



強制性公積金計劃管理局  
MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

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**By Electronic System**

30 October 2024

**Circular Letter: SU/CCO/2024/003**

**To: All Registered Intermediaries**

Dear Sir/Madam,

**Handling of Applications for Early Withdrawal of MPF Benefits  
on Grounds of Permanent Departure from Hong Kong**

Further to our circular letter dated 22 December 2023 on the above subject ([SU/CCO/2023/006](#)) (2023 Circular Letter), this circular letter reminds all registered intermediaries (RIs) to guard against false claims by MPF scheme members for early withdrawal of MPF benefits on the grounds of permanent departure from Hong Kong (PD Claims) and provides further guidance on prudent measures and controls when handling claims from scheme members.

**Standards of conduct expected of RIs when handling PD Claims under relevant regulatory requirements**

2. As stated in the 2023 Circular Letter, when advising or assisting scheme members in making PD Claims, RIs are expected to meet the standards of conduct in accordance with the conduct requirements under the Mandatory Provident Fund Schemes Ordinance (MPFSO) and Guidelines on Conduct Requirements for Registered

Intermediaries (Conduct Guidelines) as well as any other applicable laws and regulations.

3. The standards of conduct include but are not limited to:

(a) Exercising a level of care, skill and diligence

- (i) Section 34ZL(1)(b) of the MPFSO requires RIs to exercise a level of care, skill and diligence that may reasonably be expected of a prudent person who is carrying on a regulated activity.
- (ii) RIs must understand the MPF System and general scheme operational issues as required by paragraphs III.13 and III.15(e) of the Conduct Guidelines. As such, RIs should advise scheme members about the relevant statutory requirements as well as the proper procedures in making PD Claims.

(b) Having regard to a client's particular circumstances

- (i) Section 34ZL(1)(d) of the MPFSO requires RIs to have such regard to their client's particular circumstances as is necessary for ensuring that the regulated activity is appropriate to the client.
- (ii) RIs should, as required by paragraph III.27(a) of the Conduct Guidelines, acquire an understanding of the scheme member, such as the scheme member's background and reasons for making the PD Claim, explain to the scheme member the relevant legal requirements and remind the scheme member that making false or misleading statements and/or using falsified documents is a criminal offence.

**Subsidiary intermediaries (SIs) must not engage in any criminal activity**

4. The MPFA is gravely concerned that some SIs might have colluded with crime syndicates to induce and/or abet scheme members to make false statements or declarations regarding permanent departure from Hong Kong with a view to withdrawing their MPF benefits early, in return for a commission or service fee. A common feature of such PD Claims might involve an upfront consolidation of MPF accounts from various MPF schemes of the scheme members with the assistance of SIs.

5. The MPFA hereby reminds all SIs that it is a criminal offence to aid and abet another person to make a false or misleading statement and / or use falsified

documents for early withdrawal of MPF benefits. SIs who receive fees or commissions in assisting scheme members to make false PD Claims may be committing money laundering offences. The MPFA would not tolerate any criminal acts by SIs and would collaborate with relevant law enforcement agencies to combat such crimes.

6. In addition, SIs involved in such acts are also in breach of the conduct requirements and are subject to disciplinary sanctions, including revocation of, disqualification from / suspension of registration as SIs, pecuniary penalty and / or reprimand.

### **Principal intermediaries (PIs) to have proper controls and procedures in place**

7. PIs are reminded to convey the above messages to their SIs accordingly. In the event that any suspicious PD Claims come to the attention of SIs, they should remind scheme members that it is a criminal offence to make a false or misleading statement to the MPFA or MPF trustees. SIs should also promptly report such cases to the MPFA and/or the relevant law enforcement agency such as the Police.

8. The MPFA reiterates that PIs are required to have adequate resources and satisfactory internal control procedures at all times for compliance with relevant legal and regulatory requirements by themselves and by their SIs. Section 34ZL(3)(a) of the MPFSO requires that PIs must establish and maintain proper controls and procedures for securing compliance by themselves and their SIs with the conduct requirements. Paragraphs III.60(a) and III.61(s) of the Conduct Guidelines further require PIs to have in place a rigorous framework that can identify those matters that require compliance by themselves and their SIs, and put in place controls, procedures and other arrangements that are designed to ensure compliance. In the event of any failure to comply with the provisions in the MPFSO or relevant legislation and regulations, PIs are required to report such failure to the frontline regulator within 14 working days of the PI identifying the failure. Pursuant to paragraph III.62(e) of the Conduct Guidelines, PIs should inform the frontline regulator immediately of any complaints of a criminal nature or other serious nature. PIs should also promptly report suspicious PD Claims to the MPFA and/or the relevant law enforcement agency.

9. To this end, guidance is provided to PIs on measures that should be incorporated in their procedures and internal controls to guard against potential false PD Claims:

- (a) **Issue regular reminders to SIs and support staff about common attributes and red flags found in false PD Claims** – PIs should issue regular reminders to SIs

and support staff to request them to stay vigilant against red flags of suspicious PD Claims. Once red flags are identified, these should be escalated to the management and responsible officers of PIs for decision of appropriate actions.

- (b) **Control measures** – PIs should put in place measures to deter false PD Claims and unnecessary / frequent transfers, and conduct regular reviews to ensure the sufficiency of the measures, in particular, in the design of the remuneration structure and/or incentive programmes for SIs. In this connection, the remuneration packages and/or incentive programmes offered to SIs should have necessary control features, such as requiring an SI to return any related remuneration received if it is later found that there has been any fraud, misconduct, non-compliance with the internal procedures of the PIs or if certain conditions are met (e.g. withdrawal of MPF benefits by a scheme member within a certain time after transfer-in of the benefits from another MPF scheme).
- (c) **Provide regular and refresher training to SIs** – PIs should provide sufficient training to ensure that its SIs engaging in regulated activities are aware of the statutory and regulatory requirements that should be complied with, including the permitted grounds under the MPFSO and the legal implications carried by the documents (e.g. statutory declaration) which are required for withdrawal of MPF benefits.

10. Please note that the above requirements and guidance are not meant to be exhaustive and PIs should design their procedures and internal controls that commensurate with their circumstances. Should you have any questions about the contents of this circular, please contact Ms Clio Wong on 2292 1369.

Yours sincerely,



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