



# **Glossary of Defined Terms**



**Glossary History**

<b>Version Date</b>	<b>Description of Changes</b>
04/2012	Initial Launch
07/2017	Deleted “resident” with respect to investors in the terms ‘placement agent offering overseas domiciled CIU holdings’ and ‘relevant person(s)’.



# A

## **Accredited investor(s)**

Accredited investors are defined as investors meeting the following criteria:

- (a) Individuals holding financial assets (either singly or jointly with their spouse) of USD 1,000,000 or more;
- (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).

## **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.



## B

### **Bahrain domiciled CIU(s)**

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.

### **Bahrain domiciled exempt CIU(s)**

Bahrain domiciled exempt CIUs are exempt CIUs that are domiciled in Bahrain (see exempt CIUs and Bahrain domiciled CIUs).

### **Bahrain domiciled expert CIU(s)**

Bahrain domiciled expert CIUs are expert CIUs that are domiciled in Bahrain (see expert CIUs and Bahrain domiciled CIUs).

### **Bahrain domiciled retail CIU(s)**

Bahrain domiciled retail CIUs are retail CIUs that are domiciled in Bahrain (see retail CIUs and Bahrain domiciled CIUs).

### **B-REITs (Bahrain Domiciled Real Estate Investment Trusts)**

Bahrain domiciled real estate investment trusts (B-REITs) are defined as collective investment undertakings the objectives of which are acquiring, holding, administering, managing and selling income generating local and foreign real estate properties, either directly or indirectly.



## C

### **CBB licensee(s)**

CBB licensees are persons holding a license from the CBB to undertake a regulated service. Different license categories apply, depending on the types of regulated services undertaken. Each license category is subject to its own Rulebook Volume (e.g. Volumes 1 is for conventional bank licensees, Volume 2 is for Islamic bank licensees, Volume 3 is for Insurance licensees, Volume 4 is for investment firm licensees and Volume 5 is for Specialised licensees).

### **CIU participant(s)**

A (CIU) participant is a person with one or more holdings in a CIU, sometime referred to as a unit holder.

### **CIU representative**

A CIU representative can be the custodian or the administrator, appointed by the operator (in case that the operator is not a CBB licensee), to act as a liaison with the CBB and the CIU participants. Such appointment must be stated in the prospectus.

### **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.



## **Collective Investment Undertaking(s) ('CIUs')**

Collective investment undertakings ('CIUs') are undertakings:

- (i) The sole object of which is the collective investment of capital raised from the public or through private placement, including investment seeded by the operator, in financial instruments and other assets and which operates on the basis of risk-spreading as appropriate; and
- (ii) The holdings of which may be re-purchased or redeemed out of those undertakings' assets, as appropriate.

## **Connected Parties**

Are parties where one owns, directly or indirectly, more than 49% of the issued shares of the other party.

## **Controller**

A controller is a natural or legal person who:

- (a) Holds 10% or more of the shares in the institution ("I"), or is able to exercise (or control the exercise) of more than 10% of the voting power in I; or
- (b) Holds 10% or more of the shares in a parent undertaking ("P") of I, 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 I or P.

## **Custodian(s)**

A custodian is a person mandated to hold and safeguard financial instruments and other assets for the account of a CIU



**D**

**Director(s)**

A person who acts in the capacity of director of a CIU.



## E

### **Exempt CIU(s)**

Exempt CIUs are lightly regulated CIUs that may be offered only to accredited investors, and impose a minimum initial investment of USD 100,000 (or equivalent in any other currency).

### **Expert CIU(s)**

Expert CIUs are CIUs that may be offered only to expert investors, and impose a minimum initial investment of USD 10,000 (or equivalent in any other currency).

### **Expert investor(s)**

Expert investors are defined as investors meeting the following criteria:

- (a) Individuals holding financial assets (either singly or jointly with their spouse) of USD 100,000 or more;
- (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.

