



# **Glossary of Defined Terms**



**Glossary History**

| <b>Version Date</b> | <b>Description of Changes</b>   |
|---------------------|---|
| April 2006          | Initial Launch  |
| July 2006           | Page 19 (“R”): deletion of ‘acting as a financial trust service provider’ from the definition of ‘regulated investment services’.   |
| July 2007           | <ul style="list-style-type: none"> <li>• Changes to definitions of: administrator(s); authorised person(s); collective investment undertaking(s); family: property.</li> <li>• New definitions included: closed-ended fund(s); custodian(s); Investment Business Code of Practice; Islamic investment firm; overseas Category 1 investment firm.</li> </ul>       |
| July 2008           | Added definition for accredited investor, dematerialised safe custody financial instruments and expert investor.  |
| October 2009        | <ul style="list-style-type: none"> <li>• Changes to definitions of: accredited investor; expert investor and subsidiary undertaking.</li> <li>• New definitions included: investigator; qualified by exception; managing director and retail client.</li> <li>• Deleted definitions of: appointed expert, market counterparty and professional client.</li> </ul> |
| July 2010           | New definitions included: appointed expert, listed company, reporting accountant and trilateral meeting.  |
| January 2011        | <ul style="list-style-type: none"> <li>• Amended definition of: Chief Executive Officer.</li> <li>• New definition included: Dated subordinated debt, Executive director, Independent director, licensed exchange(s), market, minimum capital requirements, Non-executive director, original term, remuneration, senior manager/management.</li> </ul>            |
| April 2011          | <ul style="list-style-type: none"> <li>• Amended definition of executive director and managing director.</li> <li>• New definitions include: branch(es), host regulator/supervisor.</li> </ul>  |
| October 2011        | <ul style="list-style-type: none"> <li>• Added definition of: Conflict of interest.</li> <li>• Amended definition of appointed expert(s), family, qualified by exception and trilateral meeting.</li> <li>• Clarified definition of independent director.</li> </ul>  |
| January 2012        | <ul style="list-style-type: none"> <li>• Amended definition of Collective investment undertaking(s) (CIU(s)) and independent director.</li> </ul>   |
| October 2012        | <ul style="list-style-type: none"> <li>• Added definition for underwrite/underwriting.</li> </ul>   |
| January 2013        | <ul style="list-style-type: none"> <li>• Added definition for financial services.</li> <li>• Amended definition for public offering.</li> </ul>   |
| July 2013           | <ul style="list-style-type: none"> <li>• Added definition for Bahrain domiciled CIU.</li> <li>• Amended the definition of subsidiary undertaking.</li> </ul>  |



**Glossary History (continued)**

| <b>Version Date</b> | <b>Description of Changes</b>                             |
|---------------------|---|
| October 2013        | Removed the term 'appointed representative(s)'            |
| October 2014        | Amended cross reference for relevant authorities.         |
| October 2015        | Added definition for ultimate parent undertaking.         |
| July 2016           | Amended definition of Politically Exposed Persons (PEPs). |
| <b>October 2017</b> | <b>Added definition of Beneficial Owner.</b>              |



## A

### Accredited Investor

Defined in Rule BC-2.2.10. Accredited investors are:

- (a) Individuals who have a minimum net worth (or joint net worth with their spouse) of USD 1,000,000, excluding that person's principal place of residence;
- (b) Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD 1,000,000; or
- (c) Governments, supranational organisations, central banks or other national monetary authorities, and state organisations whose main activity is to invest in financial instruments (such as state pension funds).

### Administrator(s)

(Deleted)

### Ancillary services provider(s)

A person who is licensed by the CBB in relation to the carrying on of one or more ancillary services, such as administrators, or those providing compliance services, data-processing services, or a local service or management office, with respect to other CBB licensees. Such persons are not subject to Volume 4 of the CBB Rulebook, but are separately licensed and subject to the requirements contained in the relevant CBB's 'Standard Conditions and Licensing Criteria' (cf. AU-A.1.10).

