MPFA suspends the registration of Ng Ka-cheung as an MPF intermediary for three months

The Mandatory Provident Fund Schemes Authority (MPFA) has suspended the registration of Ng Ka-cheung as a Mandatory Provident Fund (MPF) intermediary for three months from 1 March to 31 May 2019[1].

An MPFA spokesperson called on all MPF intermediaries to abide by the relevant legislation and guidelines when engaging in MPF sales or marketing activities, and reminded intermediaries that the MPFA may impose a disciplinary order, which can be a reprimand, fine, suspension of registration, revocation of registration, or disqualification of registration, on intermediaries who have failed to comply with the law or the guidelines.

The MPFA found that when Ng invited four companies and their employees to join the Manulife Global Select (MPF) Scheme (the Scheme) and transfer the MPF benefits from other MPF schemes to the Scheme in mid-2015, he contravened the requirements of acting honestly, fairly, in the best interests of the clients and with integrity, and of disclosing accurate information to the clients as stipulated in the Mandatory Provident Fund Schemes Ordinance (MPFSO)[2] and the Guidelines on Conduct Requirements for Registered Intermediaries[3] respectively. The key facts of Ng's misconduct are summarized as follows:

I. Ng informed the companies and their employees that employees who transferred their MPF benefits to the Scheme would be entitled to an extra bonus at 1% of the assets transferred by way of cash, and the bonus could be withdrawn any time, when in fact the bonus was in the form of bonus units only and could not be withdrawn before the relevant employment was terminated or the employee reached the age of 65;
II. Ng prepared marketing materials which contained such inaccurate information. He presented such marketing materials and distributed copies thereof at three briefing sessions to the companies and their employees; and
III. Ng had not sought the approval of the marketing materials from his principal intermediary before the use and distribution.

At that time, Ng knew that the marketing materials should have been approved by his principal intermediary, but he failed to obtain such approval before the use and distribution. This shows Ng's deliberate and blatant disregard to his principal intermediary's requirement.

After the presentation and distribution of the marketing materials which contained the inaccurate information by Ng, the companies and some of their employees participated in the Scheme and transferred their benefits from other MPF schemes to the Scheme.

In deciding on the abovementioned disciplinary order against Ng, the MPFA has taken into account all the circumstances of the case including that the companies and employees have not suffered loss, Ng has made certain admissions and no previous disciplinary record with the MPFA.

The case was referred to the MPFA following an investigation by the Insurance Authority.

– Ends –

1 March 2019

1. Ng is registered as a subsidiary intermediary attached to Manulife (International) Limited.

2. Section 34ZL(1)(a) of the MPFSO provides that when carrying on a regulated activity, an MPF intermediary must act honestly, fairly, in the best interests of the client, and with integrity. Section 34ZL(1)(e) provides that when carrying on a regulated activity, an MPF intermediary must make such disclosure of information to the

client as is necessary for the client to be sufficiently informed for the purpose of making any material decision.

3. Paragraph III.5 of the guidelines provides that a subsidiary intermediary should only distribute or give out marketing material approved by his principal intermediary. Paragraph III.31 provides that an MPF intermediary should provide its client with information that is clear, accurate and relevant to the material decision being made.

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