

**Process Review Panel in relation to the  
Regulation of Mandatory Provident Fund Intermediaries**

**2020 Annual Report**

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## **Message from the Chairman**

Following the commencement of the statutory regulatory regime of Mandatory Provident Fund (“MPF”) intermediaries, the Process Review Panel in relation to the Regulation of Mandatory Provident Fund Intermediaries (“PRP”) was established in 2013 to review and advise the Mandatory Provident Fund Schemes Authority (“MPFA”) on the adequacy and consistency of its internal procedures and operational guidelines in relation to its regulation of MPF intermediaries.

It is my pleasure to present to you the fifth Annual Report of the PRP and to lead the PRP in ensuring operational consistency and smooth co-ordination among the MPFA and the frontline regulators of MPF intermediaries. I am also glad to learn that the MPFA’s enforcement activities have improved by following up our recommendations in the past four Reports.

There were a total of 13 completed conduct cases relating to MPF intermediaries in the current review cycle spanning from 1 May 2019 to 30 April 2020. Out of these cases, the PRP selected five cases for detailed review with the assistance of the MPFA case officers. Leveraging on the diverse expertise of our members, the PRP has made detailed observations and recommendations for the MPFA, which are laid out in this Report.

As this is my first year serving as the Chairman of the PRP, I would like to take this chance to express my gratitude to the former Chairman, Dr Eddy Fong, for his six years of insightful leadership. I would also like to welcome our new members, Mr Abraham Chan SC, Mrs Agnes Koon and Mr Jeff Wong, to the PRP.

The PRP is also working with the MPFA and the Financial Services and the Treasury Bureau (“FSTB”) to follow up on the suggestion in last year’s Annual Report to expand the scope of the PRP to cover other areas of the MPFA’s operation. We will continue our work on this front in the coming year.

Last but certainly not least, I would like to thank the Members of the PRP for their time and dedication to the work of the PRP. I would also like to thank the MPFA for collaborating with the PRP closely to enhance the robustness and transparency of its internal operations, thereby perfecting the regulatory regime for MPF intermediaries. I am also grateful for the support provided by the FSTB as the PRP’s Secretariat.

Having served as a member in the PRP since its inception, I am glad to see the work of the PRP is bearing fruit. Looking forward, in the light of the rapidly changing economic situation and heightened public expectation in anticipation of the launch of the eMPF Platform, many new challenges await the MPFA. The PRP will endeavour to assist the MPFA in adapting its approaches to better navigate its way forward.

**Mr Eugene Fung, SC**  
**Chairman**  
**December 2020**

## **Chapter 1: Background**

### **Overview**

- 1.1 The Process Review Panel in relation to the Regulation of Mandatory Provident Fund Intermediaries (“PRP”) is an independent panel established by the Chief Executive in November 2013.
- 1.2 The PRP is tasked to review and advise the Mandatory Provident Fund Schemes Authority (“MPFA”) on the adequacy and consistency of its internal procedures and operational guidelines governing the actions taken and operational decisions made by the MPFA and its staff in the performance of its regulatory functions relating to the regulation of Mandatory Provident Fund (“MPF”) intermediaries and associated matters.

### **Functions**

- 1.3 The Terms of Reference of the PRP are as follows –
  - (a) to review and advise the MPFA on the adequacy and consistency of its internal procedures and operational guidelines governing the actions taken and operational decisions made by the MPFA and its staff in the performance of the regulatory functions in relation to the following areas –
    - (i) registration of MPF intermediaries and associated matters by the MPFA;
    - (ii) co-ordination and follow-up with the Frontline Regulators (“FRs”) <sup>1</sup> in relation to inspection and investigation of registered MPF intermediaries;
    - (iii) taking of disciplinary actions by the MPFA; and

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<sup>1</sup> The Hong Kong Monetary Authority (“HKMA”), the Insurance Authority (“IA”), and the Securities and Futures Commission (“SFC”) are the FRs responsible for the supervision and investigation of complaints against registered MPF intermediaries whose core business is in banking, insurance and securities respectively.

