

MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

IV.23 Guidelines on Transfer Statement and Confirmation

INTRODUCTION

Section 154 of the Mandatory Provident Fund Schemes (General) Regulation (the Regulation) as in force immediately before the commencement date (as defined in section 20 of Schedule 5 to the Regulation)¹ (pre-amended section 154) provides that as soon as practicable after a transferor trustee has transferred the accrued benefits for a scheme member, the transferor trustee must give to the scheme member concerned a transfer statement specifying information relating to the transfer as prescribed under that section. The pre-amended section 154(1)(g) and (3)(f) provides that the Mandatory Provident Fund Schemes Authority (the Authority) may specify other information to be contained in a transfer statement by means of guidelines. The pre-amended section 154(2) requires the transferor trustee to give to the transferee trustee a copy of the transfer statement.

2. Section 155 of the Regulation as in force immediately before the commencement date (as defined in section 21 of Schedule 5 to the Regulation)¹ (pre-amended section 155) provides that the transferee trustee must, as soon as practicable after receiving the benefits transferred from another registered scheme, give to the scheme member concerned a written notice confirming the transfer and stating the amount of those benefits.

3. With the commencement of section 81 of the Mandatory Provident

¹ The commencement date means the date on which section 81 of the Mandatory Provident Fund Schemes (Amendment) Ordinance 2021 (the Amendment Ordinance) comes into operation, i.e. 26 June 2024. Schedule 5 is added to the Regulation pursuant to section 103 of the Amendment Ordinance.

Fund Schemes (Amendment) Ordinance 2021 (the Amendment Ordinance), sections 154 and 155 of the Regulation are repealed.

4. Pursuant to section 20 of Schedule 5 to the Regulation, despite the commencement of section 81 of the Amendment Ordinance, the pre-amended section 154 applies to a pre-existing scheme in relation to a transfer of the accrued benefits of a member of the scheme if:

- (a) there is no section 19N notice² in respect of the scheme; or
- (b) there is a section 19N notice in respect of the scheme, and the transfer was completed before the effective day (i.e. the day specified under section 19N(1) of the Mandatory Provident Fund Schemes Ordinance (the Ordinance) for the scheme).

5. Pursuant to section 21 of Schedule 5 to the Regulation, despite the commencement of section 81 of the Amendment Ordinance, the pre-amended section 155 applies to a pre-existing scheme (relevant scheme) in relation to a transfer of the accrued benefits of a member of another registered scheme to the relevant scheme if:

- (a) there is no section 19N notice in respect of the relevant scheme; or
- (b) there is a section 19N notice in respect of the relevant scheme, and the transfer was completed before the effective day (i.e. the day specified under section 19N(1) of the Ordinance for the relevant scheme).

² Pursuant to section 19N of the Mandatory Provident Fund Schemes Ordinance (the Ordinance), the Secretary for Financial Services and the Treasury may, by notice published in the Gazette, specify a day for a pre-existing scheme for the purposes of section 19M(2)(a) of the Ordinance, on which day the approved trustee of the pre-existing scheme must begin to use the electronic MPF system and the scheme administration services provided by the system operator of the system to perform a scheme administration function that is not a specific function.

6. Section 157A of the Regulation as in force immediately before the commencement date (as defined in section 22 of Schedule 5 to the Regulation)³ (pre-amended section 157A) requires that the transferor trustee must, within 30 days after receiving the amount of outstanding contributions or contribution surcharges, or both, take all reasonably practicable steps to ensure that the amount is transferred in accordance with the election (not applicable to the transfer scenarios under sections 148A and 148B of the Regulation which relate to transfer of accrued benefits out of an employee contribution account whilst the employee member is in employment).

7. With the commencement of section 84 of the Amendment Ordinance, section 157A of the Regulation is repealed.

8. Pursuant to section 22 of Schedule 5 to the Regulation, despite the commencement of section 84 of the Amendment Ordinance, the pre-amended section 157A applies to the approved trustee of a pre-existing scheme unless:

- (a) there is a section 19N notice in respect of the scheme; and
- (b) the relevant requirement⁴ has taken effect.

9. Section 6H of the Ordinance provides that the Authority may issue guidelines for the guidance of approved trustees, service providers, participating employers and their employees, self-employed persons, regulated persons and other persons concerned with the Ordinance.