### Appointed Expert(s)

A duly qualified individual or firm appointed by the CBB to carry out inspections in accordance with Article 114 of the CBB Law or special investigations of licensees in accordance with Article 121 of the CBB Law. Appointed experts may be appointed in addition to the CBB's own officials. Examples of appointed experts include reporting accountants, lawyers, private investigators, expert witnesses and independent actuaries.

### Appointed Representative(s)

[Deleted in October 2013].



### **Approved Person(s)**

Approved Persons are individuals holding certain specified positions in CBB licensees; they must be approved by the CBB prior to taking on those positions and must demonstrate that they are fit and proper. The list of positions subject to the CBB's Approved Persons regime vary according to the CBB license Category, but generally cover directors and senior management, as well as certain other positions. Approved Persons requirements are specified in the relevant Rulebook Volume for the license Category in question.

### **Authorised person(s)**

A person authorised either as a CBB licensee or an Approved Person.



## B

### **Bahrain domiciled CIU(s) (as defined under Volume 7)**

Bahrain domiciled CIUs are undertakings where:

- (a) The legal form of the CIU is established under the laws of the Kingdom of Bahrain; and
- (b) The CIU documents and contractual agreements are governed by the Laws of the Kingdom of Bahrain.

### **Bahraini investment firm licensee**

An investment firm that is incorporated in the Kingdom of Bahrain (and is therefore not an overseas investment firm licensee). The same naming convention applies to the various sub-categories of investment firm: e.g. a Bahraini Category 1 investment firm is a Category 1 investment firm that is incorporated in the Kingdom of Bahrain. See AU-A.1.5; and overseas investment firm licensee below.

### **Beneficial Owner**

Refers to the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement. This definition should also apply to **“Ultimate beneficial ownership”**.

### **Bonds**

An instrument creating or acknowledging a present or future indebtedness (i.e. debentures, debenture stock, loan stock, bonds, certificates of deposit and any other instruments creating or acknowledging a present or future indebtedness), but excluding:

- (a) An instrument creating or acknowledging indebtedness for, or for money borrowed to defray, the consideration payable under a contract for the supply of goods and services;
- (b) A cheque or other bill of exchange, a bankers draft or a letter of credit (but not a bill of exchange accepted by a banker);
- (c) A banknote, a statement showing a balance on a bank account, or a lease or other disposition of property; and
- (d) A contract of insurance.

### **Branch(es)**

A place of business which is a part of a firm and which has no separate legal personality.



**C**

**Category 1 investment firm**

An investment firm licensee as defined in AU-1.1.13.

**Category 2 investment firm**

An investment firm licensee as defined in AU-1.1.15.

**Category 3 investment firm**

An investment firm licensee as defined in AU-1.1.17.

**Chief Executive, Chief Executive Officer or CEO**

Chief executive, chief executive officer or CEO. The board shall determine that person's actual title, which may be 'CEO', 'Chief Executive Officer', 'President', 'Managing Director', or another title.

**Client**

A client is a person with or for whom an investment firm licensee conducts or intends to conduct regulated investment services.

**Client Agreement**

Terms of business, which the client of the investment firm licensee has consented to in writing.

**Client Asset Protection Rules**

Rules contained in Section CL-1.1.

**Client Assets**

Money or financial instruments belonging to clients of an investment firm licensee that are held or controlled by the investment firm licensee in connection with the conduct of regulated investment services.

**Client Bank Account**

A bank account held by an investment firm licensee, in order to hold client money: cf. CL-1.1.6.



## Client Money

Money (of any currency), which, in the course of carrying on regulated investment business, an investment firm licensee holds in respect of any investment agreement entered into, or to be entered into, with or for a client.

## Close Links

Defined in GR-6.2.1

## Closed-ended fund(s)

Closed-ended funds are CIUs with a limited number of holdings. Where the fund vehicle is a company, holdings can take the form of shares. New holdings are rarely issued after the fund is launched and are not normally redeemable until the fund liquidates. Typically an investor can acquire or dispose of holdings in a closed-ended fund by buying or selling them on a secondary market, from a market intermediary or other investor, rather than by dealing with the CIU itself.

## Code

The Investment Business Code of Practise contained in Chapter BC-2.

