out that scheme members lacking the time or investment knowledge might make use of DIS introduced in 2017 to manage their MPF. Since the inception of DIS, **the number of MPF accounts investing in DIS had grown steadily**. As at early 2025, approximately 3.5 million MPF accounts were investing in DIS, an increase of about 6% from the previous year. On average, three out of every ten accounts were invested in DIS.

<u>Scope of permissible asset classes for Mandatory Provident Fund schemes</u>

28. Members suggested that MPFA consider **introducing new types of product options** (e.g. digital assets, gold, bonds issued by the Government and tokenized bonds) **as permissible investments for MPF**, and actively **explore broadening the range of investment products** for members' selection, particularly as investment options for voluntary contributions.

29. MPFA advised that it was **continuously refining the scope of permissible MPF investments**, including allowing trustees to launch new types of funds. Regarding proposals to include digital assets as investment options, MPFA said that compared to other investment products, digital assets were products with higher risks at the current stage, hence deserving

attention in terms of transparency, price volatility, liquidity, security risks and so on. As for tokenized assets, MPFA advised that MPF funds were already permitted to invest in digital bonds issued by the Hong Kong SAR Government.

30. MPFA added that it had **introduced quite a number of enhancement measures for permissible MPF investments** in recent years, including amending legislation in 2022 to facilitate MPF funds' investment in debt securities issued by the Central People's Government, People's Bank of China and three Mainland policy banks, and in the same year allowing trustees to provide new types of funds, such as China A-share funds and ESG-themed funds. MPFA had also **collaborated with the Hong Kong Monetary Authority to establish a mechanism to earmark a portion of the government-issued infrastructure bonds for priority investment by MPF schemes.**

31. In addition, in view of the role of listed real estate investment trusts ("REIT") in diversifying investments and providing stable income, MPFA completed a review in 2024 and planned to allow MPF investments in REIT listed on the Shenzhen Stock Exchange and Shanghai Stock Exchange, while lifting the investment limits for REIT listed on approved exchanges in five markets: Singapore, Japan, Canada, France and the Netherlands. Upon confirmation of the detailed arrangements and schedule for the inclusion of REIT in Shanghai-Hong Kong Stock Connect, MPFA would implement the plan expeditiously. MPFA would keep an open mind and **continue to explore and consider other investment options that were more beneficial to scheme members**.

