



Glossary of Defined Terms



Glossary History

Version Date	Description of Changes
April 2007	Initial Launch
July 2007	Amendment of Definition of “Administrator(s)”
July 2011	Inclusion of Capital Markets Rulebook Definitions
January 2012	Clarified definition of independent director; amended definition of chief executive; added definition of listed company.
April 2012	Definitions with references to Module CIU deleted as these are now covered under Volume 7.
April 2013	Amended definition for discount broker. Added definitions for external trading member, financial services, licensee, market maker and proprietary trading member.
January 2014	New glossary terms added to incorporate terms for Module OFS.
October 2014	Added definition for relevant authorities.
July 2016	Amended definition of politically exposed person (PEP). Added and amended terms and definitions used in Modules AML, CSD, MAE and MIR.
October 2017	Amended definition of Beneficial Owner.
October 2017	New glossary terms added to incorporate terms for crowdfunding core.
January 2019	New glossary terms added to incorporate terms for market makers.
April 2019	New glossary terms added to incorporate terms for Crypto Asset Module (CRA).
October 2019	Added definition of Disinterested Shares.
October 2019	Amended definition of Offer.
October 2019	Amended definition of Professional Adviser.
October 2019	Added definition of Relevant Person(s).
October 2019	Added definition of Securities Exchange Offer.
October 2019	Amended definition of Share Repurchase.
October 2019	Added definition of Standstill Agreement.
October 2019	Added definition of Takeover.
October 2019	Added definition of Voluntary Offer.
October 2019	Added definition of Voting Rights.
October 2019	Added definition of ‘without delay’.
January 2020	Added definition of Beneficiary.
January 2020	Added definition of Beneficiary financial institution.
January 2020	Amended definition of Capital Market Service Provider
January 2020	Added definition of Client Assets.
January 2020	Added definition of Client Money.
January 2020	Added definition of Correspondent Account Services.
January 2020	Added definition of Intermediary Financial Institution.
January 2020	Added definition of Ordering Financial Institution.
January 2020	Added definition of Originator.
January 2020	Added definition of Payable-through Account.
January 2020	Added definition of Respondent Financial Institution.



Glossary History

Version Date	Description of Changes
January 2020	Added definition of Shell Financial Institution.
July 2020	Amended definition of Independent director.
October 2020	Amended definition of Accredited Investor(s).
October 2020	Added point (f) in definition of Independent director.
July 2021	Amended definition of Enforcement decision review committee (EDRC).
July 2021	Amended definition of Enforcement order.
July 2021	Amended definition of Warning notice.
January 2022	Added definition of Capital Market Licensee.
January 2022	Added definition of Dissenting Shareholder.
January 2022	Amended definition of Connected Persons.
January 2022	Amended definition of Offer Document.
July 2022	Amended definition of accredited investor(s).
April 2023	Added new definitions of Asset Token, Digital Token, Digital Token Issuer, Digital Token Advisor, Whitepaper, Soft-Cap, Utility Token.
April 2023	Amended definitions of Crypto-asset, Founders, Securities.
April 2023	Deleted definition of Accepted Crypto-assets.
August 2024	Added new definitions of Liquidity Provider, Liquidity Enhancement Agreement and Liquidity Provider-Issuer Agreement.
August 2024	Deleted definition of market maker agreement.



L

Laws and regulations

For the purpose of Module ICO, laws and regulations means the provisions of the laws of the jurisdictions of the overseas authorities, the regulations promulgated thereunder, and the other regulatory requirements that fall within the competence of the overseas authorities, concerning the following:

- (a) Insider dealing, market manipulation, misrepresentation of material information and other fraudulent or manipulative practices relating to securities and derivatives, including solicitation practices, handling of investor funds and customer orders;
- (b) The registration, issuance, offer, or sale of securities and derivatives, and reporting requirements related thereto;
- (c) Market intermediaries, including investment and trading advisers who are required to be licensed or registered, collective investment undertakings, brokers, dealers, and transfer agents; and
- (d) Markets, exchanges, and clearing and settlement entities.

Licensed central depository

A central securities depository being any person who is eligible and licensed by the CBB to provide custody services, maintain a central securities register and accounts of central depository participants and evidence and transfer of ownership.

Licensed clearing house

Means a clearing house and/or depository licensed by the CBB under the Clearing, Settlement and Depository Module (CSD) of Rulebook Volume 6.

Licensed exchange

Means an exchange licensed by the CBB under the Markets and Exchange Module (MAE) of Rulebook Volume 6.

Licensed market operator

Means a market operator licensed by the CBB under the Markets and Exchanges Module (MAE) of Rulebook Volume 6.

Licensee

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

Liquidity Enhancement

The service under which liquidity enhancement activity (providing two way quotes on a continuous basis) is carried out by a liquidity provider pursuant to an agreement between the liquidity provider and the issuer of the security (liquidity provider-issuer agreement) and where the economic effect of the activity apply to the issuer of the security.

Liquidity Enhancement Agreement

Means an agreement executed between the licensed exchange and a member in respect of registration of the member as a liquidity provider.