- (iv) receipt and handling of complaints against MPF intermediaries in relation to sales and marketing activities and the giving of advice, in relation to MPF registered schemes.
- (b) to receive and consider periodic reports from the MPFA on all completed or discontinued cases in the above-mentioned areas including reports on investigation cases which are not completed within one year and on any appeals;
- (c) to receive and consider periodic reports from the MPFA in respect of complaints concerning sales and marketing activities and the giving of regulated advice, in relation to registered MPF schemes, including periodic reports on complaints that have not been concluded within one year;
- (d) to call for and review the files of the MPFA relating to any case or complaint referred to in the periodic reports mentioned in paragraphs (b) and (c) above for the purpose of verifying that the actions taken and decisions made in relation to that case or complaint adhere to and are consistent with the relevant internal procedures and operational guidelines, and to advise the MPFA accordingly;
- (e) to advise the MPFA on such other relevant matters as the MPFA may refer to the PRP or on which the PRP may wish to advise; and
- (f) to submit annual reports and, if appropriate, special reports (including reports on problems encountered by the PRP) to the Financial Secretary which, subject to applicable statutory secrecy provisions and other confidentiality requirements, should be published.

1.4 The PRP does not review the merits of the MPFA's decisions and actions. Rather, it focuses on the procedural propriety in the regulatory regime.

## **Membership**

- 1.5 The PRP comprises ten members, including the Chairman, who come from a wide spectrum of professions including the MPF and insurance sector, the financial sector, as well as the legal profession. The Chairman of the MPFA and the representative of the Secretary for Justice are ex officio members of the PRP.
- 1.6 The membership of the PRP is as follows –

### **Chairman**

Mr Eugene FUNG Ting-sek, SC

### **Members**

Mr Abraham CHAN Lok-shung, SC

Miss Grace CHAN Man-yee

Mrs Agnes KOON WOO Kam-oi, MH

Mr Allen LAU Kai-hung

Dr James LIN

Mr Jeff WONG Kwan-kit

Ms Grace YU Ho-wun

### **Ex officio Members**

Dr David WONG Yau-kar, GBS, JP

(in his capacity as the Chairman of the MPFA)

Mr YUNG Lap-yan

(in his capacity as the representative of the Secretary for Justice)

### **Secretariat**

Financial Services and the Treasury Bureau

## **The Statutory Regime**

- 1.7 Under the statutory regulatory regime for MPF intermediaries which commenced operation in November 2012, the MPFA is the sole authority to administer the registration of MPF intermediaries, issue guidelines on compliance with statutory requirements applicable to registered MPF intermediaries, and impose disciplinary sanctions on them. On the other hand, the HKMA, the IA and the SFC assumed the statutory role as FRs which are responsible for the supervision and investigation of complaints against registered MPF intermediaries whose main duties are in banking, insurance and securities respectively.
- 1.8 This institution-based regulatory approach has taken into account the market profile of existing MPF intermediaries who carry on MPF sales and marketing activities incidental to their main lines of business in banking, insurance and/or securities, and are regulatees of the HKMA, the IA and/or the SFC, as the case may be.
- 1.9 Under the statutory regime, a person is required to be registered with the MPFA as an MPF intermediary before he/she can engage in MPF sales and marketing activities that may influence a potential / existing participant of an MPF scheme in making a decision that affects the latter's benefits in the MPF scheme. MPF intermediaries have to comply with a set of conduct requirements set out in the relevant provisions of the Mandatory Provident Fund Schemes Ordinance (Cap 485) ("MPFSO") and the Guidelines on Conduct Requirements for Registered Intermediaries ("Guidelines") when carrying on a regulated activity. Non-compliance with the required standards, once established, may result in disciplinary sanctions imposed by the MPFA.
- 1.10 Generally speaking, an MPF intermediary is carrying on a regulated activity when he/she invites or induces, or attempts to invite or induce, another person to make a material decision, or gives regulated advice in respect of various matters concerning a particular registered MPF scheme or a particular constituent fund of a registered MPF scheme.

