



# Glossary of Defined Terms



**Glossary History**

<b>Change Date</b>	<b>Description of Changes</b>
April 2007	Initial Launch
July 2007	Amendment of definition of 'administrator(s)'



## A

### Accredited investor(s)

Accredited investors are those investors defined in Rule CIU-B.5.10, i.e.:

- (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)

Administrators are persons who undertake the administration of financial instruments and other assets, for a third party. Administration may include the following activities:

- (a) Legal and fund management accounting services;
- (b) Client enquiries;
- (c) Valuation and pricing (including tax returns);
- (d) Regulatory compliance monitoring;
- (e) Maintenance of unit-holder register;
- (f) Distribution of income;
- (g) Issuance and redemption of holdings in a CIU;
- (h) Contract settlements (including certificate dispatch); and
- (i) Record-keeping.

### 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.

## B

### Bahrain domiciled CIU(s)

Bahrain domiciled CIUs are undertakings where the legal form of the CIU is established under the laws of the Kingdom of Bahrain. See Rule CIU-B.4.1 (and related Guidance Paragraphs CIU-B.4.2 and CIU-B.4.3).



### **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).

## **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 and 2 for conventional bank licensees and Islamic bank licensees, and Volume 4 for investment firm licensees).

### **(CIU) manager(s)**

In the context of Module CIU, a (CIU) manager is a person mandated to manage financial instruments and other assets held by a CIU.

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

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

### **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:

- (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.

See Rule CIU-B.3.1 and related Guidance Paragraphs CIU-B.3.2 to CIU-B.3.4 inclusive.

### Conventional bank licensee(s)

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

## E

### Exempt CIU(s)

Exempt CIUs are largely unregulated CIUs that may be offered only to accredited investors, and impose a minimum initial investment of USD 100,000 (or its equivalent in foreign currency). See Rule CIU-B.5.7 (and related guidance Paragraphs CIU-B.5.8 and CIU-B.5.9).

### 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 foreign currency). See Rule CIU-B.5.3 (and related guidance Paragraphs CIU-B.5.4 and CIU-B.5.5).



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

Expert investors are those investors defined in Rule CIU-B.5.6, i.e.:

- (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**

### **Financial instrument(s)**

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.

## **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

### **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, shares). Each holding (which may be in fractions of a holding) represents a right to the assets of the CIU.

## I

### **Insurance licensee(s)**

A person licensed under Volume 3 of the CBB Rulebook to undertake regulated insurance services.

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

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

### **Islamic bank licensee(s)**

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

## J

## K



## L

## M

### Manager(s)

In the context of Module CIU, a manager is a person mandated to manage financial instruments and other assets held by a CIU.

## 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)

In the context of Module CIU, operator means a person undertaking the functions of establishing, operating or winding up a collective investment undertaking.

### Overseas domiciled CIU(s)

Overseas domiciled CIUs are undertakings who fall outside the definition of Bahrain domiciled CIUs (see Rule CIU-B.4.4 and related Guidance Paragraphs CIU-B.4.5 and CIU-B.4.6).

### 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

### Participant(s)

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

### Prospectus

A (CIU) prospectus is the CIU's primary selling document: it is also a legally binding contract between the CIU and its participant. Section CIU-1.5 sets out minimum requirements for the contents of prospectuses issued by retail CIUs and expert CIUs.



Q

R

**Recognised jurisdiction(s)**

Recognised jurisdictions, for the purposes of Module CIU, are those jurisdictions defined in Rule CIU-B.6.3.

**Registered person(s)**

Registered persons are those persons required to be registered by the CBB (as opposed to being authorised or licensed).

**REIT(s)**

Real Estate Investment Trust(s). REITs are investment vehicles that invest in real estate, and typically enjoy tax benefits in return for an obligation to distribute a high percentage of their income. REIT structures were originally designed to provide a similar structure for investment in real estate, as mutual funds provided for investment in financial instruments

**Relevant person(s)**

Relevant persons are, for the purpose of Module CIU, any person:

- (a) Acting as the operator, manager, administrator, or custodian of a CIU subject to this Module; or
- (b) Offering a CIU to investors resident within the Kingdom of Bahrain.

See Rule CIU-B.2.1 and related guidance Paragraphs CIU-B.2.2 to CIU-B.2.5 inclusive.

**Retail CIU(s)**

Retail CIU(s) are CIUs that may be offered to all types of investors. See Rule CIU-B.5.1 and related guidance Paragraph CIU-B.5.2.



## S

### **Simplified prospectus**

A simplified prospectus is a summary document extracted from a full prospectus. Paragraphs CIU-1.5.9 to CIU-1.5.12 inclusive, together with Appendix C of Module CIU, contain requirements applicable to simplified prospectuses.

### **Specialised licensee(s)**

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 or 4 of the CBB Rulebook.

## T

## U

## V

## W

## Z