### **External auditor(s)**

An external auditor means the entity responsible for the audit of the books and records of the CIU and fund company (if applicable).





## F

### Financial instrument(s)

Any of the following instruments:

- (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.

### Fund administrator(s)

Fund administrators are persons who undertake the administration of financial instruments and other assets held by a CIU. Their activities include but are not limited to the following:

- (a) Fund accounting services;
- (b) Client enquiries;
- (c) Valuation and pricing (including tax returns);
- (d) Regulatory compliance monitoring;
- (e) Record keeping for issuance and redemption of units in a CIU; and
- (f) General record-keeping.

### Fund company(ies)

A company formed with the objective of issuing units of the CIU.

### Fund manager

A fund manager is a person mandated to allocate and/or manage financial instruments and any other assets held by a CIU.



**G**

**GCC**

Gulf Cooperation Council ([www.gcc-sg.org](http://www.gcc-sg.org)). The member countries of the GCC are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.



## H

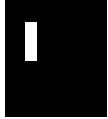
### High net worth investors

High Net Worth investors are:

- (a) Individuals holding financial assets (either singly or jointly with their spouse) of USD 25 million or more;
- (b) Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD 25 million; 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).

### Holding(s)

Holdings mean the unit of measurement of the beneficial interest of participants in a CIU, by whatever name it is called (including 'units' and, in the case of investment trusts or companies, in the form of shares or units). Each holding (which may be in fractions of a holding) represents a right to the assets of the CIU.



## **Instrument**

Means a document establishing the CIU, which shall include, as a minimum, the following information:

- Its rules of composition and operation;
- The terms and conditions for the creation, issuance, selling, transfer, redemption, repurchase, reimbursement, or repayment (as may be appropriate) of holdings;
- Its obligation to maintain a register of persons with holdings;
- The rights and obligations of CIU participants; and
- The characteristics of holdings, including initial value and voting rights (if any).

## **Investment advisor**

An investment advisor is the person undertaking the function of advising the fund manager on the merits of buying, selling, or subscribing for a particular asset or exercising any right conferred by the asset.



**J**





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

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

### **Listed CIUs**

Any CIU whose units 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**





**N**



## O

### OECD

Organisation for Economic Cooperation and Development ([www.oecd.org](http://www.oecd.org)). The member countries of the OECD are: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States.

### Open-ended fund(s)

An open-end(ed) fund is a CIU which can issue and redeem holdings at any time. An investor can purchase holdings in such funds directly from the operator, or through a broker. An open-ended fund is equitably divided into holdings (shares or units) which vary in price in direct proportion to the variation in value of the CIU's net asset value. Each time money is invested new holdings are created to match the addition to net assets; similarly, each time holdings are redeemed by participants they are cancelled to reflect the reduction in net assets. In this way, the price of holdings remains a reflection of the underlying assets of the CIU.

### Operator(s)

The operator of a CIU is the person undertaking the functions of establishing, operating, including full oversight of the corporate governance on the CIU, or winding up of a CIU.

### Overseas domiciled CIU(s)

Overseas domiciled CIUs are undertakings that are established in and regulated by:

- (a) Recognized jurisdictions included in Chapter ARR-6; or
- (b) Other jurisdictions acceptable to the CBB.

### Overseas domiciled exempt CIU(s)

Overseas domiciled exempt CIUs are exempt CIUs that are domiciled in an overseas jurisdiction (i.e. a jurisdiction outside of Bahrain). (See exempt CIUs and overseas domiciled CIUs.)



### **Overseas domiciled expert CIU(s)**

Overseas domiciled expert CIUs are expert CIUs that are domiciled in an overseas jurisdiction (i.e. a jurisdiction outside of Bahrain). (See expert CIUs and overseas domiciled CIUs.)