## **Co-ordination among the MPFA and FRs**

- 1.11 To institutionalise the co-ordination among the MPFA and the FRs, the MPFA signed with the FRs in May 2013 a “Memorandum of Understanding concerning the Regulation of Regulated Persons with respect to Registered Schemes under the Mandatory Provident Fund Schemes Ordinance” (“MOU”), which laid down the broad framework of the interaction and co-operation among the MPFA and the FRs. The MOU applies to the statutory regulatory regime on sales, marketing activities and giving of advice in relation to registered schemes under Part 4A of the MPFSO.
- 1.12 The MPF Intermediaries Regulation Committee (“MIRC”), a forum formed by the MPFA since 2012 for the MPFA and the FRs to discuss issues of regulatory concerns, held two meetings from 1 May 2019 to 30 April 2020 (“current review cycle”). The MPFA and the FRs exchanged views on supervisory and enforcement issues relating to MPF intermediaries.
- 1.13 In addition to the MIRC, two meetings were held between the MPFA and the IA during the period for progress updates relating to complaints handled by the MPFA, cases referred by the MPFA to the IA for investigation, and supervisory work conducted by the IA.

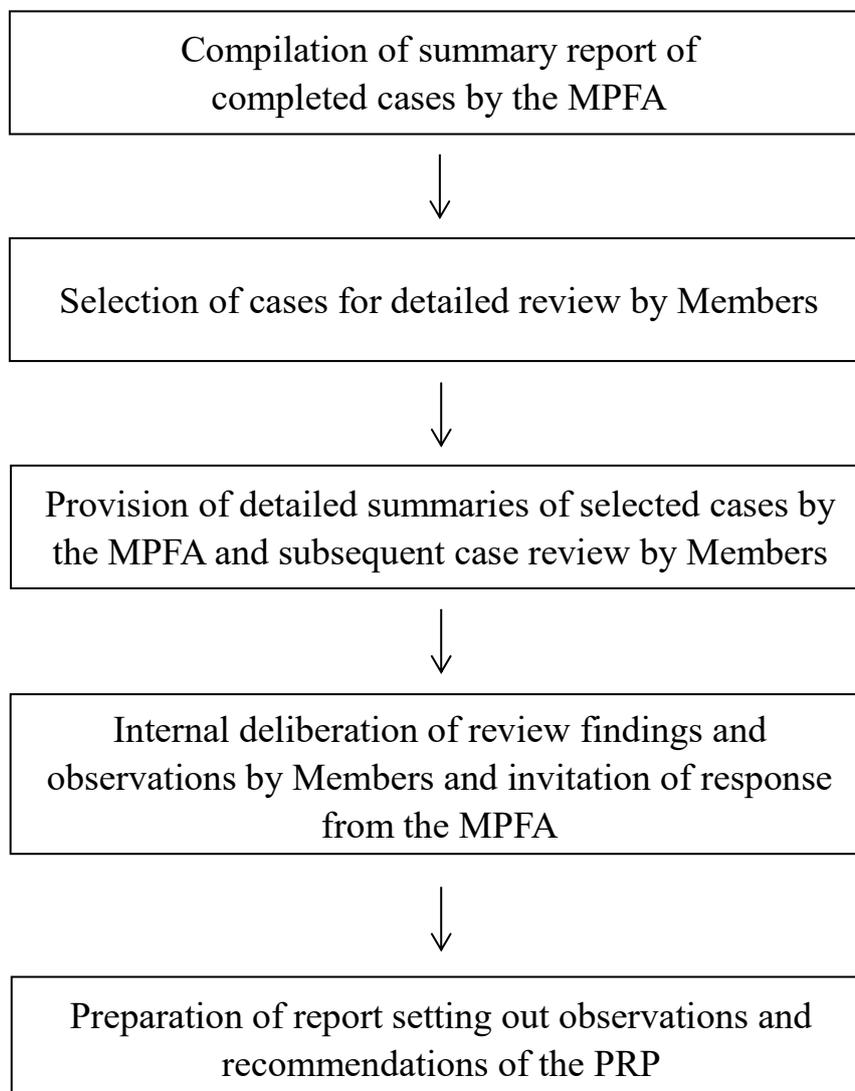
## **Chapter 2: Work of the PRP**

### **Modus Operandi**

- 2.1 Where the MPFA receives a complaint against an MPF intermediary, the MPFA would carry out a preliminary assessment before referring the matter to the relevant FR to consider investigation. Where a complaint is directly lodged with an FR, the FR would carry out a preliminary assessment and then proceed with an investigation direct if it thinks fit. The FR will also inform the MPFA concurrently of the receipt of the complaint. In any event, the outcome of all investigation by an FR will be passed to the MPFA for final assessment and necessary follow-up actions including disciplinary sanctions.
- 2.2 In exercising its core functions of reviewing and advising the MPFA on the adequacy and consistency of its internal procedures with regard to the regulation of MPF intermediaries, the PRP reviews the MPFA's operating procedures for registration, complaint handling, and disciplinary proceedings, as well as periodic reports of closed cases in relation to MPF intermediaries.
- 2.3 Members discuss and endorse observations and recommendations with respect to the operating procedures and cases reviewed for the MPFA to respond and follow up. The PRP then issues an Annual Report setting out the observations and recommendations of members having regard to the response from the MPFA.
