

5 MPF SCHEMES AND INVESTMENT

5.1 REGISTRATION OF MPF SCHEMES AND APPROVAL OF CONSTITUENT FUNDS

Being collective investment schemes, MPF schemes and constituent funds must be approved by the MPFA and authorized by the SFC. There are complementary regulatory functions between the MPFA and the SFC. Both the MPFA and the SFC have issued codes relating to MPF products, but the codes serve different purposes with each specifying requirements relating to different aspects of MPF products.

- (a) Generally speaking, the MPFA is responsible for the overall administration of the MPF System. This involves registering MPF schemes and approving constituent funds and pooled investment funds in accordance with the provisions of the MPF Ordinance and the rules and regulations made thereunder. Therefore, the **Code on MPF Investment Funds** focuses on the operational and investment aspects that MPF products must comply with and specifies requirements additional to those prescribed in the MPF legislation. It also specifies the delineation of work between the MPFA and the SFC concerning the approval/authorization of these products.
- (b) On the other hand, the SFC is responsible for authorizing MPF schemes, constituent funds and pooled investment funds, vetting/authorizing the disclosure of information in offering documents, advertisements and marketing materials and licensing investment managers. As such, the **SFC Code on MPF Products** sets out the requirements for the authorization of master trust schemes, industry schemes and pooled investment funds, as well as disclosure requirements on offering documents. Advertisements and other invitations or documents issued to the public in Hong Kong to invest or participate in master trust schemes, industry schemes and pooled investment funds must comply with the Advertising Guidelines issued by the SFC. The SFC Code on MPF Products also specifies the requirements on the qualifications and experience of the investment managers who manage the products.
- (c) The Code on MPF Investment Funds and the SFC Code on MPF Products are complementary to each other.
- (d) The SFC Code on MPF Products sets out post-authorization requirements for MPF products, which require any proposed changes to the offering document of an MPF product as a result of certain changes must be submitted to the SFC for prior approval. These changes include, without limitation, changes to constitutive documents, key operators and investment objectives.

5.2 MPF SCHEMES

As mentioned in Chapter 3, there are three types of MPF schemes, namely employer sponsored schemes, master trust schemes and industry schemes. Each of these schemes consists of constituent funds into which scheme members invest their contributions and accrued benefits.