

LEGISLATIVE COUNCIL BRIEF

Mandatory Provident Fund Schemes Ordinance (Cap. 485)

Mandatory Provident Fund Schemes (General) (Amendment) Regulation 2025

INTRODUCTION

At the meeting of the Executive Council on 8 July 2025, the Council **ADVISED** and the Chief Executive **ORDERED** that the Mandatory Provident Fund Schemes (General) (Amendment) Regulation 2025 (“Amendment Regulation”) at Annex should be made under section 46 of the Mandatory Provident Fund Schemes Ordinance (Cap. 485) (“MPFSO”), so as to provide the necessary legal basis for the implementation of Phase One Proposal of Mandatory Provident Fund (“MPF”) “Full Portability”.

JUSTIFICATIONS

2. Under the current design of the MPF System, it is employers’ statutory responsibility to offer at least one MPF scheme for enrolling their employees who are not exempt persons under MPFSO and to make mandatory contributions, whereas employees can choose to invest among the constituent fund(s) offered by the MPF scheme participated by the employer. While employees are free to switch accrued benefits derived from employer mandatory contributions in respect of the current employment (“ERMC”) among constituent funds under the same employer-chosen MPF scheme, the portability of ERMC and accrued benefits derived from employee mandatory contributions (“EEMC”) across MPF schemes is regulated by section 14 of MPFSO and Part 12 of the Mandatory Provident Fund Schemes (General) Regulation (Cap. 485 sub. leg. A) (“Regulation”).

3. To increase employees’ control over their MPF investments, promote market competition and create room for further fee reductions, the Employee Choice Arrangement, commonly referred to as MPF “Semi Portability”, was launched in November 2012. Under “Semi Portability”, employees may choose to transfer EEMC in its entire amount from a

contribution account of the MPF scheme participated by the employer to a personal account of an MPF scheme of the employees' own choice once in every calendar year, or more than once in every calendar year if the governing rules of the MPF scheme from which the accrued benefits are transferred so provide¹.

4. "Semi Portability" has been well received by the public. Since its launch, the cumulative number of transfer cases made under "Semi Portability" has exceeded 1 million, involving over HK\$50 billion in MPF benefits. The transfer of ERMIC across MPF schemes is excluded from "Semi Portability", since employers need to ascertain the whereabouts and amount of such monies, which must be ring-fenced for offsetting their employees' severance payment / long service payment under the Employment Ordinance (Cap. 57) ("EO").

5. With the abolition of the MPF offsetting arrangement on 1 May 2025, ERMIC of employees whose employment commences on or after 1 May 2025² ("New EEs") can no longer be used for offsetting employees' severance payment / long service payment, rendering it unnecessary to ring-fence ERMIC for offsetting arrangement for New EEs. For employees whose employment commenced before 1 May 2025 ("Existing EEs"), since employers can continue to use ERMIC of the whole employment period to offset severance payment / long service payment of Existing EEs for the employment period before the "transition date" of 1 May 2025 (i.e. pre-transition portion)³, there is still a need to ring-fence and keep track of the transfer of ERMIC across different MPF schemes throughout the employment period of Existing EEs.

¹ In practice, the existing governing rules of all MPF schemes only allow "Semi Portability" transfer once in every calendar year.

² Including employees changing to a new employment or starting the first employment in life on or after 1 May 2025.

³ After the abolition of MPF offsetting arrangement on 1 May 2025, the severance payment / long service payment of Existing EEs will be divided into pre-transition portion (i.e. for the employment period before 1 May 2025) and post-transition portion (i.e. for the employment period starting from 1 May 2025). Employers can continue to use ERMIC (irrespective of whether such contributions are made before, on or after 1 May 2025) to offset the pre-transition portion, but not the post-transition portion, of the employees' severance payment / long service payment.

THE PROPOSAL

6. To implement “Full Portability”, we propose adopting the following Phase One Proposal and Phase Two Proposal for New EEs and Existing EEs respectively –

(a) **Phase One Proposal (for New EEs)**: Making reference to the existing “Semi Portability” mechanism which has proven to be effective, we propose that New EEs may choose to transfer ERM C in its entire amount from a contribution account of the MPF scheme participated by the employer to a personal account of an MPF scheme of their own choice once in every calendar year, or more than once in every calendar year if the governing rules of the MPF scheme from which the accrued benefits are transferred so provide. Implementation of Phase One Proposal requires amendments to the Regulation; and

(b) **Phase Two Proposal (for Existing EEs)**: Since there is still a need to ring-fence and keep track of transferred ERM C for possible MPF offsetting purposes, we propose creating a new type of designated account for existing EEs to receive ERM C transferred from current employment. Implementation of Phase Two Proposal requires setting up a new type of MPF account, which necessitates amendments to MPFSO, EO, and the Regulation.

