

FSCA COMMUNICATION 6 of 2021 (FAIS)

Qualification requirements for Council for Medical Schemes (CMS) accreditation

1. PURPOSE

The purpose of this Communication is to provide clarity to Financial Services Providers (FSPs), key individuals, representatives and compliance officers regarding the qualification requirements for CMS accreditation.

2. BACKGROUND

- 2.1. In terms of section 65(1) of the Medical Schemes Act 131 of 1998 (MSA), no person may act or offer to act as a broker unless the CMS has granted accreditation to such person.
- 2.2. In terms of section 8(7) of the Financial Advisory and Intermediary Services Act, 2002, read with section 6 of the Determination of Fit and Proper Requirements for Financial Services Providers, 2017, a person must be accredited as a broker or an apprentice broker in terms of regulation 28B of the Regulations issued in terms of section 67 of the MSA to qualify for authorisation as an FSP or appointment as a representative of an FSP or to remain so authorised or appointed to render financial services in respect of the financial product: Health Service Benefits.
- 2.3. In order for a person to be granted accreditation as a broker by the CMS, that person must be a fit and proper person. One of the fit and proper requirements is a Grade 12 education or an equivalent qualification.
- 2.4. Previously, if an applicant who seeks accreditation was unable to produce a Grade 12 National Certificate, the CMS accepted an affidavit confirming that the applicant has a Grade 12 education.
- 2.5. However, in 2014 a decision was taken by the CMS to introduce a process of verifying the qualifications submitted by applicants for authentication purposes. In order to do so, Managed Integrity Evaluation Verification Services (MIE) requires a copy of the qualification and the CMS could therefore no longer accept these affidavits. As a result of the aforementioned decision, applicants who apply for accreditation or brokers who want to renew their accreditation are, since 2014, required to produce evidence of having completed a Grade 12 education or an equivalent qualification which certificates are then verified by MIE.
- 2.6. The Financial Sector Conduct Authority (Authority) has recently received numerous queries and complaints from compliance officers, FSPs and medical scheme brokers indicating that the CMS refused to renew the accreditation of brokers who are unable to produce a Grade 12 National Certificate or equivalent as MIE requires such certificates for verification purposes. In some instances, the Authority was requested to intervene and provide the CMS

with written confirmation that the broker did comply with the FAIS related qualification requirements.

3. ENGAGEMENT WITH THE CMS

3.1. The Authority engaged the CMS and the following was confirmed:

3.1.1. The Grade 12 education or equivalent qualification as a basic minimum qualification is not a new requirement. It has always been a requirement. The only change implemented by the CMS is that affidavits are no longer accepted in instances where brokers or applicants are unable to produce the actual certificates.

3.1.2. **The CMS does not accept a registered skills programme of 30/60 credits as an equivalent to a grade 12 education.**

3.1.3. However, brokers or applicants that only completed a skills programme with no grade 12 education may be exempted for a period of 2 years to allow them time to complete a formal qualification (it does not have to be a Grade 12 National Certificate, it can be any Certificate as long as it is registered on the National Qualifications Framework (NQF)).

3.1.4. It should, however, be noted that a formal exemption process applies whereby each application is reviewed on its own merits by the CMS. It is not an automatic exemption. It is advisable that brokers or applicants who were granted exemption enroll as soon as possible to complete a qualification within this 2-year period.

3.1.5. Qualifications that is registered on the NQF on an NQF level 4 or higher will be accepted as an equivalent to a grade 12 national senior certificate.

4. CONTACT

4.1. For more information regarding this Communication, kindly contact Charene Nortier of the Conduct of Business Supervision Department of the Authority at charene.nortier@fsca.co.za.

4.2. For specific enquiries in respect of this qualification requirement and the CMS accreditation, kindly contact the CMS Contact Center Number at 0861 123 267 or information@medicalschemes.co.za



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