

**About the
Mandatory Provident
Fund Schemes Authority**

In August 1995, the Mandatory Provident Fund Schemes Ordinance (Cap.485) (MPFSO) was enacted to provide a formal system of retirement protection for the working population in Hong Kong. The MPFA was established in September 1998 pursuant to the MPFSO to regulate, supervise and monitor the operation of the MPF System, which came into operation on 1 December 2000. Since 10 January 2000, the MPFA has also formally taken over the role of the Registrar of Occupational Retirement Schemes from the Financial Services Bureau to oversee the operation of occupational retirement schemes established under the Occupational Retirement Schemes Ordinance (Cap. 426) (ORSO).

Functions

As provided under section 6E of the MPFSO, the functions of the MPFA are:

- A. to be responsible for ensuring compliance with the MPFSO;
- B. to register provident fund schemes as registered schemes;
- C. to approve qualified persons to be approved trustees of registered schemes;
- D. to regulate the affairs and activities of approved trustees and to ensure as far as reasonably practicable that those trustees administer the registered schemes for which they are responsible in a prudent manner;
- E. to make rules or guidelines for the payment of mandatory contributions and for the administration of registered schemes with respect to those contributions;
- F. to consider and propose reforms of the law relating to occupational retirement schemes or provident fund schemes;
- G. to promote and encourage the development of the retirement scheme industry in Hong Kong, including the adoption of a high standard of conduct and sound prudent business practices by trustees and other service providers;
- H. to exercise such other functions as are conferred or imposed on the MPFA by or under the MPFSO or any other ordinance.



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As the Registrar of Occupational Retirement Schemes, the MPFA has also taken up the functions conferred on the Registrar by the ORSO. Hence, the MPFA is responsible for ensuring the smooth operation of retirement benefit schemes in Hong Kong, whether set up mandatorily or voluntarily.

