



香港大東電報局職員會

REACH, PCCW, Cable and Wireless
Staff Association

內部通訊

Internal Communication

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由 秘書

From

檔案

ICN/06/2014/CSH

Our Ref.

致 全體會員

To:

日期

2014年8月27日

Date:

電訊盈科第八計劃--富達基金回贈修正跟進

早前，退休公積金之第八計劃曾出現計算費用回贈錯誤而作出個別戶口的基金單位扣減或增加的調整。該調整的透明度極低外，還沒有向個別成員交代其計算之細節。會方得知後曾收到會員查詢及投訴公司與基金公司對其查詢作出不理採態度。由於這個調整對個別成員做成利益受損，在本會得不到正面的回覆下，我們曾向積金管理局作出舉報及要求對事件作出調查有否違反相關守則及法例（見附件一）。經過一個半月的工作後，我們得到受託人 (Royal Bank of Canada (Channel Islands) Limited) 的書面回覆（見附件二）。

其回覆主要說明事件發生之因由，為什麼調整前沒有知會成員及怎樣處理受影響的已退出計劃成員。

最重要的是，如個別成員需要富達投資經理 (FIL Investment Management (Hong Kong) Limited) 交代所有金額的扣除或增減細節，個別人事須於其發出信件的一個月內，即九月十二日前向富達作出書面或熱線電話要求。

如會員須要個別協助及解答，請聯絡本會。

秘書



陳素卿 謹啟



香港大東電報局職員會

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Our Ref. : CWSA/03/2014/CSH

MPFA Liaison Unit
Mandatory Provident Fund Schemes Authority
Level 36, Tower 1, Metroplaza,
223 Hing Fong Road, Kwai Fong, New Territories

Dated: 7 July 2014

Complaint of Unauthorized Fund Withdrawal

Dear Sir,

The members of the Staff Association are the employees of PCCW Group Companies. They, being the members of the PCCW Provident Fund Scheme (Scheme 8) - an ORSO scheme, reported that they are experiencing unauthorized fund withdrawal from their account by the fund manager in the form of fund(s) unit deduction.

The deduction was done without prior notification, agreement or approval with the Scheme members. The affected members received only a simple notification, without indicating calculation of details. The request of clarification has been sent to the company, PCCW, and the Fund Manager - FIL Investment Management (H.K.) Limited, but there is no satisfactory active response. We consider this deduction is unusual that the involvement of the MPF Scheme Authority is necessary.

To our understanding, the legal withdrawal of the fund is conditional upon the change of employment status or retirement. The mentioned fund withdrawal not only affects existing members, but may also affect the members who exited the Funds during the affected period. Hereby, we would request the MPFA to look into this case for proper procedures, and investigate if the unauthorized fund withdrawal is allowed under current Legislation and Regulations.

We also aware that some of our members have filed complaints to the MPFA in May and waiting for the result. We appreciate your quick investigation and looking forward to your prompt response.



Ms. CHAN So Hing, Rose
The Secretary
REACH, PCCW, Cable & Wireless Staff Association



RBC Wealth Management

COPY

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12th August 2014

Received on 22/8/2014

Dear Staff Association

PCCW Provident Fund Scheme (Scheme 8) (the "Scheme")

Re: Rebate rectification relating to Investment in Fidelity Advantage Portfolio Fund ("FAP")

We refer to your recent enquiry made to the Mandatory Provident Fund Schemes Authority on the captioned. We note that the Association would like to receive a detailed breakdown on the calculation of the under/overpaid amount for each member of the Scheme separately. We have liaised with Fidelity and they have confirmed that they will provide a detailed breakdown to each member upon their individual written request or through the individual calling their hotline. Due to the nature of the request and the manual work for each case, Fidelity will offer a one-month window within which to receive request from individual member for the detailed breakdown. The one month window will commence upon the issuance of this letter.

To answer the Association's enquiries:

a) The reason why the incident occurred

We were informed by FIL Investment Management (Hong Kong) Limited ("Fidelity") that following an internal review in relation to the Scheme, an error was discovered in the payment of the management fee rebate. As previously agreed with the Sponsoring Company ('PCCW') and the Trustee, Fidelity offered a discount on investment management fee to the Scheme's members by way of a fee rebate. While the total rebate amount paid to the Scheme over the period Q2 2011 to Q2 2013 was correct, there were some discrepancies in the apportionment of rebates to individual Fidelity Advantage Portfolio sub-funds (the "Fund") held by the Scheme, ultimately impacting individual members of the Scheme.

Following the notification letter, the Trustee and PCCW concluded that the error should be corrected to ensure that no member is detrimentally affected and any positions are corrected to ensure all members balances are amended to what they were entitled to. This involved adjusting over-payments to members' balances as part of this process, and whilst the Scheme's Trust Deed is silent on rectification of these types of errors, the Trustee consider that it is rightful to correct this error and to return any over-payments from members without the need for prior consent.

The Trustee worked with Fidelity, and with PCCW regularly notified, to ensure a strategy was put in place to rectify the errors and also sought assurances that this type of error would not reoccur.