- 2.4 Members of the PRP are obliged to keep confidential the information furnished to them in the course of the PRP's work. To maintain the independence and impartiality of the PRP, all members of the PRP are required to make declaration of interests upon commencement of their terms of appointment and to do so before conducting each case review.

## Case Review Workflow

2.5 Workflow of the PRP case review is as follows –



## Selection of Cases for Review

2.6 The MPFA completed 13 conduct cases relating to MPF intermediaries during the current review cycle, which was the period of 12 months following the last PRP review. Eight of these cases involved MPF intermediaries whose FR was the IA, of which seven had been investigated by the IA and one was closed by the IA after their assessment and decision not to initiate any investigation. Three cases involved MPF intermediaries

whose FR was the MA, of which one had been investigated by the MA and two were closed by MA after their assessment and decision not to initiate any investigation. Two cases were closed by the MPFA in the preliminary stage either because the complainant did not give consent for the MPFA to further handle the case or because the case was not within the regulatory regime of the MPFSO.

- 2.7 Out of the 13 cases, seven were substantiated and six were unsubstantiated. Disciplinary actions were taken in two substantiated cases. Sanctions imposed by the MPFA on SIs and PIs included a fine of HK\$500,000 and disqualification from being registered as an MPF intermediary for 10 months. For the other five substantiated cases with relatively minor breaches, compliance advice letters (“CAL”) were issued to the SIs and/or PIs concerned.
- 2.8 As regards the six remaining unsubstantiated cases, the MPFA issued reminder letters (“RL”) to the relevant SIs of two cases with a view to raising the overall standards of the industry, meeting the expectation of the public and promoting the culture of compliance. In one unsubstantiated case, CALs were issued to the PI and SI concerned. Three unsubstantiated cases were closed with no further action.
- 2.9 The PRP selected five of these cases for detailed examination. With the assistance of the MPFA, case summaries of the five cases selected were prepared for members’ perusal. A case review session was held in June 2020.
- 2.10 Observations of the PRP in respect of the selected cases and its recommendations are set out in Chapter 3.