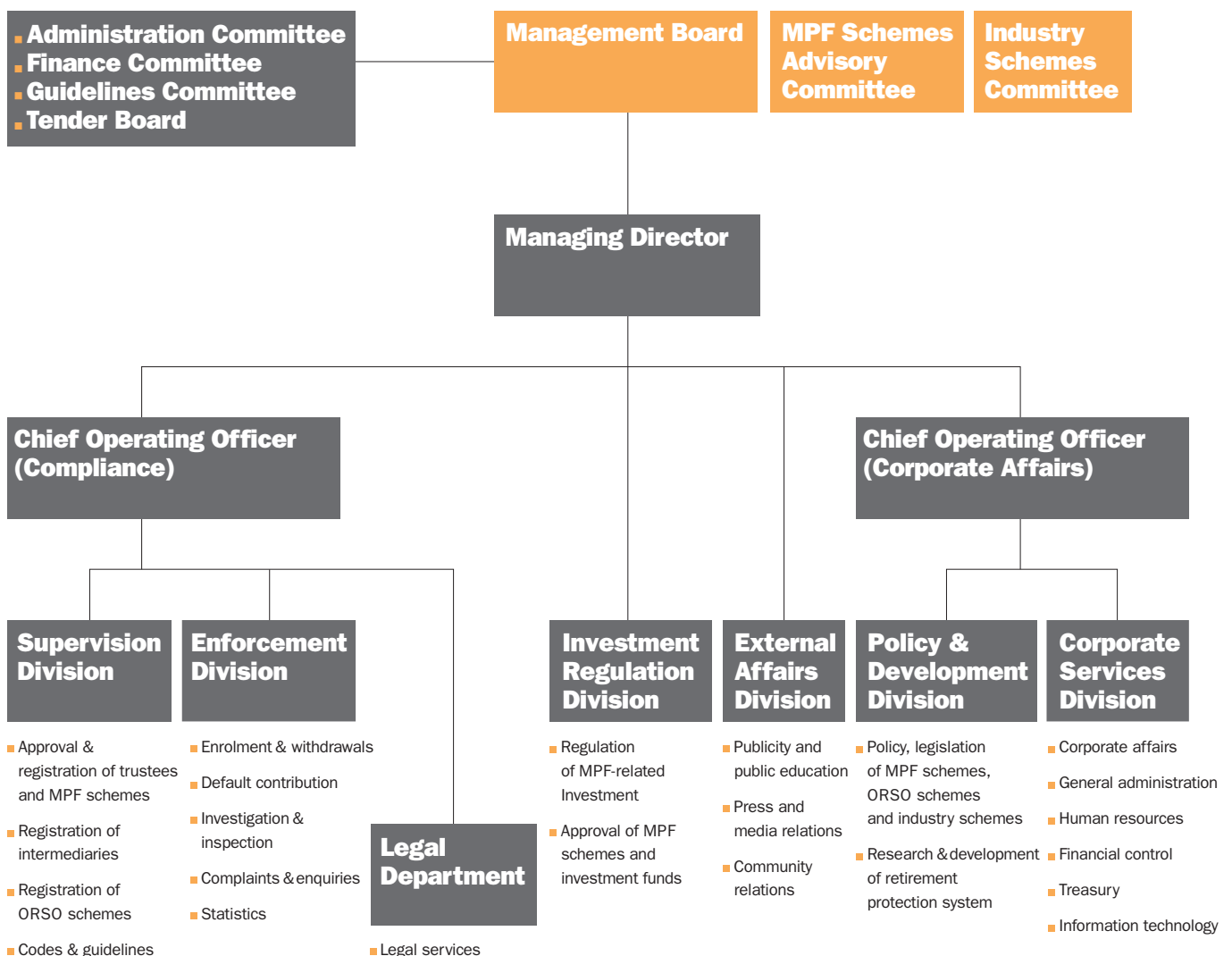
The Organization

The MPFA is governed by the Management Board which consists of ten non-executive directors and six executive directors. The executive directors are the Managing Director, the Chief Operating Officer (Corporate Affairs), the Chief Operating Officer (Compliance), the Executive Director (Enforcement), the Executive Director (Investment Regulation) and the Executive Director (Policy and Development).

The Management Board has established a number of supporting committees to give advice and assistance to the MPFA on various aspects of its management and regulatory work. Membership lists of the Management Board and its supporting committees are included in Appendix I.

Organization Structure

as at 31 March 2002



Major Programmes in 2001-02

The MPF System was fully implemented on 1 December 2000. The MPFA's work in the year focused on three major objectives:

- A. Consolidating the work and the organization of the MPFA;
- B. Enhancing the MPFA's regulatory and enforcement abilities with an emphasis on MPF investment products and investment education; and
- C. Increasing productivity, thereby enhancing operational efficiency and containing costs.

In addition to fulfilling its ongoing statutory duties, the MPFA embarked on a number of programmes to achieve the above objectives. The major programmes in 2001-02 are highlighted below.

Review of legislation

- Proposed amendments relating to certain operational and technical issues of MPF schemes to the MPFSO, which were enacted by the Legislative Council in February 2002 as the Mandatory Provident Fund Schemes (Amendment) Ordinance 2002
- Set up the MPF Schemes Operation Review Committee in August 2001 to carry out a comprehensive review on the administrative and operational aspects of the MPF legislation
- Submitted a batch of legislative proposals to the Government for introduction into the Legislative Council in April 2002
- Reviewed the ORSO legislation and consulted the industry with a view to submitting the finalized proposals to the Government in 2002

Strengthening the enforcement functions

- Investigated 8 800 complaints on non-compliant employers and applied for over 400 summonses
- Carried out 3 556 pro-active inspection visits to check compliance
- Implemented the contribution surcharge mechanism on default contribution cases reported by trustees
- Issued over 149 000 notices to urge payment of contributions in arrears and with contribution surcharges imposed

Supervision of MPF intermediaries

- Implemented the Continuing Professional Development requirement for MPF intermediaries

Public education and publicity

- Disseminated information on MPF through publications, advertisements and other lively and entertaining means of publicity, including roadshows, television and radio programmes, with an emphasis on investment education
 - Established face-to-face contact with the public through seminars, talks and Meet-the-Public sessions
 - Built partnership with political parties and local groups to bring MPF information to the district level
 - Operated MPF Info Station sessions in the districts regularly at fixed locations
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<i>Complaints and enquiries handling</i>	<ul style="list-style-type: none"> ■ Replied to over 190 000 phone-in, walk-in and written enquiries about the MPF and ORSO systems ■ Enhanced the computerized Complaints Handling System and the computerized Enquiries Handling System
<i>Assessing and managing risks</i>	<ul style="list-style-type: none"> ■ Commissioned a panel of international experts to examine the risks associated with MPF operations ■ Conducted management reviews and started internal audit exercises ■ Enhanced the existing Financial Information System and the management information database for financial and management reporting purposes ■ Implemented appropriate checks and controls in the Financial Control and Treasury Departments
<i>Enhancement and refinement of the Information Management System</i>	<ul style="list-style-type: none"> ■ Completed the final phase of the Information Management System (IMS) ■ Enhanced the IMS to enable submission of returns and other reports from trustees through dedicated electronic networks ■ Set up an in-house IMS maintenance team to acquire the skills and knowledge for maintaining the system
<i>Organization and pay structure review</i>	<ul style="list-style-type: none"> ■ Conducted two rounds of organization structure review ■ Developed and formulated the corporate vision, the core values and the top five strategies for the organization in the next few years