7. We propose completing the legislative exercise in two phases, i.e. first to complete amendments to the Regulation within 2025 to give legal backing to Phase One Proposal, followed by commencing the remaining legislative amendment work within 2026 to provide legal foundation for Phase Two Proposal. We also propose conferring the power on the Secretary for Financial Services and the Treasury (“SFST”) to appoint a day as the commencement date of Phase One Proposal and Phase Two Proposal respectively by notices published in the Gazette.

8. On the timing of commencement, considering that the early implementation of Phase One Proposal can benefit New EEs, we propose first implementing Phase One Proposal to benefit New EEs, taking into account the onboarding progress of the eMPF Platform⁴, the time required

⁴ Launched in June 2024, the eMPF Platform is a one-stop centralised electronic platform which streamlines, standardises and automates various MPF administrative processes for the benefits of scheme members. Upon

for completing all necessary administrative and other groundwork (e.g. conducting system upgrade and enhancement to the eMPF Platform and setting up a brand new type of MPF account), and thorough risk control in place. We will, at the same time, endeavour to shorten the lead time between the implementation of the two proposals such that Existing EEs can participate in “Full Portability” as early as possible. We will continue to maintain close communication with the stakeholders to ensure adequacy of public education and publicity during the process to enable employees’ and employers’ clear understanding of the relevant arrangements. Although it is difficult to ascertain the number of New EEs who will benefit from the implementation of Phase One Proposal, we note that the monthly average of new MPF employee contribution accounts by making reference to figures recorded in the past two financial years was about 80 000. Upon the implementation of Phase Two Proposal, “Full Portability” will be able to cover all Existing EEs and New EEs participating in MPF schemes, which is estimated to be around 2.6 million based on figure as at end-2024.

OTHER OPTIONS

9. We must amend the Regulation to provide the necessary legal basis for the implementation of Phase One Proposal of “Full Portability”. There is no other option.

THE AMENDMENT REGULATION

10. The Amendment Regulation at Annex will add a new section 148AA to the Regulation, to provide that New EEs may, once in every calendar year, or more than once in every calendar year if the governing rules of the MPF scheme from which the accrued benefits are transferred so provide, transfer ERMCI in its entire amount from a contribution account of the MPF scheme participated by the employer to a personal account of an MPF scheme of their own choice, and make corresponding textual amendments and consequential amendment to sections 148A and 153 of the Regulation respectively.

its full implementation, the eMPF Platform will take over all scheme administration work, including the transfer of accrued benefits among different MPF schemes.

LEGISLATIVE TIMETABLE

11. The legislative timetable is as follows –

To move a motion in the Legislative Council (“LegCo”)	30 July 2025
Commencement of the Amendment Regulation	2026 (to be separately announced by SFST)

IMPLICATIONS OF THE PROPOSAL

12. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. The Amendment Regulation will not affect the current binding effect of the existing provisions of MPFSO, and has no civil service, economic, environmental, family, financial, gender, productivity and sustainability implications.

PUBLIC CONSULTATION

13. The Mandatory Provident Fund Schemes Authority (“MPFA”) conducted a one-month public consultation on “Full Portability” from 28 March to 28 April 2025, during which briefing sessions for representatives from major labour unions, employers’ associations and business chambers, etc., were arranged to gauge their views. Both the labour sector and employer representatives generally supported the specific proposals of “Full Portability”, which have taken into account the expectations of both New EEs and Existing EEs, and the need to perform different operations under the MPF System, uphold system efficiency and avoid cumbersome procedures.

14. Among the views collected, over 90% of the respondents agreed that New EEs and Existing EEs should receive the transferred ERMV through personal accounts and designated accounts respectively. As regards the transfer frequency arrangement, over 80% of the respondents indicated that the frequency of transfer should be consistent with the current mechanism under “Semi Portability” (i.e. once in every calendar year in general). On the commencement date, 60% of the respondents favoured implementation in phases so as to benefit New EEs as soon as possible.

15. We consulted the LegCo Panel on Financial Affairs on the proposals at its meeting on 2 June 2025. Members of the Panel were generally supportive of the proposals, which could help encourage employees to proactively manage their MPF investments, promote market competition, and create room for fee reductions.

PUBLICITY

16. We will issue a press release and arrange a spokesperson to answer media and public enquiries upon approval of the Amendment Regulation by the LegCo.

17. MPFA will roll out publicity and education initiatives at an appropriate juncture, through media interviews, articles, online media promotions and direct communication with stakeholders, etc., so as to assist employees and employers to understand the actual operation of “Full Portability”. MPFA will also provide suitable training for MPF intermediaries to assist them in acquiring the relevant knowledge to explain the arrangement of “Full Portability” to employees.