## Collective investment undertaking(s) (CIU(s))

Collective investment undertakings ('CIUs') are undertakings:

- (a) The sole object of which is the collective investment of capital raised from the public in financial instruments or other assets and which operates on the basis of risk-spreading; and
- (b) The holdings of which are re-purchased or redeemed, directly or indirectly, out of those undertakings' assets.

## Conflict of interest

A situation when a person or an entity has competing professional or personal obligations to other parties in a financial transaction (e.g. underwriting a securities transaction and simultaneously advising clients whether to buy the security or not) or in ongoing financial relationships (e.g. when a licensee has a director or one of its major borrowers on its board), or personal or financial interests that would make it difficult to fulfil his duties fairly.

## Controlled function

A function carried on by an approved person in relation to an investment firm licensee that requires prior CBB approval: cf. AU-1.2.2.





### **Controller**

A controller is a natural or legal person who:

- (a) Holds 10% or more of the shares in the licensee (“L”), or is able to exercise (or control the exercise) of more than 10% of the voting power in L; or
- (b) Holds 10% or more of the shares in a parent undertaking (“P”) of L, or is able to exercise (or control the exercise) of more than 10% of the voting power in P; or
- (c) Is able to exercise significant influence over the management of L or P.

### **Conventional bank licensee**

A bank licensed by CBB under Volume 1 of the CBB Rulebook, and generally operating according to conventional finance principals (as opposed to operating in accordance to Islamic finance principles).

### **Custodian(s)**

A custodian is a person mandated to hold and safeguard the financial instruments and other assets of a person, such as a collective investment undertaking (CIU).



## D

### **Dated subordinated debt**

A subordinated debt instrument whose maturity date is fixed at the time the instrument is issued.

### **Dematerialised safe custody financial instruments**

Reference to dematerialised safe custody financial instruments refers to electronic holdings of securities. This is often seen in instances where “jumbo” certificates are issued, but individual tranches of the certificate are recorded only in an electronic fashion.

### **Designated Bank**

A designated bank is one to which the client of the investment firm licensee has consented in writing to hold his money. See Section CL-5.1.

### **Director**

A person who acts in the capacity of director of a firm (whether appointed or not, or whether titled director or not). In the case of a sole trader, unincorporated body or partnership, a person directing its affairs, or a partner (of a partnership). Directors are a controlled function: see AU-1.2.2.



## E

### Eligible Third Party

An eligible third party refers to:

- (a) An exchange;
- (b) A clearing house; or
- (c) An intermediate broker.

### Executive director

Means a director who is an officer or employee, or is otherwise involved in day-to-day management, of either:

- (a) The investment firm licensee;
- (b) Another company which is a controller of the investment firm licensee;
- (c) Another company of which the investment firm licensee is a controller; or
- (d) Another company which is controlled by a controller of the investment firm licensee.

In this definition, the word “company” which is a controller of the investment firm excludes sovereigns such as government owned entities and government ministries.

### Expert Investor

Defined in Rule BC-2.2.9. Expert investors are:

- (a) Individuals who have a minimum net worth (or joint net worth with their spouse) of USD 100,000, excluding that person’s principal place of residence;
- (b) Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD 100,000; or
- (c) Governments, supranational organisations, central banks or other national monetary authorities, local authorities and state organisations.



## F

### Family

The term family refers to: father, mother, brother, sister, spouse, sons or daughters.

### Financial instruments

Any of the following instruments, as further defined in Volume 4, Section AU-1.5, of the CBB Rulebook:

- (a) Transferable securities;
- (b) Islamic financial instruments;
- (c) Money market instruments;
- (d) Holdings in collective investment undertakings;
- (e) Derivative contracts other than commodity derivatives;
- (f) Derivative contracts relating to commodities settled in cash;
- (g) Derivative contracts relating to commodities;
- (h) Credit derivatives;
- (i) Financial contracts for differences;
- (j) Other derivative contracts;
- (k) Interests in real estate property;
- (l) Certificates representing certain securities; and
- (m) Rights or Interests in Financial Instruments.

