

Association of Global Custodians¹
Middle East and Africa Focus Committee (“AGC ME&A”);
Subject to Supplemental Comments

Attention:

Mr Moremi Marwa
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Email:

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Re: Tanzania CSDR Operational Guidelines for Custodians - June 2018 Review

We refer to our earlier correspondence of 1 June 2017 and 17 December 2017 and the subsequent meetings with our AGC members and yourselves.

AGC ME&A was established within the Association of Global Custodians to address regional challenges in ways that support the investment needs of the global cross-border investor community and is intended to serve as a regional industry body that will interact with regional regulators, policy makers and national supervisors through commentary and advocacy regarding recommended asset safekeeping-custody services and “sound practices” in related aspects of the global financial industry. The AGC ME&A offers banking and securities services products to clients who originate from several jurisdictions across the globe. In Tanzania, AGC ME&A members utilize the services of either Standard Bank or Standard Chartered Bank to hold clients’ investments in the market.

With respect to the recent CSDR Operational Guidelines, the AGC ME&A endorse the analysis and suggestions presented by Standard Bank and Standard Chartered Bank. Specifically, AGC ME&A would request the removal of pre-trade stock availability confirmation with the local custodians. The request is based on the limitation that the local custodian cannot share the requested details without the consent of the client. AGC ME&A support the process followed in most emerging markets where the Investor instructs their global custodian on receipt of contract note from local broker post execution of a trade in the local market and the Global Custodian then issues settlement instructions to local custodian after receipt of instructions from its underlying client.

Finally, with respect to negative affirmation, the AGC ME&A request that, like in the majority of markets, local custodians are also allowed to negatively affirm sales trades in the instance of a mismatch with client instructions or if there are no instructions from client.

Thank you for your attention to this matter; we look forward to hearing from you. If you have any questions or would like additional information, please contact the undersigned.

Yours sincerely,



Prepared by the Middle East and Africa Committee,
Julia McKenny, Chairperson.

22 June 2018

¹ The Association of Global Custodians is an informal group of 12 financial institutions that provide securities safekeeping services and asset-servicing functions to primarily institutional cross-border investors worldwide. As a non-partisan advocacy organization, the Association 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. The members of the Association of Global Custodians are: BNP Paribas; BNY Mellon; Brown Brothers Harriman & Co; Citibank, N.A.; Deutsche Bank; HSBC Securities Services; JP Morgan; Northern Trust; RBC Investor & Treasury Services; Skandinaviska Enskilda Banken; Standard Chartered Bank; and State Street Bank and Trust Company. For more information visit www.theagc.com.