



CIRCULAR

Reference: Virtual AGMs
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Circular 36 of 2020: Virtual Annual General Meetings

This Circular is pursuant to [Circular 23](#) and [28 of 2020](#) in respect of scheme Annual General Meetings (AGMs).

On 23 April 2020, President Ramaphosa announced that lockdown restrictions implemented to slow down the spread of coronavirus (COVID-19) would be gradually relaxed to revive the economy. The president explained a risk-adjusted strategy consisting of five alert levels that would be implemented from 1 May 2020, based on the infection rate nationally, in each province, district and metropolitan area.

South Africa was down rated to level 4, although, as the president warned, levels could differ across provinces, districts and metros as the pandemic progressed. The country could also revert to level 5 restrictions, depending on the rate of infection. In addition, the nation was informed that at all levels:

- Conference and convention centres, entertainment venues, cinemas, and theatres would remain closed.
- Concerts, sporting events, and religious, cultural, and social gatherings would not be allowed.

The elderly and those with underlying conditions were advised to remain at home and take additional precautions to isolate themselves to prevent infection.

The CMS has noted these pronouncements and has concluded that medical schemes' ability to convene AGMs for 2020, consistent with registered scheme rules will be adversely impacted. The CMS has therefore resolved to encourage schemes to strongly consider applying for an exemption to convene virtual AGMs for the 2020 financial year.

The Case for Virtual AGMs

It is critical to note that the Medical Schemes Act 131 of 1998 ("the Act") does not expressly prohibit AGM's from being conducted through video conferencing or by any other virtual electronic means.

Section 29(1)(m) of the Act determines that no medical scheme shall carry on any business unless provision is made in its rules regarding the manner of calling the annual general meeting (AGMs) and special general meetings of members, the quorum necessary for the transaction of business at such meetings and the manner of voting thereat.

In this regard, all medical schemes' rules contain provisions on the requirements for convening and holding AGMs on an annual basis. Scheme rules normally provide that the scheme must hold its AGM on or before a particular date e.g. on or before 31 May of each year.

Given the current COVID-19 restrictions and the uncertainties related to the progression of the pandemic, several medical schemes have resolved that it would be in the best interest of their members not to hold their AGMs and as such, they have resolved to postpone their AGMs until such time that the impact of the pandemic has been brought under control. Some medical schemes have resolved to apply for an exemption to hold a virtual AGMs.

In this regard, the CMS has resolved that it would be prudent for medical schemes to strongly consider hosting virtual AGMs for 2020.

Virtual AGMs

There are various well-known technologies for hosting virtual meetings. Medical schemes can schedule their virtual AGMs using any of these technologies provided members can vote (POLL feature), the meetings can be recorded, participants can be identified and access can be controlled.

Given the COVID-19 pandemic, medical schemes would have invested in virtual meeting technologies for their business operations. As such, most medical schemes should be able to arrange their virtual AGMs, although there may not be as many participants as there would with a physical meeting.

It should be noted that participation in any virtual meeting or live stream event requires internet access, meaning data cost implications for scheme members participating. A reality for most people in this COVID-19 pandemic is that while there may be cost savings on travel and related costs, these are offset by the spend on data as most engagements are done virtually.

Conditions for Exemption

It is important to note that the exemption to convene a virtual AGM will only be granted based on the following conditions:

- The virtual AGM must be accessible to all the members of the scheme;
- The scheme must provide the office with a project plan for the AGM with details on the estimated costs of the virtual AGM (i.e. breakdown of costs incidental to hosting a virtual AGM, the costs associated with assisting members to participate in a virtual AGM, etc);
- The scheme must disclose the system to be used for electronic voting as well as confirmation of the auditability of the voting results.

Deadline for Apply

All medical schemes are requested to apply for an exemption to hold a virtual AGM to agm@medicalschemes.com with all the requisite information as per [Circular 23 of 2020](#) on or before 31 May 2020.

Yours truly,



Dr Siphon Kabane
Chief Executive and Registrar
Council for Medical Schemes



BASIC GUIDELINE: VIRTUAL AGMs

1. PURPOSE

- 1.1. The objective of this document is to provide a basic guideline to medical schemes for conducting virtual AGMs, amidst the current COVID-19 crisis.

2. WHAT IS A VIRTUAL MEETING

- 2.1. A virtual meeting is a meeting conducted over the internet entirely through a cellular phone, a computer and/or an ipad/tablet, with no physical convergence of parties, as meetings are accessed by means of computers or smartphones.
- 2.2. There are various platforms that can be considered to host meetings; however, schemes should ensure that they choose a reliable platform, where meetings can be recorded, participants can be identified and access can be controlled.