## **MPFA's Follow-up on the Recommendations in the 2019 Annual Report**

2.11 In its 2019 Annual Report, the PRP made a number of recommendations to the MPFA for improving the handling of cases and expediting the completion of cases. In response, the MPFA had taken various actions for further improvement. The key actions taken are summarised as follows –

### **(1) Shortening the Handling Time of Cases**

- (a) enhanced internal Key Performance Indicators as well as internal guidelines and procedures by tightening the target completion time at different stages during case handling process;
- (b) enhanced system for monitoring case progress;
- (c) provided adequate direction and arrangement for ensuring smooth hand over of cases due to staff turnover;
- (d) updated and enhanced templates and precedent case database; and
- (e) strengthened both internal and external communications (with the FRs) for ensuring efficiency of case handling.

### **(2) Enhancing the Consistency and Transparency of Disciplinary Actions**

- (a) enhanced guidance and policy on exercising power to impose disciplinary order (including guidance in setting penalty levels based on the severity and nature of the breaches) for maintaining consistency of enforcement actions; and
- (b) published a “Statement of Disciplinary Action” together with the press release in each case with more detailed explanation of the MPFA’s decision of disciplinary action for increasing transparency of the decision.

### **(3) Strengthening Communication with FRs**

- (a) conducted timely communications and discussions with the FRs for case following up when necessary in addition

- to meetings and monthly progress reports; and
  - (b) discussed and explored with the relevant FRs any areas for improvement during the case handling process.
- (4) Facilitating Supervision of Principal Intermediaries (“PI”) over Subsidiary Intermediaries (“SI”)
- (a) maintained close dialogues with the FRs to share views and experience on supervisory and enforcement issues relating to MPF intermediaries;
  - (b) issued letters to the PIs to alert any internal control issues, regardless whether they are the subjects of investigation or not;
  - (c) organized training courses, issued circulars or newsletters where appropriate to increase compliance awareness of the industry, required the PIs to have closer supervision over the activities of their SIs and maintain stronger internal control; and
  - (d) enhanced register to monitor and identify any concentration of complaints within certain PIs and to remind them to improve compliance if necessary.

2.12 The PRP welcomed the above follow-up actions undertaken by the MPFA in the light of the recommendations in the 2019 Annual Report. The PRP hoped that the MPFA would continue the work to ensure procedural propriety of the regulatory regime.

## **Chapter 3: Observations and Recommendations from the Case Review**

3.1 The PRP reviewed five out of 13 closed conduct cases relating to MPF intermediaries during the current review cycle. The five cases were classified into the following four categories with reference to the main allegations against the PIs or SIs concerned

—

- Unauthorized transfer and/or impersonating client to collect the MPF account information (“Case 1” and “Case 2”);
- Failing to provide necessary information clearly and accurately to client (“Case 3”);
- Inadequate internal control of PI (“Case 4”); and
- Conviction of an offence under the MPFSO (“Case 5”).

3.2 Case 1 involved a SI who had allegedly conducted unauthorised transfers of the complainant’s MPF accrued benefits with an incomplete form and logged in to the complainant’s MPF online account. However, the relevant FR was unable to conduct further interviews with the parties concerned, notwithstanding the FR’s repeated attempts. With limited evidence, the MPFA found this case unsubstantiated and concluded the case after 6 months of consideration of the FR’s investigation findings, and issued a RL in severe terms to the SI.

3.3 Case 2 involved a SI who had disclosed the complainant’s personal information to a third party to enable the latter to impersonate the complainant in calling two MPF trustees to obtain the complainant's account information. Without the complainant’s authorisation, the SI used such information to fill in the incomplete MPF forms which were previously signed by the complainant, and effected the transfers. The MPFA found this case to be substantiated and disqualified the SI from being registered as an MPF intermediary for 10 months. The MPFA took 11 months to conclude the case after it had received the

relevant FR's investigation report.