### Financial Instruments Trader

A person who is engaged in buying or selling financial instruments. This is a controlled function (cf. AU-1.2.2).

### Financial Services (as used in Module AU)

For the purpose of Module AU, financial services means:

- (a) Any dealings in any instrument defined as a financial instrument in any Volume of the CBB Rulebook;
- (b) Any arrangement where money, goods or services are made available to a person in exchange for his promise to pay at a later date and that arrangement is of a type habitually provided by another person for commercial gain;
- (c) Any arrangement in which money is solicited from the public in return for a promise of financial gain on, or safekeeping of, that money; or
- (d) Any product or other financial services in the area of regulated services (regulated by the CBB) marketed in the Kingdom of Bahrain.



## **Futures**

Rights under a contract for the sale of a commodity or property of any other description under which delivery is to be made at a future date and at a price agreed on when the contract is made.



**G**

**General Manager**

The General Manager (of a firm whether incorporated in Bahrain or not) means a person who (regardless of actual title) is responsible, alone or jointly, for the conduct of the whole of the firm, or in the case of an overseas licensee, for all the activities of the branch. Equivalent to Chief Executive in the case of firms incorporated in Bahrain (cf. Rule AU-1.2.9).



### **Head of Function**

A person who, under the immediate authority of the chief executive or general manager, exercises one or more major managerial functions or is responsible for maintaining accounts or other records of the firm (cf. Rule AU-1.2.10).

### **Home Supervisor**

The competent regulatory authority of the head office of a branch.

### **Host Regulator / Supervisor**

The competent authority in which a branch of a foreign licensee is located or in which a subsidiary or joint venture of a foreign parent licensee is incorporated.



I

## Independent Director

**Determination by the Board.** Under Module HC an ‘independent director’ is a director whom the board has specifically determined has no material relationship which could affect his independence of judgment, taking into account all known facts. The board should consider that, although a particular director meets the formal requirements, he may not be independent owing to specific circumstances of the person or the investment firm licensee, ownership structure of the investment firm licensee, or for any other reason. The board’s determination should be a good faith finding after diligent review and full discussion.

**Formal Requirements.** ‘Independent director’ means a non-executive director of the investment firm licensee who, or whose family shareholders either separately or together with him or each other, does not have any material pecuniary relationships or transactions with the investment firm licensee (not counting director’s remuneration for this purpose) and in particular who, during the one year preceding the time in question met all the following conditions:

- (a) Was not an employee of the company;
- (b) Did not:
  - (i) Make to, or receive from, the investment firm licensee payments of more than 31,000 BD or equivalent (not counting director’s remuneration);
  - (ii) Own more than a 10% share or other ownership interest, directly or indirectly, in an entity that made to or received from the investment firm licensee payments of more than such amount;
  - (iii) Act as a general partner, manager, director or officer of a partnership or company that made to or received from the investment firm licensee payments of more than such amount;
  - (iv) Have any significant contractual or business relationship with the investment firm licensee which could be seen to materially interfere with the person’s capacity to act in an independent manner,
- (c) Did not own directly or indirectly (including for this purpose ownership by any family member or related person) 5% or more of the shares of any type or class of the investment firm licensee;
- (d) Was not engaged directly or indirectly as an auditor or professional advisor for the investment firm licensee, and
- (e) Was not an associate of a Director or a member of senior management of the investment firm licensee.

For purposes of this definition, the ‘payments’ referred to in paragraph (b)(i), (b)(ii) and (b) (iii) do not include monies received from dividends and investment accounts; reference to such payments only applies to contractual payments for services rendered to the licensee by the director or company concerned, or paid (or payable) by the concerned director or company to the licensee for services provided by the licensee.





Dividends and investment accounts are to be considered under item (b)(iv) of the definition.

For the purpose of the definition of “independent director”:

- (a) Where the term “family” or “family member or related persons” is used reference is made to: spouse, father, mother, son(s) or daughter(s); and
- (b) Where the term “associate” is used reference is made to:
  - (i) Spouse, father, mother, son(s) or daughter(s); or
  - (ii) A person who is an employee or partner.