3. VIRTUAL AGM - NOTICE TO MEMBERS

- 3.1. Schemes are encouraged to use all the available means to notify members of the date and time of the planned virtual meetings, including by not limited to email, WhatsApp, short message services (SMS) etc.
- 3.2. The notice must be issued in compliance with the registered scheme rules.
- 3.3. There should be clear logistical details of the virtual meeting, including how members can access remotely, participate in, and vote at the meeting.
- 3.4. Schemes should ensure that records are maintained for confirmation that notices were submitted to all members.

4. VIRTUAL AGM – MEETING PROCEDURE

The scheme must set down rules on the virtual meeting process, conduct, voting, etc, to ensure that the meeting will run smoothly.

	Guideline on meeting procedures	Explanation
4.1.	Guideline on timing of submission of rules of conduct during the virtual AGM	<p>The rules of conduct should be available before the virtual AGM begins and should be available to virtual attendees before and during the virtual AGM.</p> <p>This information can be stored on the scheme's website where it can be accessible by members.</p>
4.2.	Guideline on meeting quorum and tracking attendance	<p>It is recommended that schemes develop a system to track attendance and to ensure that the quorum is met.</p> <p>Schemes should ensure that these records are saved.</p>
4.3.	Guidelines on the virtual AGM process	<p>The entire meeting should be conducted/transmitted in picture and sound.</p> <p>The actual footage of speakers should be on video for members to observe.</p>
4.4.	Establish reasonable time guidelines for the Chairperson and other speakers.	<p>Reasonable time limits should be set to allow the Chairperson to present his/her report and other parties on the scheme's performance.</p> <p>Sufficient time should be allowed on important matters such as the presentation of the financial performance of the scheme, auditor appointment, trustee remuneration, industry developments, etc.</p>
4.5.	Establish reasonable time guidelines on significant matters	<p>When significant matters will be discussed at the meeting, sufficient time should be set aside for such proceedings.</p>
4.6.	Establish reasonable time guidelines for questions by members	<p>Schemes should set reasonable time for questions from members, during the formal part of the virtual AGM and/or after the formal business of the meeting has been concluded.</p> <p>Schemes should decide what is a reasonable timeframe for questions asked by members - anything between two to five minutes can be considered sufficient.</p> <p>Questions should be placed in a que and should be taken in-turn or grouped if it relates to the same matter. This will ensure that member questions will be taken based on a first-come-first-served basis.</p> <p>If there are still members with questions / waiting to ask questions at the end of the allotted meeting time, the Chairperson of the meeting should consider extending the time, if possible.</p>
4.7.	Rules must promote transparency regarding questions raised	<p>Schemes should pay special attention to establishing rules of procedure that will promote fairness and transparency about how questions will be recognised. Such rules for recognising questions</p>

	Guideline on meeting procedures	Explanation
		and comments by members should be disclosed to meeting participants.
4.8.	Establish rules to post questions received online during the meeting	<p>Schemes can consider requesting members to submit questions in advance of the meeting.</p> <p>Schemes should also consider posting all appropriate questions that have been received during the course of the meeting—and the scheme's response—on the member section of their website as soon as is practical after the meeting.</p>
4.9.	Technical support/assistance for members.	<p>Schemes should provide a technical support line or some form of technical assistance for members that may have questions about accessing the webcast or any other questions.</p> <p>Schemes can develop a "Question and Answer" document that explains the process for accessing the webcast and the meeting procedures.</p>
4.10.	Establish measures to ensure retention and archiving of virtual meetings for future viewing.	Schemes should ensure that all AGMs and SGMs are recorded and archived on the scheme's website for a reasonable period of time (ideally at least one year and a maximum period of five years), where scheme members can access such recordings.
4.11.	Establish measures to record member attendance	Schemes should ensure that details of virtual attendees are recorded.

5. VIRTUAL AGM – VOTING

	Guideline on voting	Explanation
5.1.	Member eligibility	The scheme should take reasonable measures to verify that each member deemed "present" and permitted to vote at the meeting is a qualifying member (contributions that are paid up to date, not suspended or terminated) or the holder of a valid proxy from a scheme member.
5.2.	Verification of votes/proxies	It is recommended that schemes should consider recruiting an independent party to observe the virtual aspects of the meeting and review the final vote reconciliation prior to certifying the final voting results.
5.3.	Record keeping of votes/proxies	The scheme should establish measures to ensure that complete records of all votes and proxies are maintained.