ENQUIRIES

18. Enquiries on this brief can be directed to Mr Andrew FAN, Principal Assistant Secretary for Financial Services and the Treasury (Financial Services), at 2810 2061.

Financial Services Branch
Financial Services and the Treasury Bureau
9 July 2025

Mandatory Provident Fund Schemes (General) (Amendment) Regulation 2025

(Made by the Chief Executive in Council under section 46 of the
Mandatory Provident Fund Schemes Ordinance (Cap. 485) subject to the
approval of the Legislative Council)

1. Commencement

This Regulation comes into operation on a day to be appointed by the Secretary for Financial Services and the Treasury by notice published in the Gazette.

2. Mandatory Provident Fund Schemes (General) Regulation amended

The Mandatory Provident Fund Schemes (General) Regulation (Cap. 485 sub. leg. A) is amended as set out in sections 3, 4 and 5.

3. Section 148AA added

After section 148—

Add

“148AA. Transfer of accrued benefits to personal accounts—accrued benefits derived from mandatory contributions paid in respect of employee by employer for current employment beginning on or after 1 May 2025

- (1) This section applies to an employee in relation to an employment of the employee beginning on or after 1 May 2025.
- (2) If any accrued benefits of an employee are held in a sub-account referred to in section 78(6)(a) within a master trust scheme or an industry scheme in respect of the

employment, the employee may, at any time during the employment, elect to have all such accrued benefits transferred to—

- (a) a personal account of the employee within the same registered scheme nominated by the employee; or
 - (b) a personal account of the employee within another registered scheme, that is a master trust scheme or an industry scheme, nominated by the employee.
- (3) If any accrued benefits of an employee are held in a sub-account referred to in section 78(6)(a) within an employer sponsored scheme in respect of the employment, the employee may, at any time during the employment, elect to have all such accrued benefits transferred to a personal account of the employee within a master trust scheme or an industry scheme nominated by the employee.
 - (4) Despite subsections (2) and (3), an employee may make an election under those subsections in respect of each of the employee’s sub-account only once in every calendar year unless—
 - (a) if the accrued benefits in the sub-account are to be transferred from the sub-account to a personal account in the same registered scheme—the governing rules of the registered scheme provide that the employee may make such an election in accordance with the governing rules more than once in every calendar year and the election is made accordingly; or
 - (b) if the accrued benefits in the sub-account are to be transferred from the sub-account to a personal account in another registered scheme—the governing rules of the registered scheme to which the sub-account relates provide that the employee

may make such an election in accordance with the governing rules more than once in every calendar year and the election is made accordingly.

- (5) An election under subsection (2) or (3) becomes effective—
- (a) in the case of subsection (2)(a)—when a written notice of the election is given to the transferor trustee concerned; and
 - (b) in the case of subsection (2)(b) or (3)—when a written notice of the election is given to the transferee trustee concerned.”.

4. Section 148A amended (transfer of accrued benefits derived from mandatory contributions in respect of current employment to personal accounts)

- (1) Section 148A, heading—

Repeal

everything after “**accrued**”

Substitute

“**benefits to personal accounts—accrued benefits derived from mandatory contributions paid by employer on behalf of employee for current employment**”.

- (2) Section 148A(4)—

Repeal

everything after “each of”

Substitute

“those sub-accounts) only once in every calendar year unless—

- (a) if the accrued benefits in the sub-account are to be transferred from the sub-account to a personal

account in the same registered scheme—the governing rules of the registered scheme provide that the employee may make such an election in accordance with the governing rules more than once in every calendar year and the election is made accordingly; or

- (b) if the accrued benefits in the sub-account are to be transferred from the sub-account to a personal account in another registered scheme—the governing rules of the registered scheme to which the sub-account relates provide that the employee may make such an election in accordance with the governing rules more than once in every calendar year and the election is made accordingly.”.

5. Section 153 amended (duty of approved trustee on being notified of election)

Section 153(3), before “148A(5)(a)”—

Add

“148AA(5)(a),”.


Clerk to the Executive Council

COUNCIL CHAMBER

8 July 2025

Explanatory Note

This Regulation amends the Mandatory Provident Fund Schemes (General) Regulation (Cap. 485 sub. leg. A) (*Cap. 485A*) to provide that an employee may elect to transfer the accrued benefits derived from the mandatory contributions paid in respect of the employee to a registered scheme by the employee's current employer in respect of an employment beginning on or after 1 May 2025 from a contribution account of the employee within the registered scheme to—

- (a) a personal account of the employee within the same registered scheme nominated by the employee (if it is a master trust scheme or an industry scheme); or
 - (b) a personal account of the employee within another registered scheme, that is a master trust scheme or an industry scheme, nominated by the employee.
2. The Regulation also makes corresponding textual amendments and consequential amendment to sections 148A and 153 of Cap. 485A respectively.