### **Overseas domiciled retail CIU(s)**

Overseas domiciled retail CIUs are retail CIUs that are domiciled in an overseas jurisdiction (i.e. a jurisdiction outside of Bahrain). (See retail CIUs and overseas domiciled CIUs.)



## P

### **PIU Participant(s)**

A PIU participant is a person with one or more holdings in a PIU, sometime referred to as a unit holder.

### **Participant(s)**

A (CIU) participant is a person with one or more holdings in a CIU.

### **Placement agent**

A placement agent is an entity that acts as agent on behalf of the CIU in placing units of the CIU.

### **Placement agent offering overseas domiciled CIU holdings**

A placement agent offering overseas domiciled CIU holdings to investors **i** in the Kingdom of Bahrain is an entity that acts as agent on behalf of the CIU in placing units of the CIU.

### **Private investment undertakings (PIU)**

Private Investment Undertakings are defined as investment undertakings/funds that are registered with the CBB and may be initiated by or offered to high net worth individuals or institutional investors, and impose a minimum initial investment/participatory interest of USD 3 million (or equivalent in any other currency).

### **Private offering document**

A private offering document is a legal document stating the objectives, risks and terms of investment involved with a private placement. This includes items such as the financial statements, management biographies, detailed description of the business, etc.

### **Prospectus**

A (CIU) prospectus is the CIU's primary selling document: it is also a legally binding contract between the CIU and its participant. Supplementary Information document ARR-(ii) in Part B of Volume 7 sets out minimum requirements for the contents of prospectuses issued by CIUs.



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## R

### Recognised jurisdiction(s)

Recognised jurisdictions, for the purposes of Volume 7, are those jurisdictions defined in Section ARR-6.1.

### Registrar / Transfer agent

The registrar/transfer agent is an entity engaged by the CIU to maintain the unitholders' records, including purchases, sales and account balances.

### Relevant person(s)

A relevant person for the purpose of Module CIU, is the:

- (a) Operator;
- (b) Trustee (if applicable);
- (c) Fund Manager;
- (d) Custodian;
- (e) Fund Administrator;
- (f) Registrar /Transfer Agent;
- (g) Placement Agent
- (h) Investment Advisor (if applicable);
- (i) External Auditor; and
- (j) CBB Licensee acting as a Placement Agent offering overseas domiciled CIU holdings to investors in the Kingdom of Bahrain.

### Retail CIU(s)

Retail CIU(s) are CIUs that may be offered to all types of investors.



## S

### **Shari'a supervisory board/advisor(s)**

An independent body of specialised jurists who, collectively, are entrusted with the duty of directing, reviewing and supervising the activities of a Sharia compliant CIU, in order to ensure that it is in compliance with Islamic Shari'a rules and principles.

### **Shari'a supervisory board member(s)/advisor(s) or Shari'a advisor(s)**

Is a Shari'a scholar responsible for directing, reviewing and supervising the activities of a Shari'a compliant CIU, in order to ensure it is in compliance with Islamic Shari'a rules and principles.

### **Shari'a compliant CIU**

Are CIUs that hold themselves out to be managed in accordance with Shari'a principles.

### **Shari'a compliant exempt CIU(s)**

Are exempt CIUs that hold themselves out to be managed in accordance with Shari'a principles.

### **Shari'a compliant expert CIU(s)**

Are expert CIUs that hold themselves out to be managed in accordance with Shari'a principles.

### **Shari'a compliant retail CIU(s)**

Are retail CIUs that hold themselves out to be managed in accordance with Shari'a principles.

### **Simplified prospectus**

A simplified prospectus is a summary document extracted from a full prospectus. Supplementary Information document ARR-(iii) in Part B of Volume 7 contains requirements applicable to simplified prospectuses.



**T**

**Trustee**

The Trustee is the entity to whom the legal title of the trust property/assets is transferred to, in order for the Trustee to exercise the duties and powers specified in the trust instrument with a view of achieving the purpose of the trust and protecting the rights of the investors











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