- 3.4 Case 3 involved two SIs ("SI1" and "SI2"). SI1 did not obtain the approval from the PI before sending the staff members of an employer a WhatsApp message, which was later found to be inaccurate. Although SI1 had sent a rectification message to the original recipients via WhatsApp, the complainant, who had received the inaccurate message indirectly from his supervisor, did not receive SI1's rectification message. The complainant later contacted SI2 to apply for transferring his MPF accrued benefits based on the inaccurate message. SI2 failed to ensure that the MPF forms were duly completed before asking the complainant to sign on it. Although the signed forms were returned to the complainant and the application was not further processed, the MPFA found the case substantiated and concluded the case after 7 months of consideration of the relevant FR's investigation findings, and issued CALs to both SIs.
- 3.5 Case 4 involved a PI which had adopted a practice inconsistent with the Conduct Guidelines in assessing whether the risk level of a client's choice of MPF funds was higher than the client's risk profile. This had affected over five thousand scheme members. Having considered the results of an independent review, the appeal lodged by the PI and the mitigating factors, a disciplinary order of a fine of HK\$500,000 was made with a press release issued. Due to the complexity of this case, MPFA took 56 months for case processing following the conclusion of the relevant FR's investigation, inclusive of 18 months for statutory disciplinary and appeal procedures.
- 3.6 Case 5 involved a SI who was convicted of having made a false or misleading statement in a document submitted to an MPF trustee. The SI submitted an application for early withdrawal of his own MPF accrued benefits on the ground of permanent departure from Hong Kong with a declaration that he had not withdrawn his MPF accrued benefits on the same ground before. However, the MPFA discovered that this declaration was false

and SI was hence prosecuted. Though the MPFA found this case to be substantiated, the SI had already been deregistered as an MPF intermediary at the time of the conviction. Nevertheless, as the SI was a registered intermediary at the time of the relevant offence, the MPFA issued a CAL to the SI and concluded the case after 6 months of case processing.

- 3.7 After reviewing these five cases, the PRP noted a number of instances where the MPFA could make improvements to its procedures with respect to the regulation of MPF intermediaries, and the PRP's observations and recommendations are summarised in the ensuing paragraphs.

#### **A Consistency and Transparency of the Actions to be Taken**

- 3.8 Various types of actions were imposed for the four substantiated cases (out of the five reviewed cases). These actions include the issuance of CALs, disqualification period of 10 months, and fine of HK\$500,000.

##### Observations

- 3.9 The reviewed cases involved allegations of unauthorized transfer/ impersonation of clients, failure to provide necessary information accurately, inadequate internal control of PI, and conviction of an offence under the MPFSO. While certain cases involved similar acts, different actions were taken by the MPFA.
- 3.10 The PRP noted that the MPFA had taken various factors into account, including the nature of the case and the mitigating factors. The MPFA had also considered its previous sanctions and made reference to similar cases handled by other regulators, such as the SFC and the MA. However, the PRP considered that the increasing complexity of the cases and the accumulation of regulatory experience of the MPFA prompt the need for clear

guidelines on the suitable range of penalties to be imposed.

- 3.11 The PRP was aware of a case whereby the level of penalties was reduced quite substantially upon further submissions by the intermediary concerned. Although the PRP noted that according to the MPFA, it had taken into consideration various mitigating factors and advice from a Senior Counsel when issuing such reduction in penalty, it was unclear whether there were any additional considerations apart from those taken into account when the initial level of penalty was issued and how such considerations had justified the reduction of penalties.

#### Recommendations

- 3.12 The MPFA may consider setting up a defined set of guidelines to determine the type of actions and level of penalties based on the severity and nature of the substantiated allegations. In particular, the PRP suggests that a schedule listing the range of penalties with reference to the breaches be included in this set of guidelines. The PRP is of the view that this could enhance the consistency of the sanctions imposed.
- 3.13 The MPFA may also list the factors that it would consider in deciding the type of actions and the level of penalties on its website or circulate to the industry via other means. This publication could help the industry understand why and how the relevant decision was made by the MPFA, which may assist in guiding future conduct.
- 3.14 In the next review, the MPFA is also advised to attach the issued decision letters as an annex to facilitate the review by the PRP.

#### Response from the MPFA

- 3.15 The MPFA welcomes the PRP's recommendations and has been

taking steps to ensure consistency of enforcement actions to be taken and facilitate the industry's understanding of the relevant decision.