### **Initial Capital Requirement**

Initial capital requirements, as defined in Rule CA-1.2.7, are:

- (a) For Category 1 investment firms, BD 1,000,000;
- (b) For Category 2 investment firms, BD 1,000,000 if undertaking the activity of safeguarding financial instruments (i.e. custodian), BD 250,000 in all other cases; and
- (c) For Category 3 investment firms, BD 125,000.

### **Insurance licensee**

A person licensed under Volume 3 of the CBB Rulebook.

### **Investigator**

An Investigator is a person appointed by the CBB under the authority of Article 121 of the CBB Law to carry out an investigation of the business of a licensee or listed company.

### **Investment adviser**

A person who performs the function of arranging deals (on behalf of a client) in financial instruments, and/or advising a client on financial instruments (cf. Rule AU-1.2.13).

### **Investment analyst**

An employee of an investment firm licensee who prepares investment research.

### **Investment Business Code of Practice (‘the Code’)**

The Investment Business Code of Practice contained in Chapter BC-2.

### **Investment consultant**

See definition of investment adviser above.



### **Investment firm license**

A license issued by CBB under Volume 4 of the CBB Rulebook.

### **Investment firm licensee**

A person licensed under Volume 4 of the CBB Rulebook to undertake regulated investment business services.

### **Investment research**

A document (other than a recommendation made to an individual client), distributed outside an investment firm licensee, which contains one or more of the following:

- (a) The results of research into an individual financial instrument;
- (b) Analysis of factors likely to influence the future performance of an individual financial instrument or its issuer; and
- (c) Advice or recommendations based on those results or that analysis.

### **Islamic bank licensee**

A person licensed under Volume 2 of the CBB Rulebook to undertake regulated Islamic banking services.

### **Islamic investment firm(s)**

An investment firm licensee, all of whose operations are conducted in compliance with Shari'a principles.



**J**

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### **Lead Supervisor**

In the context of groups containing regulated financial companies, the principal regulator supervising those financial companies on a consolidated basis.

### **Licensed exchange(s)**

“Licensed exchange” means an exchange licensed in respect of the operation of its market in and from the Kingdom of Bahrain.

### **Licensed Principal**

An investment firm licensee that appoints an appointed representative (cf. Chapter GR-8).

### **Licensees**

Any person licensed by the CBB under any of the Volumes of the CBB Rulebook.

### **Listed Company**

Any company whose securities are listed on the Stock Exchange according to Article 86 of Legislative Decree No. 64 of 2006 with respect to the Central Bank of Bahrain and Financial Institutions Law.



## M

### Managing Director

Defined in Rule AU-1.2.9B. A Managing Director is a Director on the Board of a licensee who:

- (a) Should be fully responsible for the executive management and performance of the licensee, within the framework of delegated authorities set by the Board;
- (b) Must devote full-time working hours to the licensee; and
- (c) Must not be employed at any other firm.

### Mandates

Defined in Rule CL-4.1.1.

### Market

“Market” means a place at which, or a facility (whether electronic or otherwise) by means of which, offers or invitations to sell, purchase or exchange securities or futures contracts (including options and derivatives) regularly made on a centralised basis, being offers or invitations that are intended or may reasonably be expected to result, whether directly or indirectly, in the acceptance or making, respectively, of offers to sell, purchase or exchange securities or futures contracts (whether through that place or facility or otherwise).

### Market Counterparty

(Deleted)

### Minimum capital requirements (as defined in Paragraph CA-1.2.7)

- (a) Category 1 investment firms: BD 1,000,000;
- (b) Category 2 investment firms: BD 1,000,000 if undertaking the activity of safeguarding financial instruments (i.e. custodian), BD 250,000 in all other cases; and
- (c) Category 3 investment firms: BD 125,000.



**N**

**Non-executive director**

Means any director who is not an executive director



## O

### Operator(s)

In the context of a collective investment undertaking (“CIU”), operator means a person undertaking the functions of establishing, operating or winding-up a CIU.

