



Hong Kong Trustees' Association Ltd
香港信託人公會

Date: 13 January 2009

To: Ms Peggy Yang
Investment Products, Securities & Futures Commission

From: Ka Shi Lau
Retirement Schemes Subcommittee, Hong Kong Trustees' Association

Subject: **Letter to Issuers of SFC-authorized Collective Investment Schemes**

I refer to the meeting at the SFC on 30th Dec 2008 attended by MPF trustee members of the HKTA. It was agreed that the HKTA would liaise with the MPFA to come up with a revised risk statement.

We set out below the revised risk statement which has been reviewed by the MPFA. The MPFA has informed the HKTA that they have no comment thereon and that they will talk to the SFC with regard to the same. A Chinese version of the statement (which has not been reviewed by the MPFA) is also set out below for your ease of reference

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- *The [name of Scheme/Fund] is a [Scheme/Fund type]*
 - *Investment involves risks and not all investment choice available under the [Scheme/Fund] would be suitable for everyone. There is no assurance on investment returns and your investments/accrued benefits may suffer significant loss*
 - *You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of funds, you are in doubt as to whether a certain fund is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and choose the fund(s) most suitable for you taking into account your circumstances. [[Only applicable when relevant product involves default mandate] In the event that you do not make any investment choices, please be reminded that your contributions made and/or benefits transferred into the Scheme will be invested [into Default Fund Name/in accordance with the default fund arrangement as stated in [document]], and such [fund/arrangement] may not necessarily be suitable for you.*

- *For further details including the product features and risks involved, please refer to the relevant [Principal Brochure/offering document].*
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- [Name of Scheme/Fund] 是 為 [一項強制性公積金計劃／…基金] 。
 - 投資涉及風險；上述 [計劃／基金]內的每一項投資選擇不一定適合任何所有人士。投資回報並無擔保，而您的投資／累算權益或會承受重大損失。
 - 您在作出投資選擇前，您必須衡量個人可承受風險的程度及您的財政狀況。在選擇基金時，如您就某一項基金是否適合您（包括是否符合您的投資目標）而有任何疑問，請徵詢財務及／或專業人士的意見，並因應您的個人狀況而選擇最適合您的基金。
[[Only applicable when relevant product involves default mandate] 如您沒有指明投資選擇，您作出的供款及／或轉移至上述計劃的權益將[投資於[Default Fund Name] /根據 []所說明的投資安排而進行投資]，而該[基金/安排] 並不一定適合您。]
 - 有關詳情，包括產品特點及所涉及的風險，請參閱有相關 的[主要推銷刊物／銷售文件]。
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Additional Comment

The industry would also like to draw the attention of the SFC to the following points. These points have also been drawn to the attention of the MPFA and the MPFA may express their views on them to the SFC as well.

1. As regards SFC's request to include in the upfront risk statement specific disclosure of credit/counterparty risks in relation to insurance policy APIFs, the industry is of the view that as all underlying investments are subject to credit/counterparty risk of the issuer, only highlighting such risk pertaining to insurance policy APIFs would be misleading. Also, in the light of the current discussion between the MPFA and the IA in relation to insurance policy APIFs, pending the outcome of such discussion, any additional disclosure requirements applicable to insurance policy APIFs should, in any event, be put on hold.
2. With regard to guaranteed funds, as the MPFA has conducted a review of the disclosures made in respect of such funds and is of the view that the current state of such disclosures is satisfactory, there should be no need for additional specific disclosure to be included in the upfront risk statement for such funds
3. As regards SFC's request to include in the upfront risk statement specific disclosure of the risks of each type of fund, the industry is of the view that as all risk factors have already been disclosed in the offering documents and that all investments under MPF investment funds are subject to the investment restrictions clearly laid down under the MPF legislation, there should be no need to repeat them in the upfront risk statement. Also, the inclusion of a general statement on the types of risks that should be taken into account would not serve much purpose either because, given the nature of MPF products, any such statement would be

too wordy and general to add anything to what is already disclosed under the second bullet point above.

4. Some industry participants have been told by their SFC case officers that the upfront risk statement should include a statement to the effect that CPF is not a capital-guaranteed fund. The industry is of the view that this is not a substantial risk that warrants specific disclosure upfront. In any event, any concern that SFC may have will soon be dealt with by the adoption of a new name for the fund.”

If you have any questions, please feel free to call me at 2298 9298.