- 3.16 There are rules and procedures put in place by the MPFA internally and also under the MPFSO which ensure due process during the determination of enforcement actions. They set out the factors to be considered before determining any disciplinary action, the internal approval process, time frame for certain stages of proceedings, as well as the documentation requirement of the deliberations and decisions of each enforcement action, for the MPFA to comply with in each case.
- 3.17 To ensure consistency of actions, the MPFA has further enhanced its guidance and policy on determining disciplinary action which listed out the range of penalties and the factors that it would consider in determining the type of actions, as well as guidance in setting the level of penalties based on the severity and nature of the breaches. An internal database recording the determinations and results of the precedent cases is kept such that similar precedent cases can be readily retrieved and considered when determining any enforcement action for a new case. The MPFA will continue to review and enhance its guidance and policy regularly with the accumulation of case experience to ensure consistency of actions taken.
- 3.18 To increase the transparency of its decisions and provide greater certainty to the industry and the public, the MPFA has started publishing a "Statement of Disciplinary Action" together with the press release in each case with detailed explanation of its decision of disciplinary action taken. The MPFA will continue to enrich the relevant publications and communications with the industry to increase transparency of actions.

## **B. Internal Processes**

- 3.19 The PRP was of the view that the relatively hierarchical structure of the MPFA's Enforcement Division may hinder the efficiency of case handling. In many cases, the draft case assessment report ("draft report") had to be cleared by three to four levels of

officers sequentially. If any amendments were required, the draft report had to be re-submitted layer by layer again.

### Observations

- 3.20 In Cases 1 and 2, it was noted that the relevant team took three months to revise the draft report. The same clearance process also applied to the issuance of Reminder Letters and Closure Letters. The PRP noted that relatively straightforward changes could take months to effect, thus slowing the progress of cases. The MPFA explained that the layers of hierarchy were in place in order to observe due process. However, the PRP considered that streamlining the clearance process would not necessarily compromise the due process which, with its underlying concept of ensuring fairness, should encompass appropriate procedures that suit the circumstances.
- 3.21 The MPFA may consider different measures to streamline its internal processes and report its progress in the next PRP review.

### Response from the MPFA

- 3.22 The MPFA notes the PRP's observations and will consider different measures to raise the overall efficiency in case handling while observing due process to ensure fairness.

## **C. Key Performance Indicators (“KPIs”)**

- 3.23 The MPFA had put in place two sets of KPIs in response to the recommendations by the PRP in the 2019 Annual Report. These KPIs monitor the time taken for the preliminary case assessment before referring to the relevant FR for considering investigation (“first KPI”) and the time taken for the case assessment after FR's investigation (“second KPI”), respectively.

- 3.24 The first KPI measures the preliminary case assessment period from the date of case received to the date of referral to FRs or case closure. The second KPI measures the case assessment period from the date of investigation findings received from FRs to the date of issuance of a Notice of Proposed Disciplinary Action or case closure.
- 3.25 With the accumulation of case experience and review on the case handling process from time to time, the MPFA revised its KPIs and tightened the second KPI in the current review period with a view to completing cases more expeditiously.

### Observations

- 3.26 The PRP welcomed the implementation of the KPIs. It was noted that for the five cases reviewed by the PRP, the MPFA presented a satisfactory performance in achieving the first KPI.
- 3.27 Nonetheless, the PRP observed that of the five cases selected for detailed review, one case could not meet the second KPI. In Case 4, the whole process, inclusive of the FR's investigation period, took as long as 63 months to be completed. The PRP was of the view that the long handling time was not ideal for the protection of scheme members' interest.
- 3.28 In Case 4 whereby disciplinary action was taken against a PI, it was noted that the lengthy handling time of the case resulted from a number of factors including the change of personnel, insufficient manpower to cope with the new regulatory regime and other competing work priorities (e.g. the user acceptance test of a new IT system which was being carried out concurrently). While the lengthy handling time was understandable, the PRP opined that there was room for improvement.
- 3.29 It was noted that nine subsequent months were taken for internal discussion, communications with the relevant FR, and

submission of case assessment reports to the senior management of the MPFA. The PRP considered that the time taken for these procedures unsatisfactory.