### Options

An option is a contract giving the buyer the right, but not the obligation, to buy or sell any of the following at a specific price on or before a certain date:

- (a) Currency of the Kingdom of Bahrain or any other country or territory;
- (b) Palladium, platinum, gold or silver; or other commodity;
- (c) Option to acquire or dispose of a financial instrument of the kind specified by this definition by virtue of the above.

### Original term

(in respect of redeemable instruments including dated subordinated debt and redeemable preference shares) - the period of time between the date of issue and the earliest date that those instruments will mature or can be redeemed.

### Overseas Category 1 investment firm

A Category 1 investment firm, which is incorporated in an overseas jurisdiction and operates in the Kingdom of Bahrain through a branch licensed by the CBB.

### Overseas investment firm licensee

An investment firm licensee incorporated in an overseas jurisdiction (and therefore is not a Bahraini investment firm licensee). The same naming convention applies to the various sub-categories of investment firm: e.g. a Bahraini Category 1 investment firm is a Category 1 investment firm that is incorporated in the Kingdom of Bahrain. See Paragraph AU-A.1.5; and Bahraini investment firm licensee, above.





**P**

### **Parent Undertaking**

An undertaking or individual ('P'), which has the following relationship to another undertaking ('S'):

- (i) P holds (alone or, under an agreement with other shareholders) a majority of the voting rights in S;
- (ii) P (alone or in conjunction with its other subsidiary undertakings), has the right to appoint or remove a majority of its board of directors;
- (iii) P has the right to exercise a dominant influence over S, either through provisions contained in S's memorandum or articles, or a control contract; or
- (iv) P is a parent undertaking of a parent undertaking of S.

### **Personal account transaction**

A transaction undertaken by an employee of an investment firm licensee in a financial instrument, for his own account.

### **Politically Exposed Person ('PEP')**

'Politically Exposed Persons' or 'PEPs' means individuals who are, or have been entrusted with prominent public functions in Bahrain or a foreign country, for example Heads of State or government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations or important political party officials or persons who are or have been entrusted with a prominent function by an international organisation. Business relationships with family members or close associates of PEPs involve reputational risks similar to PEPs themselves. The definition is not intended to cover middle-ranking or more junior officials in the foregoing categories. Bahraini PEPs would include all Ministers, all MPs, and all Ministry officials with the rank of Undersecretary or above.

### **Professional client**

(Deleted)

### **Property**

Property of any description (including assets, rights, interests, and/or money).

### **Public Offering**

An offer of securities to the general public. See Rule BC-2.3.7.



**Q**

**Qualified by Exception**

A report issued by an appointed expert that is qualified and indicates that certain areas or issues remain unresolved or are unverifiable due to certain limitations imposed on the appointed experts' work. The report will clearly indicate the type and reason for exception and the action taken by the appointed experts had the mentioned limitation not been placed on their work.

**Qualifying Custodian**

Defined in Rule AU-1.4.35.



## R

### **Real Time Promotion**

Defined in Paragraph BC-2.3.13.

### **Regulated banking services**

Any of the regulated activities permitted to be undertaken by a conventional bank licensee.

### **Regulated investment services**

Any of the following, as further defined in Section AU-1.4:

- (a) Dealing in financial instruments as principal;
- (b) Dealing in financial instruments as agent;
- (c) Arranging deals in financial instruments;
- (d) Managing financial instruments;
- (e) Safeguarding financial instruments (i.e. custodian) ;
- (f) Advising on financial instruments; and
- (g) Operating a collective investment undertaking (i.e. an operator).

### **Regulated Islamic banking services**

Any of the regulated activities permitted to be undertaken by an Islamic bank licensee.

### **Regulatory Capital**

Capital elements that satisfy the regulatory criteria for admissibility, in the context of calculating compliance with Regulatory Capital Requirements. Defined in Chapter CA-2.



## Regulatory Capital Requirement

Defined in Rule CA-1.2.2 for Category 1 and Category 2 investment firms, and in Rule CA-1.2.3 for Category 3 investment firms.

## Relevant Authorities

For the purposes of Module FC, relevant authority refers to the authorities listed in Rule FC-4.3.2.

