



Reference: Reminder: AGM, SGM & Trustee Election notification
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Circular 9 of 2024: Notice regarding Annual General meetings, Special General meetings and Trustee elections.

1. Background

The primary function of the Council for Medical Schemes (CMS) is to protect the interests of the beneficiaries at all times. To this end CMS is enjoined to monitor whether medical schemes comply with their registered rules and/ or the provisions of the Medical Schemes Act, 131 of 1998 (MSA) and/ or other legislation relating to medical schemes.

Section 29(1)(m) of the MSA 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 meetings (AGM) and Special General meetings (SGM) of members, the quorum necessary for the transaction of business at such meetings and the manner of voting.

Section 32 of the MSA determines that *“the rules of a medical scheme and any amendment thereof shall be binding on the medical scheme concerned, its members, officers and on any person who claims a benefit under the rules or whose claim is derived from a person claiming.”*

Section 8(h) of the MSA provides that the Council shall, in the exercise of its powers, be entitled to - *exempt, in exceptional cases and subject to such terms and conditions and for such period as the Council may determine, a medical scheme or other person upon written application from complying with any provision of this Act.*

2. Purpose

Medical schemes are encouraged to comply with their scheme rules on the requirement of holding AGMs and SGMs on or before a particular date.

Medical schemes are requested to notify the CMS in writing, of the dates on which they intend to hold their AGMs and/or SGMs; as well as the dates on which they intend to hold trustee elections, where applicable.

3. Regulatory Guidance

3.1 Elections

Medical schemes must ensure that when arranging elections, all the necessary processes (nominations, vetting, auditing, publication of candidates etc) are initiated early and concluded well before the date of the AGM. This is to ensure that errors can be identified and corrected well in time ahead of the prescribed date of the AGM. The CMS has noticed an emerging trend of schemes identifying errors in their election processes on the eve of the mandatory AGM date, which leaves them with no sufficient time to either postpone the AGM or request an exemption from Council.

3.2 Exemption applications in terms of 8(h)

In 2023, the CMS received two exemption applications from medical schemes, citing that they would not be in a position to hold AGMs within the relevant timeframes, due to scheme officials and trustees' travel arrangements. The schemes were informed that failure to make proper and timeous travel arrangements, does not constitute exceptional circumstances and that the interest of members should be protected. The schemes subsequently withdrew the exemption applications.

Medical schemes are encouraged to convene AGMs within the provisions of its scheme rules as envisaged in section 32 of the MSA. If a scheme is unable to convene the AGM within the provisions of its rules as envisaged in section 32 of the MSA, then an exemption from complying with the provisions of section 32 and the relevant scheme rule should be sought provided that there are exceptional circumstances for such. The exemption should be submitted through the [Exemptions portal](#).

3.3 Quorum

CMS has noted that member attendance at AGMs is usually low and in order to attract more participation, schemes are encouraged to implement a communication and reminder strategy, i.e. bulk follow-up messages to remind members of the AGM/SGM, a few days before and on the day of the meeting.

During the 2023 period, the Office received various concerns from members that certain schemes are not prone to accommodating members through virtual meetings and that from a time and cost perspective, not all members were in a position to travel to physical meetings. Further, the Regulator encourages schemes to implement a cost-effective hybrid model, based on membership needs and historical data, to host AGMs.

4. **Submission process**

- 4.1 All accredited Data Officers are required to submit AGM information to the following SFTP site: <https://ftp.medicalschemes.com/login>, using the login credentials they received when they registered.

5. **Requirements for convening AGMs, SGMs and Trustee Elections**

5.1 Information required by the CMS

All medical schemes are required to submit a written notice to the CMS pertaining to information on convening the scheme meeting in terms of the rules, date on which they intend to hold an AGM, SGM or Trustee election meetings. The notification must be submitted to the CMS on or before **31 March 2024 via the [AGM portal](#)**.

The notification shall contain the following:

- 5.1.1.1 The date on which the meeting will be held.
- 5.1.1.2 Type of AGM to be convened (virtual, hybrid or in-person).
- 5.1.1.3 The venue and geographical area in which the scheme intends to hold its meeting and
- 5.1.1.4 Whether or not the scheme will be holding elections for the 2024 financial period.

- 5.1.2 All medical schemes are required to provide the CMS (20 days before AGM and /or SGM) with a full meeting pack. The meeting pack shall contain the following, amongst others:

- 5.1.2.1 The date, time and venue/virtual platform of the meeting and/or elections to be held;

- 5.1.2.2 The standard procedures that shall be followed by the medical scheme to convene and hold such a meeting and/or election as well as confirmation that the scheme's procedures are consistent with the registered rules of the scheme;
- 5.1.2.3 The measures that the scheme intends to put in place to protect and secure the venue on the day of the meeting and/or elections;
- 5.1.2.4 The measures that the scheme intends to put in place to deal with loadshedding restrictions which may impact AGM proceedings;
- 5.1.2.5 A detailed budget on the estimated cost of the AGM and/or SGM and/or Elections. Including but not limited to:
- the cost of preparing and distributing the notice/meeting pack to members,
 - the cost of the venue (including food and security),
 - the travelling and accommodation costs (e.g., travelling cost for scheme officers),
 - meeting attendance fees for scheme officers and/or service providers, and
 - the costs associated with the elections process (if applicable).

6. Requirements for Post AGM/SGM/Election submission

All medical schemes are requested to provide the Office with the following information within 30 days after the AGM/SGM/Trustee election meeting was convened:

- 6.1.1 The Attendance register(s) as well as confirmation that the quorum (per the rules of the scheme) was achieved for the meeting.
- 6.1.2 A detailed report on the election process with the full CVs of the elected persons within 30 days of the conclusion of the AGM or the SGM or the election process.
- 6.1.3 The breakdown of the actual cost of the AGM and/or SGM and/or Election Process within 30 days of the conclusion of the AGM or the SGM or the election process.

7. Prudency

Schemes are encouraged to find cost-effective means of organising member meetings, to avoid incurring high-non healthcare expenses, that are not in the best interest of members. CSM reserves its right to conduct further analysis/investigation/enquiries on information which depicts irregularities and/or high AGM cost.

8. Submission Timelines

SUBMISSION TIMELINE		
	Process	Due date
1.	Submission of a written notice to the CMS pertaining to a date and geographical area in which the scheme intends to hold a scheme meeting.	31 March 2024
2.	Submission of AGM, SGM or trustee election meeting packs to the CMS prior to convening the scheme meeting. (see requirements above)	20 days before the meeting is convened
3.	Submission of Attendance register, Election report and actual expenditure of AGM/SGM or trustee meeting post the scheme meeting. (see requirement above)	30 days after the meeting has been convened

9. Communication

For any queries related to AGMs/SGMs/Trustee elections or any technical issues experienced with the portal, kindly send an e-mail to agm@medicalschemes.co.za.

This Circular is effective on the date of release.



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