



# **Glossary of Defined Terms**



**Glossary History**

<b>Version Date</b>	<b>Description of Changes</b>
October 2010	Initial Launch
<b>December 2010</b>	Added definition of home supervisor, representative office manager or “Rep Manager”; regulated representative office services; amended definition of controlled function; director(s), representative office or representative office licensee(s)



**A**

**Appointed Expert(s)**

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 in accordance with Article 121 of the CBB Law, of licensees. Appointed Experts may be appointed in addition to the CBB's own officials. Examples of Appointed Experts are reporting accountants, lawyers, expert witnesses and independent actuaries.

**Approved Person(s)**

Persons undertaking certain functions in relation to CBB specialised licensees require prior CBB approval. These functions (called “controlled functions”) include directors and members of senior management. The controlled functions regime supplements the licensing regime by ensuring that key persons involved in the running of specialised licensees are fit and proper. Those authorised by the CBB to undertake controlled functions are called approved persons (see Paragraph AU-A.1.2).

**Authorised person(s)**

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



**B**

**Bahraini specialised licensees**

A specialised licensee that is incorporated in the Kingdom of Bahrain.



## C

### **CBB licensees**

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

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

A person responsible under the immediate authority of the Board of Directors for the conduct of the firm (regardless of actual title): cf. AU-1.2.9.

### **CPD**

Continuous professional development as referred to in Module TC (Training and Competency).

### **Compliance Officer**

An employee of appropriate standing designated by licensees having responsibility for oversight of the licensee's compliance with the requirements of the CBB and reporting to the licensee's Board in respect of that responsibility. The compliance officer is an approved person occupying a controlled function.

### **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 specialised licensee has a director or one of its major customers on its board), or personal or financial interests that would make it difficult to fulfil his duties fairly.

### **Controller's family**

(to be defined at a later date)

### **Controlled function**

A function carried on by an approved person in relation to a licensee that requires prior CBB approval: cf. AU-1.2.



## **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

Is able to exercise significant influence over the management of L or P.

## **Conventional bank licensees**

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

## **Customer**

A customer refers to groups or individuals who have a business relationship with the licensee--those who receive and use or are directly affected by the products and services of the licensee.



## D

### **Director(s)**

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). Where relevant for CBB licensees, directors are a controlled function: see AU-1.2.2.



**E**

**Employees**

An individual: a) who is employed or appointed by a person in connection with that person's business, whether under a contract of service or for services or otherwise; or b) whose services, under an arrangement between that person and a third party, are placed at the disposal and under the control of that person.





**F**

**Financing companies**

A person licensed under Volume 5 of the CBB Rulebook to undertake regulated financing company services.

**Fund administrators**

A person licensed under Volume 5 of the CBB Rulebook to undertake regulated fund administration services.



**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).



## H

### Home supervisor

The competent authority in which the parent licensee is incorporated, or in which the head office of a branch is incorporated.

### 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).



### **Insurance licensees**

An insurance firm, insurance broker, insurance consultant, insurance manager or an insurance exchange operator who has been granted a licence by the CBB to undertake regulated insurance services as defined in Section AU-1.4 of Volume 3 (Insurance).

### **Investment firm licensee(s)**

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

### **Islamic bank licensees**

A bank licensed by CBB under Volume 2 of the CBB Rulebook, and generally operating according to Islamic finance principles (as opposed to operating in accordance with conventional finance principles).



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**Licensees**

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



**M**

**Micro-finance institutions**

A person licensed under Volume 5 of the CBB Rulebook to undertake regulated micro-finance services.

**Money changer or money changer licensee(s)**

A money changer who has been granted a licence by the CBB to undertake regulated money changer services as defined in Paragraph AU-1.1.8 of Module AU (Authorisation) for Money changers.

**Money Changers' Business Code of Practice ('the Code')**

Business conduct code included in Chapter 2 of Module BC (Business Conduct) for Money changers.





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## **Outsourcing**

The use of a person to provide customised services to a licensee other than: a) a member of a licensee's board acting in his capacity as such, or b) an individual employed by a licensee under a contract of service.

## **Outsourcing provider**

The person providing the customised services as described in the definition of "outsourcing".

## **Overseas specialised licensees**

A specialised licensee which is incorporated in an overseas jurisdiction and operates in the Kingdom of Bahrain through a branch licensed by the CBB.



**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.

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

Defined in Paragraph FC-1.5.4.



**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 expert's 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.



## R

### **Regulated money changer services**

Any of the regulated activities permitted to be undertaken by a money changer licensee as outlined in Module AU\_Money Changers Paragraph AU-1.1.8.

### **Regulated representative office services**

Any of the regulated activities permitted to be undertaken by a representative office licensee as outlined in Module AU\_Representative Offices Paragraph AU-1.3.1.

### **Regulated services**

(to be defined at a later date)

### **Regulated specialised activities**

Any of regulated activities permitted to be undertaken by specialised licensed as outlined in their specific Module AU.

### **Relevant Authorities**

For the purposes of Module FC, relevant authority refers to the authorities listed in Rule FC-5.3.1

### **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.

### **Representative office or Representative office licensee(s)**

A person who has been granted a licence by the CBB to undertake regulated representative office services as defined in Section AU-1.3.

### **Representative office manager or "Rep Manager"**

A person who is responsible for the conduct of the licensee, representative office.

### **Retail bank**

A bank licensed in accordance with Volumes 1 or 2 of the CBB Rulebook.



**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.

**Significant transaction**

For purposes of Module FC, in the absence of automated transaction monitoring systems, all transactions above BD 6,000 must be viewed as “significant”.

**Specialised Licensee(s)**

A person licensed under Volume 5 of the CBB Rulebook.



**T**

**Trilateral Meeting**

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

**Trust service providers**

(to be defined at a later stage)

**U**

**V**

**W**

**X**

**Y**

**Z**