Cont.../



Rectification Strategy

Following a meeting with Fidelity and PCCW on the 22nd April 2014, the Trustee approved the following strategy.

Methodology: For all members, the discrepancies would be compared at individual Fund level for each affected period. Any overpayment and underpayment will be net off across Funds for each period but no netting off across periods.

For a net overpayment: Existing members will be adjusted with a redemption of units, based on the price as at the rectification date. The related dollar amount would be the original overpaid amount.

For members that have left the company, the Trustee agreed not to pursue a claw back from these members due to the difficulty to recoup administratively. It was therefore agreed that Fidelity should cover this amount as part of the wider compensation exercise.

For a net underpayment: Existing members will be adjusted with additional units, based on the price as at the original rebate allocation date. The full costs to be borne by Fidelity.

For members that have left the company, and have opted for a rollover option with a Fidelity Saving Class Account, these will be adjusted with additional units. The conversion from Ordinary class units to Saving class units will be based on the dealing day of the compensation (on basis that the fees for the former is lower, no members have been detrimentally treated).

For members that have left the company, they will be compensated in the form of a cash payment, calculated based on the original allocation and future price, thereby ensuring that the received compensation will capture any subsequent market movements.

In all cases above Fidelity agreed to cover these costs.

As a result of this strategy, which has been implemented to ensure a pragmatic solution to rectify an error by Fidelity, we have ensured that all members of the Scheme have, at the very least, been restored back to where they would have been had no error occurred.

All rectification transactions were executed on the 9th May 2014 (on the Scheme level) and settled on 20th May 2014 (credited or debited to Scheme member's individual account). The member notice was sent out by HSBC as soon as the number of units / amounts of underpayment and overpayment were ascertained. The rectification methodology was detailed in the member notice.

b) The reason why members' benefits can be deducted without any notification or obtaining prior members' consent.

As mentioned above, it was concluded that there was no need to seek prior consent to rectify this error as members' rights have not been detrimentally affected as a result of rectifying this error made by Fidelity. It should be noted that for members who had crystallised and received benefit it was concluded that the costs of recovery made this task not worthwhile, as such the Trustee agreed with Fidelity that these would not be recovered, and this would be factored into Fidelity's overall loss as a result of their error. For all active members, who have not received or crystallised benefit, the error was corrected and members were placed to a position whereby their benefits were put back to where they were had the error had not occurred.



Rectification transactions were executed on 9th May 2014 (on the Scheme level) and settled on 20th May 2014 (credited or debited to member's individual account). The member notice was sent out to all affected members as soon as the number of units / amounts of underpayment and overpayment were ascertained. The member notice stated the incident, calculation methodology and detailed breakdown (in each affected Fund) on rectification trades for both underpayment and overpayment, together with the relevant contact details to offer affected members an opportunity to discuss the matter with either HSBC or Fidelity.

c) *Whether the leavers of the Scheme in the affected periods have also been notified of the incident.*

Any members who had crystallised and received benefit during the period were not contacted. This was based on the conclusion that the costs of recovery and the administrative task of contacting each member individually was not worthwhile. These members had received more than they were entitled to, and as such the Trustee agreed with Fidelity that these would not be recovered, and this would be factored into Fidelity's overall loss as a result of their error.

Finally, we have considered the Association's request to have a briefing on the incident during the regular briefing sessions. Due to different scenarios for members, instead of explaining the incident during regular briefing sessions, Fidelity agreed to offer a face-to-face appointment upon individual request so that members can be offered a full explanation on the detailed breakdown (they obtained during the one month window that we mentioned earlier in this letter) specific to their individual scenario. This appointment can be arranged through a request made by the member to Fidelity in writing or through the individual calling their hotline.

We hope the above would help to clarify the incident.

Yours faithfully

A handwritten signature in black ink, appearing to be 'M. Ma', written over the typed name 'M. Ma'.

*For and on behalf of Royal Bank of Canada (Channel Islands) Limited
As Trustee of PCCW Provident Fund*

c.c. – Henrietta Ma - MPFA
- Hong Kong Customer Services – Fidelity
- HK Institutional Business – Fidelity

Royal Bank of Canada (Channel Islands) Limited ('the Bank') is regulated by the Guernsey Financial Services Commission in the conduct of deposit taking and investment business and to act as a custodian/trustee of collective investment schemes in Guernsey and is also regulated by the Jersey Financial Services Commission in the conduct of deposit taking, fund services and investment business in Jersey. The Bank's General Terms and Conditions are updated from time to time and can be found at www.rbcwminternational.com/terms-and-conditions-British-Isles.html. Registered Office: Canada Court, St. Peter Port, Guernsey, Channel Islands, GY1 3BQ, registered company number 3295. Deposits made with the offices of the Bank in Guernsey and Jersey are not covered by the UK Financial Services Compensation Scheme; however, the Bank is a participant in the respective Deposit Compensation Schemes in Jersey and Guernsey ('the CI Schemes'). Links to the official websites which provide details of the respective CI Schemes are available on the Jersey and Guernsey pages of our website. Copies of the latest audited accounts are available upon request from either the registered office or the Jersey Branch: 19 - 21 Broad Street, St. Helier, Jersey JE1 8PB.

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