



Reference: Annexure B
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Circular 11 of 2024: Categorisation of assets in terms of Annexure B to the Regulations of the Medical Schemes Act (131 of 1998)

The Council for Medical Schemes (CMS) has finalised the Guidelines on categorising assets in terms of Regulation 30 of the Medical Schemes Act (131) (MSA) read in conjunction with Annexure B to the Regulations. The classification of assets is based on information available to CMS.

Kindly refer to the [Explanatory Memorandum](#) issued as an appendix to [Circular 13 of 2015](#) for considerations taken into account in the classification of assets in terms of Annexure B. This Explanatory Memorandum has also been incorporated in the Help File to the Annual Statutory Return.

It should be noted that the purpose of these Guidelines is to guide the categorisation of assets according to Annexure B to the Regulations, and not to highlight any non-compliance matters. Schemes should ensure compliance with not only the limitations imposed by Annexure B, but also the various Sections of the Act.

For example, the Guideline Securities listed on licenced stock exchanges might indicate that an investment in the equity shares of Company X represents a Category 4(a)(ii)(i) investment, but as this entity represents the ultimate holding company an Administrator XX (see Guideline Administrators and holding companies), the specific investment would represent a Section 35(8)(c) non-compliance matter.

Guideline name	Description of the guideline
Registered banks as at 31 December 2023	The Guideline provides a listing of all registered banks; mutual banks; local branches of foreign banks; and foreign banks with approved local representative offices as per the South African Reserve Banks' Banks Supervision Unit. The Guideline further sub-categorises these banks in terms of Category 1 of Annexure B to the Regulations. Click here to access the Guideline.
Bonds listed on licenced stock exchanges' debt market as at 31 December 2023*	This Guideline provides a detailed listing of all listed instruments on the Johannesburg Stock Exchange's (JSE) debt market, as well as on the Cape Town Stock Exchange (CTSE), as at 31 December 2023.

Guideline name	Description of the guideline
	<p>The Guideline further categorises these instruments in the different sub-categories, i.e. category 2 (bonds), category 3 (property), category 4 (exchange traded funds), and category 7 (other) of Annexure B to the Regulations.</p> <p><i>It is important to note that the Guideline makes use of the issuer name (and not the reference asset) in the classification of these instruments.</i></p> <p>Click here to access the Guideline.</p>
<p>Securities listed on licenced stock exchanges as at 31 December 2023*</p>	<p>The Guideline provides a detailed listing of all listed instruments on JSE and CTSE as at 31 December 2023.</p> <p>It further categorises these securities according to the requirements of Annexure B to the Regulations in the different sub-categories, i.e. category 3 (property), category 4 (shares), category 5 (debentures), and category 7 (other assets).</p> <p>Click here to access the Guideline.</p>
<p>ASISA's list of Collective Investment Schemes as at 30 September 2023</p>	<p>The Guideline seeks to provide guidance on when a collective investment scheme (CIS) should be classified as a category 4(a)(iv) asset, and when it should be broken down in its underlying assets as required by Explanatory Note 8.</p> <p>It is important to note that the guidance is based on ASISA's classification of CIS.</p> <p>Click here to access the Guideline.</p>
<p>Registered insurers as at 31 December 2023</p>	<p>This Guideline is no longer published.</p> <p>Stakeholders are referred to the South African Reserve Bank's website for detailed information relating to registered insurers:</p> <p>https://www.resbank.co.za/en/home/what-we-do/Prudentialregulation/insurers-list</p> <p>Schemes should refer to this list when investing in and accounting for policies of insurance (category 6 to Annexure B).</p>
<p>Registered Financial Service Providers (FSPs) as at 31 December 2023</p>	<p>This Guideline is no longer published.</p> <p>Stakeholders are referred to the Financial Sector Conduct Authority (FSCA)'s website for detailed information relating to registered financial service providers (FSPs):</p> <p>https://www.fsc.co.za/Regulated%20Entities/Pages/FAIS-Verifications.aspx</p> <p>As only Financial Advisory and Intermediary Services (FAIS)-registered entities are allowed to manage investments on behalf of a medical scheme, schemes should refer to the FSCA's website to ensure the registration of their asset managers.</p>

Guideline name	Description of the guideline
	Investments managed by these registered entities should be accounted for in such entities' registered names in Part 9(b) to the Annual Statutory Return.
Administrators and holding companies as at 31 December 2023	This Guideline provides a list of all accredited administrators with details regarding their holding companies. The purpose of this Guideline is to aid in the identification of non-compliance in terms of Section 35(8). Click here to access the Guideline.
Administrators and its accredited managed care organisations as at 31 December 2023	This Guideline provides a list of accredited administrators with details regarding their accredited managed care organisations. The purpose of this Guideline is to aid in the identification of non-compliance in terms of Section 35(8). Click here to access the Guideline.

**Regulation 30(4) (iii) and (iv) make reference to an asset which is listed on a licensed stock exchange.*

In South Africa there are currently four licensed stock exchanges:

- *Johannesburg Stock Exchange Limited (JSE)
The oldest and largest exchange on the African continent.*
- *A2X (Pty) Ltd (A2X)
A2X provides a complementary venue for companies to secondary list shares for trade.
Granted an exchange licence on 6 April 2017.
The licence was restricted to the listing and trading of shares in public companies. The licence was subsequently amended on 15 January 2020 to allow for the secondarily listing of shares listed on an external exchange.*
- *The Cape Town Stock Exchange (Pty) Ltd (CTSE)
CTSE is South Africa's stock exchange for small- and medium-sized businesses.
4 Africa Exchange (Pty) Ltd (4AX) was granted an exchange licence on 31 August 2016. The exchange's name was changed during November 2021.
The licence is restricted to the listing and trading of the following range of securities: entire class or classes of an issuer's ordinary shares, all classes of preferential shares, debentures, bonds, noted, commercial paper and fixed floating or floating interest instruments.*
- *ZAR X (Pty) Ltd (ZARX)
Granted an exchange licence on 31 August 2016. The license was suspended on 20 August 2021 and subsequently cancelled on 13 February 2023.*
- *Equity Express Securities Exchange (Pty) Ltd (EESE)
EESE was specifically created to look after the needs of broad-based black economic empowerment schemes.
Granted an exchange licence on 11 September 2017.
The exchange is permitted to list and trade in equity shares.*

The above Guidelines were compiled using data provided by the JSE and CTSE. Should investments in any of the other stock exchanges be made, kindly contact Sameer Rajab at s.rajab@medicalschemes.co.za for guidance on the appropriate classification.

Supporting documentation attesting to the new classification must be submitted in the event where a scheme categorises any investment in Part 9 differently from the categorisation provided for in the above Guidelines. This will pre-empt any queries the CMS might have regarding the reclassification having considered the information available to the CMS.

Yours sincerely,



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