

MPFA publicly reprimands former MPF intermediary Hung Hiu-tung

The Mandatory Provident Fund Schemes Authority (MPFA) has publicly reprimanded a former Mandatory Provident Fund (MPF) intermediary Hung Hiu-tung¹.

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 Hung invited four companies and their employees to join the Manulife Global Select (MPF) Scheme (the Scheme) and transfer their MPF benefits from other MPF schemes to the Scheme in mid-2015, she 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 Intermediaries³ respectively. The key facts of Hung's misconduct are summarized as follows:

- I. Hung informed the companies and their employees (through distributing copies of marketing materials to them at three briefing sessions) 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to the Scheme would be entitled to an extra bonus at 1% of the assets transferred by way of cash and the bonus could be withdrawn any time, when in fact the bonus was in the form of bonus units only and could not be withdrawn before the relevant employment was terminated or the employee reached the age of 65; and
- II. No approval of the marketing materials had been sought from her principal intermediary before Hung's distribution.

After the invitation by Hung and her distribution of the marketing materials, the companies and some of their employees participated in the Scheme and transferred their MPF benefits from other MPF schemes to the Scheme.

In deciding on the disciplinary order of public reprimand against Hung, the MPFA took into account all the circumstances of the case including that the companies and employees have not suffered loss, Hung 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. Hung was attached to Manulife (International) Limited before she was de-registered as a subsidiary intermediary on 20 March 2018.

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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