### Recommendations

- 3.30 Having regard to the MPFA's performance in the current review cycle, it is suggested that the MPFA devote further effort in the pursuit and improvement of the KPIs.
- 3.31 In particular, the PRP is also of the view that the MPFA should devise ways to speed up its consideration of FR's investigation findings for the interests of the complainants and the concerned intermediaries, especially in unsubstantiated cases.
- 3.32 Although the PRP understands that the unexpectedly long handling time for Case 4 was partly due to the fact that the MPFA did not have the experience of taking disciplinary action against PIs as well as the special nature of the misconduct concerned, it is suggested that the MPFA consider developing an internal operating protocol with the accumulation of experience. In addition, the MPFA may consider devising special communication protocols with the relevant FRs for dealing with cases involving PIs.
- 3.33 It is further suggested that the MPFA implements measures to smoothen the transition in case handling due to the change of case officers. For example, it may develop a case template which includes the case summary, progress, action points, and other necessary information to reduce the time taken for the incoming officer to understand the case.
- 3.34 The MPFA may also keep a formal record of the reasons why the KPIs were not met in some cases. This enables the MPFA to review its performance to identify systemic issues for improvement.

- 3.35 In future PRP briefing sessions, the MPFA is advised to include information on whether the two KPIs are achieved in each of the cases. The MPFA may also report on how the implementation of KPIs affects its enforcement operations, and demonstrate that a higher standard of internal governance is achieved with the implementation of the two KPIs.

Response from the MPFA

- 3.36 The MPFA welcomes the PRP's observations and recommendations. With the benefit of the recommendations by the PRP in previous Annual Reports and experience garnered over the years since the implementation of the new statutory regulatory regime in 2012, the MPFA has devised and achieved numerous objectives in different aspects, including without limitation those mentioned in paragraph 2.11 hereinabove, with a view to enhancing the efficiency and quality of case handling as well as ensuring propriety of the regulatory regime. The MPFA will continue the effort and explore different ways to achieve a higher standard of internal governance with the implementation of the KPIs.

## Chapter 4: Way Forward

- 4.1 Looking forward, the PRP will continue its work on the review of completed cases to ensure adequacy of the internal procedures of the MPFA, and that the FRs consistently follow the relevant internal procedures and operational guidelines.
- 4.2 The PRP welcomes and attaches great importance to the views of the public and market participants on the work of the PRP. Comments relating to the PRP's work can be referred to the Secretariat of the PRP via the following channels<sup>2</sup> –

By post : Secretariat of the Process Review Panel in relation to  
the Regulation of Mandatory Provident Fund  
Intermediaries  
Financial Services and the Treasury Bureau  
24<sup>th</sup> Floor, Central Government Offices  
2 Tim Mei Avenue  
Tamar, Hong Kong

By email : [enq@fstb.gov.hk](mailto:enq@fstb.gov.hk)

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<sup>2</sup> Inquiries or comments not relating to the process review work of the MPFA should be made to the MPFA direct –

By post : Level 8, Tower 1, Kowloon Commerce Centre, 51 Kwai Cheong  
Road, Kwai Chung, Hong Kong

By telephone : (852) 2918 0102

By fax : (852) 2259 8806

By email : [mpfa@mpfa.org.hk](mailto:mpfa@mpfa.org.hk)

## **Chapter 5: Acknowledgement**

- 5.1 The PRP would like to express its gratitude to the MPFA for its assistance in facilitating the review work, and its co-operation in responding to the PRP's inquiries and recommendations.

**Process Review Panel in relation to  
the Regulation of Mandatory Provident Fund Intermediaries  
December 2020**