10. Section 47A of the Ordinance provides that the Authority may

³ Means the date on which section 84 of the Amendment Ordinance comes into operation, i.e. 26 June 2024.

⁴ Relevant requirement has the meaning given by section 19O(2) of the Ordinance. Pursuant to section 19O(2) of the Ordinance, relevant requirement, in relation to a pre-existing scheme, means the requirement that the approved trustee of the scheme must comply with section 19M(1) of the Ordinance with respect to the scheme administration functions (other than a specific function) of the approved trustee.

specify or approve the form and contents of documents required for the purposes of the Ordinance. The section also provides that the form is not properly completed unless it includes all the information required by the Authority in the form.

11. The Authority hereby issues guidelines to:
 - (a) set out the other information to be contained in a transfer statement pursuant to the pre-amended section 154(1)(g) and (3)(f);
 - (b) set out the form and contents of the transfer statement and transfer confirmation pursuant to section 47A of the Ordinance; and
 - (c) provide guidance as to the timing for issuing transfer statements and transfer confirmations.

EFFECTIVE DATE

12. These revised Guidelines (Version 3 – June 2024) shall become effective on the date of commencement of operation of sections 81, 84 and 103 of the Amendment Ordinance, i.e. 26 June 2024. The previous version of these Guidelines (Version 2 – March 2019) shall be superseded on that day.

TRANSFER STATEMENT AND TRANSFER CONFIRMATION

Transfer Statement

13. For the purposes of the pre-amended section 154(1)(g) and (3)(f), the following information (see Annex A for the template) has to be contained in a transfer statement:

- (a) in case of a transfer of accrued benefits derived from employee mandatory contributions under section 148A(2)(b) or (3) of the Regulation, the date on which the transferee trustee received the effective transfer election, and in case of a transfer of accrued benefits derived from employee mandatory contributions under

section 148A(2)(a) of the Regulation, the date on which the transferor trustee received the effective transfer election, and an explanation of the use of this date to count the number of such transfers in a calendar year;

- (b) for each constituent fund, the following details of redemption:
 - (i) the redemption date;
 - (ii) the number of units redeemed in each constituent fund;
 - (iii) the redemption price of units;
 - (iv) the net amount redeemed; and
 - (v) the bid spread deducted; and
- (c) a reconciliation between the redemption balance of each sub-account of the member's account and the final amount transferred out, showing, where applicable, the amount of benefits vested, the long service payment/severance payment refunded to the employer, the long service payment/severance payment made to the member, the cash payout to the member and others.

14. The form of the transfer statement incorporating the information in paragraph 13 is set out in Annex A. The transferor trustee is required to include the information specified in that Annex when preparing the transfer statement.

15. Subject to paragraphs 3 and 4 above, the transferor trustee should issue the transfer statement to the scheme member concerned within five specified working days after the date of transfer of benefits.

Transfer Confirmation

16. The form of the transfer confirmation to be issued by the transferee trustee to the member concerned pursuant to the pre-amended section 155 is set out in Annex B. The transferee trustee is required to include the information

specified in that Annex when preparing the transfer confirmation.

17. Under normal circumstances and subject to paragraphs 3 and 5 above, the transferee trustee of the registered scheme should issue the transfer confirmation to the member concerned as soon as practicable after receiving the accrued benefits, and within:

- (a) 14 specified working days after receiving the accrued benefits if it is a transfer to an account within the same registered scheme; and
- (b) 17 specified working days after receiving the accrued benefits if it is a transfer from an account in another registered scheme.

Transfer After Recovery of Outstanding Contributions and Surcharges

18. Subject to paragraphs 7 and 8 above, a transferor trustee is required to take all reasonably practicable steps to ensure that the amount of outstanding contributions or contribution surcharges, or both, subsequently received is transferred pursuant to the pre-amended section 157A. The transferor trustee and the transferee trustee should issue a transfer statement and a transfer confirmation respectively in relation to the transfer of the outstanding contributions and/or surcharges. The contents set out in paragraph 13(b) may not be required if there are no subscription and redemption activities involved in the original scheme.

DEFINITION OF TERMS

19. Where a term used in the Guidelines is defined in the Ordinance or the subsidiary legislation then, except where specified in the Guidelines, that term carries the meaning as defined in the Ordinance or the subsidiary legislation.