

THE ASSOCIATION OF GLOBAL CUSTODIANS

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**DELIVERED BY EMAIL**

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Re: Simplification of market entry and depository account opening requirements

Dear Sir

The Association of Global Custodians (AGC) is an informal group of 12 financial institutions that provide securities safekeeping services and asset-servicing functions primarily to institutional cross-border investors worldwide. As a non-partisan advocacy organization, the AGC represents members' common interests on regulatory and market structure matters through comment letters, white papers and interaction with legislative and regulatory authorities and financial industry organizations around the globe. We write to request the simplification of market entry and depository account opening requirements in Jordan.

Under current rules, the market entry and depository account opening requirements in Jordan include the submission of various notarized or consularized original documents. These requirements, which are not typical in other comparable markets outside of the Middle East, have significant financial and practical implications for both investors and intermediaries. Since 2020, movement restrictions in various countries have made it difficult, if not impossible to have documents legalised. Under these conditions account opening was only possible due to temporary relaxation of regulatory requirements.

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It would be beneficial to investors and their custodians if local regulators were able to reduce the requirements for legalised documentation and also explore opportunities through use of digital technology to simplify the account opening process.

A good example of simplified market entry processes/standards can be found in the United Arab Emirates (UAE) who offers the most simplified market entry and depository account opening in the region. This simplification has reduced investors' efforts and costs to open accounts in the UAE. The local CSD regulations limit account opening requirements to the following:

1. Scanned copies of establishment documents.
2. Scanned copy of the Power of Attorney (POA) authorizing the local custodian to act on behalf of the account owner/global custodian. While a scanned POA is accepted in UAE, a physical legalised copy of the POA might be requested in certain circumstances (upon request of regulators/depositories). As such, some AGC members prefer to deliver a legalized POA at account opening in anticipation of possible future requirements.

The UAE can offer this simplified approach because it relies on the following operational realities that mitigate the main risks in account opening: 1) accounts are typically opened for clients of global custodians (global custodians who are regulated financial institutions), and 2) local CSD regulation permits adopting a simplified account opening approach, under the premise that the proper due diligence has already been performed by the global custodian and/or local subcustodian. Consequently, account opening requirements in the UAE are limited to scanned copies of establishment documents. This simplification has reduced investors' efforts and cost to open accounts in UAE.

We are encouraging all Middle East markets to simplify market entry and depository account opening. To this end, we are addressing our concerns to all depositories and capital market authorities in the Middle East region. In addition we are urging regional regulators to adopt common regulatory standards, procedures, and practices so that industry players and investors have the assurance that the same risks in account opening and market entry receive the same regulatory consideration and oversight across the Middle East.

We ask that you adopt market entry and account opening approach like the risk adjusted approach of the UAE market infrastructure entities and that you consider permanently withdrawing document legalisation requirements. In addition, we ask that you join other regional regulators in the development of a harmonized regulatory environment. The AGC members are available to address these matters in person. If you would like to discuss this matter, please contact the undersigned.

The AGC ME&A communication details are as follows:

Catherine Tinavapi

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Sincerely,



**CT Tinavapi**

The Association of Global Custodians  
By: Catherine Tinavapi