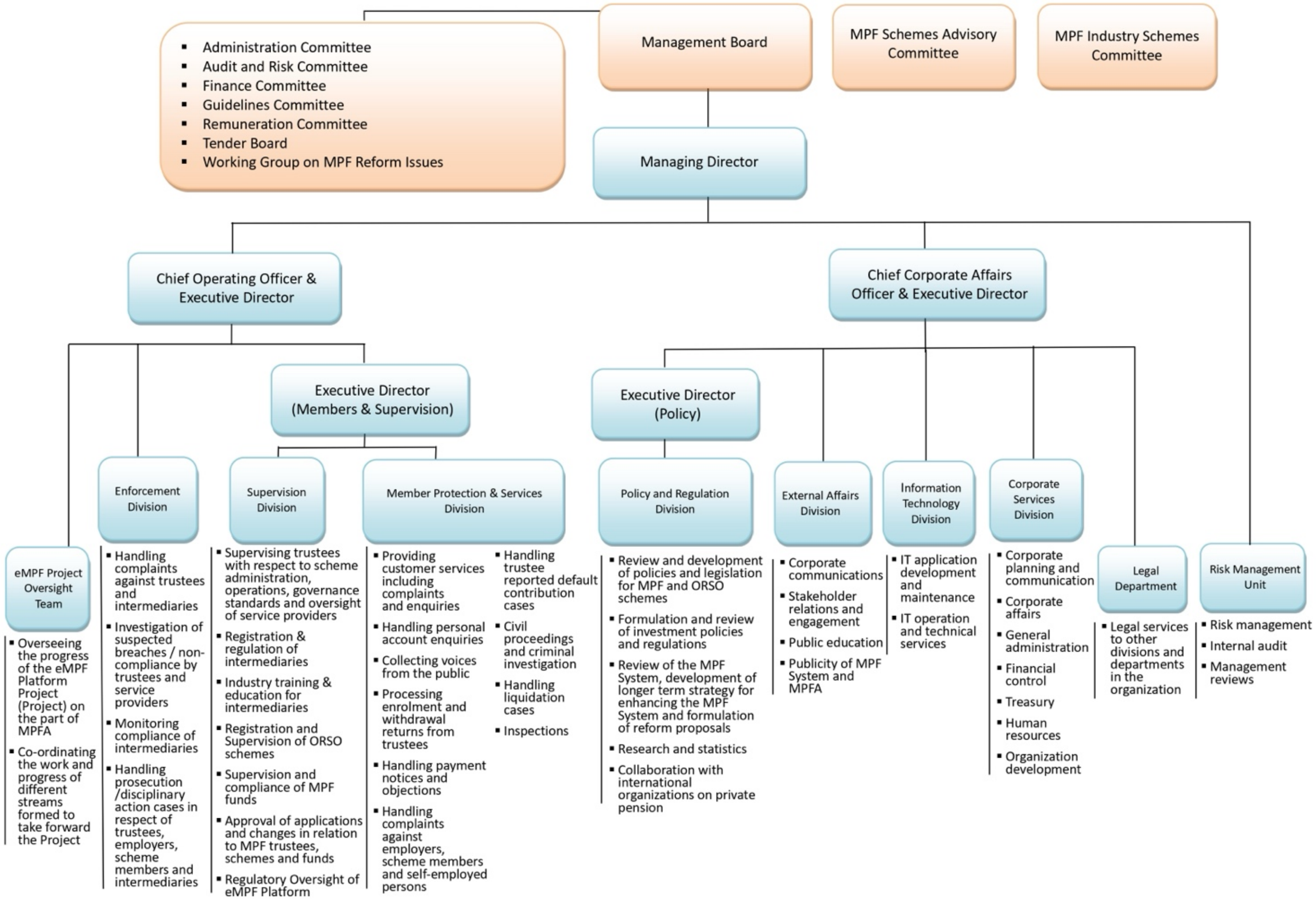
References

32. A list of relevant papers on the LegCo website is in **Appendix 3**.

Council Business Divisions
Legislative Council Secretariat
27 February 2026

Appendix 1

Organization structure of the Mandatory Provident Fund Schemes Authority



Source: Mandatory Provident Fund Schemes Authority’s website (accessed in February 2026)

Appendix 2

Schedule for onboarding of MPF industry schemes to the eMPF Platform

MPF Scheme(s)	MPF Trustee	Onboarding Date
MASS Mandatory Provident Fund Scheme	YF Life Trustees Limited	26 June 2024
China Life MPF Master Trust Scheme	China Life Trustees Limited	29 July 2024
BCOM Joyful Retirement MPF Scheme	Bank of Communications Trustee Limited	3 September 2024
SHKP MPF Employer Sponsored Scheme	Standard Chartered Trustee (Hong Kong) Limited	2 October 2024
BEA (MPF) Value Scheme	Bank of East Asia (Trustees) Limited	29 October 2024
BEA (MPF) Master Trust Scheme	Bank of East Asia (Trustees) Limited	5 March 2025
Principal MPF - Simple Plan, Principal MPF - Smart Plan, Principal MPF Scheme Series 800	Principal Trust Company (Asia) Limited	7 May 2025
BOC-Prudential Easy-Choice Mandatory Provident Fund Scheme, My Choice Mandatory Provident Fund Scheme	BOCI-Prudential Trustee Limited	5 June 2025
AMTD MPF Scheme, BCT Strategic MPF Scheme, Manulife RetireChoice (MPF) Scheme	Bank Consortium Trust Company Limited	3 July 2025
BCT (MPF) Pro Choice	Bank Consortium Trust Company Limited	1 August 2025

MPF Scheme(s)	MPF Trustee	Onboarding Date
AIA MPF - Prime Value Choice	AIA Company (Trustee) Limited	3 September 2025
Sun Life Rainbow MPF Scheme	Sun Life Trustee Company Limited	3 October 2025
Manulife Global Select (MPF) Scheme	Manulife Provident Funds Trust Company Limited	6 November 2025
Fidelity Retirement Master Trust, Haitong MPF Retirement Fund	HSBC Provident Fund Trustee (Hong Kong) Limited	30 December 2025
Hang Seng Mandatory Provident Fund - SuperTrust Plus, HSBC Mandatory Provident Fund - SuperTrust Plus	HSBC Provident Fund Trustee (Hong Kong) Limited	29 January 2026
BCT (MPF) Industry Choice	Bank Consortium Trust Company Limited	26 March 2026
BEA (MPF) Industry Scheme	Bank of East Asia (Trustees) Limited	30 April 2026

Source: Mandatory Provident Fund Schemes Authority’s website (accessed in February 2026)

Appendix 3

The annual budgets of the Mandatory Provident Fund Schemes Authority and the latest development of the eMPF Platform

List of relevant papers

Committee	Date of meeting	Paper
Panel on Financial Affairs	18 March 2024	Agenda Item III: Budget of the Mandatory Provident Fund Schemes Authority for the financial year of 2024-2025 and latest development of the eMPF Platform Minutes of meeting
	14 March 2025	Agenda Item III: Budget of the Mandatory Provident Fund Schemes Authority for the financial year of 2025-2026 and latest development of the eMPF Platform Minutes of meeting
Subcommittee on Five Pieces of Subsidiary Legislation Relating to the Implementation of the eMPF Platform	12 February 2026	Agenda Item I: Meeting with the Administration

Council meeting	Paper
31 January 2024	Question 13: Mandatory Provident Fund
13 November 2024	Question 6: Employers' contributions to Mandatory Provident Fund
4 December 2024	Question 11: The eMPF Platform
4 December 2024	Question 13: Operational problems of eMPF Platform

Council meeting	Paper
4 June 2025	Question 11: Default payments of Mandatory Provident Fund contributions by employers
2 July 2025	Question 7: Improving Mandatory Provident Fund system
22 October 2025	Question 4: eMPF Platform