## Relevant Operating Expenses

For the purposes of calculating a licensee's annual CBB license fee, relevant operating expenses are defined as the total operating expenses of the licensee concerned, as recorded in the most recent audited financial statements available, excluding the following items:

- (a) Training costs;
- (b) Charitable donations;
- (c) CBB fees paid; and
- (d) Non-executive Directors' remuneration.

## Remuneration

Means all types of compensation including but not limited to salary, fee and non-cash benefits such as grants of stock, stock options or pension benefits.

## Reporting Accountant

A Reporting Accountant is a person appointed by the CBB under the authority of Article 114 of the CBB Law, as an Inspector of the business of a licensee or listed company.

## Representative office

A person who is licensed by the CBB to undertake only representative office functions:

- (i) Gather financial, economic and commercial information;
- (ii) Carry out general promotional activities; and/or
- (iii) Provide general assistance of a non specific nature to resident and non resident clients of the overseas entity/group the office is representing.

Such persons are not subject to Volume 4 of the CBB Rulebook, but are separately licensed and subject to the requirements contained in the relevant CBB's 'Standard Conditions and Licensing Criteria' (cf. AU-A.1.12).

## Retail Client

Defined in Rule BC-2.2.8. A retail client means a client who is not classified as an expert investor or an accredited investor under Rules BC-2.2.9 and BC-2.2.1



### **Risk-based Capital Requirement(s)**

Defined in Rule CA-1.2.8. The Risk-Based Capital Requirement is the sum of a firm's Expenditure Requirement, Position Risk Requirement (PRR), Counterparty Risk Requirement (CRR), and Foreign Exchange Risk Requirement (FER).



## S

### Senior Manager/Management

Refers to individuals occupying the position of CEO or head of function.

### Shareholders

- (a) In relation to a share which is represented by a bearer certificate, the person who holds the certificate; or
- (b) In relation to a share that is not represented by a bearer certificate, the person whose name is entered on the register in relation to the share.

### Shares

A share or stock in the share capital of an enterprise, whether incorporated or unincorporated, but excluding units in collective investment undertakings.

### Soft dollar agreement

An agreement in any form under which an investment firm licensee receives goods or services in return for regulated investment services put through or in the way of another person.

### Specialised Licensee

A person licensed under Volume 5 of the CBB Rulebook (when issued). Until such time, a CBB licensee not licensed under any of Volume 1, 2 3, 4 or 6 of the CBB Rulebook.

### Subsidiary or Subsidiary undertaking

A company or other enterprise controlled by another company or enterprise (the parent or the holding company), including any other legal entity or other forms such as contractual or management agreements, where the licensee exercises a majority shareholding or has majority voting control by virtue of direct ownership or by proxy/nominee arrangements or such other control mechanism as determined by the CBB.

### Swaps

A financial contractual agreement between two parties to exchange (swap) a set of payments that one party owns for a set of payments owned by the other party.



## T

### **Terms of business**

A statement in a durable medium of terms and conditions on which a firm will conduct regulated investment services with or for a client.

### **Third Party Related Distribution Rules**

Rules specified in Chapter CL-5.

### **Trilateral Meeting**

A meeting between a licensee, an appointed expert and the CBB.

## U

### **Ultimate Parent Undertaking**

The highest parent investment firm undertaking of the investment firm licensee or the holding company whose predominant investment are shares of the investment firm(s) (wherever established) that is not itself the subsidiary of another undertaking.

### **Underwrite/Underwriting**

Is when a licensee(s) bears the risk of commitment to market or place all or part of the issue of a financial instrument issued by an unconnected party (the issuer), to investors, in return for a fee and within a pre-agreed upon timeframe. Underwriting includes a binding commitment by the licensee(s) to purchase the portion of the issue which remains unsubscribed for.

### **Unsolicited Real Time Promotion**

A real time promotion in breach of Rule BC-2.3.12.

## V



**W**

**Warrants**

Warrants are instruments that confer an entitlement to subscribe for shares, debenture and government and public securities. The rights conferred must be rights to ‘subscribe’ for the relevant investments. This means that they are rights to acquire the investments directly from the issuer of the investments and by way of the issue of new investments.

**X**

**Y**

**Z**