Liquidity Provider

Means a CBB licensee as stipulated under MAE-4.6.1 and registered with a licensed exchange to undertake liquidity enhancement activity by providing both buy and sell quotes on continuous basis with an objective to improve liquidity in a security and for which the licensee has an agreement with an issuer of the security.

Liquidity Provider-Issuer Agreement

Means an agreement executed between the liquidity provider and the issuer to undertake liquidity enhancement program in the issuer's security.

Listed company

Means a company who should have been admitted for trading of the official list of a licensed exchange in Bahrain.

Listing of closed or private companies

Closed, private, family companies, or such other non-public companies that offer their securities to the public and list.

Listing rules

In relation to a licensed exchange or a licensed market operator that establishes or operates or proposes to establish or operate a licensed market means rules governing or relating to:

- (a) The admission to the official list of the licensed exchange or licensed market operator of the securities of corporations, governments, bodies unincorporated or other persons for the purpose of the quotation on the securities market of the licensed exchange of securities issued, or made available by such corporations, governments, bodies unincorporated or other persons, or the removal from that official list and for other purposes; or
- (b) The activities or conduct of corporations, governments, bodies unincorporated and other persons who are admitted to that list.



M

Malware

Malicious software used to disrupt the normal operation of an information system in a manner that adversely impacts its confidentiality, integrity or availability.

Manager(s)

[This definition has been moved to Volume 7 in April 2012].

Mandatory offer

An offer for the remaining outstanding shares of an offeree company made by a shareholder, whether individually or along with persons acting in concert on the acquisition of control of such offeree company or such other threshold stipulated in the Module TMA.

Manipulation

Includes any deliberate/reckless act or attempt or act, expression, omission or concealment or influence to interfere with the free and fair functioning of the market, or to introduce misinformation or misleading appearance in the market, or to impede judgement of investors and market participants.

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 analysis

Means research aimed at predicting or anticipating the direction of stock, debt securities, or commodity markets based on technical data about the movement of market prices, or on fundamental data such as corporate earnings prospects, or supply and demand.

Market charge

Means a security interest, whether fixed or floating, granted in favour of a licensed clearing house or central depository:

- (a) Over property held by or deposited with the licensed clearing house or central depository; and
- (b) To secure liabilities arising directly in connection with the licensed clearing house or central depository, ensuring the performance of a market contract.

Market collateral

Means property held by, or deposited with, a licensed clearing house or central depository for the purpose of securing liabilities arising directly in connection with the licensed clearing house or central depository, ensuring the performance of market contracts.



Market contract or contracts

Means:

- (a) A contract subject to the business rules of a licensed clearing house or central depository that is entered into between the licensed clearing house and a member pursuant to a novation (however described), whether before or after default proceedings have commenced, which is in accordance with those business rules and for the purposes of the clearing or settlement of transactions using the clearing facility of the licensed clearing house; or
- (b) A transaction which is being cleared or settled using the clearing facility of a licensed clearing house and in accordance with the business rules of the licensed clearing house, whether or not a novation referred to in paragraph (a) is to take place.

Market information

Means any published information about trading or non-trading in certain types of securities, their number, prices, range of price for trading, or the identity of those involved or who may be involved in any capacity, such as trading.

Market intermediary and representative

Means a person falling within a category referred to in Module MIR-2.2.3 which undertakes regulated activities.

Market maker

Means a licensed member authorised by a licensed exchange to provide buy and sell quotes as a principal in a security on a regular and continuous basis at fair market value. (Replaced by Liquidity Provider).

Market Maker Agreement

Means an agreement executed between the licensed exchange or licensed market operator and a member in respect of registration of the member as a market maker. (Replaced by Liquidity Liquidity Enhancement Agreement).

Materiality

Information is material if its omission or mis-statement could influence the economic decisions of the users taken on the basis of the financial statements. A reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the first-mentioned securities.

Member

In relation to an SRO means a person who holds membership of any class or description in the SRO, whether or not he holds any shares in the share capital of the SRO, as the case may be, and who has been approved by a licensed exchange to effect transactions on the trading system of the licensed exchange and/or approved by a licensed clearing house to effect the clearing, settlement or depositing of securities thereof.

Merger

Means the combination of two or more companies through the acquisition of an equity stake.



Mixed Ijara contract(s)

Islamic contract where the underlying assets can comprise of Istisna'a or Murabaha receivables in addition to Ijara.

Mixed Ijara Sukuk

Islamic contract that allows for a greater variety of funds to be used since previously inaccessible Murabaha and Istisna'a assets can be used in the portfolio.

Modarabah contract(s)

Islamic contract used to finance a project or business venture whereby the investor (Rabb Al Maal) provides capital and a manager (Mudarib) manages the project or the business. A financial institution may act as the Mudarib for funds it mobilizes for investments in Shari'a compliant products. If the venture is profitable, the profit will be distributed based on a pre-agreed ratio and losses if any are to be borne solely by the provider of the capital (Rabb Al Maal).

Money laundering

As defined in Decree Law No. 4 of 2001 and Decree Law 54 of 2006 with Respect to the Prohibition of the Laundering of Money.

Murabaha contract(s)

Islamic contract that covers the sale and purchase transaction for the financing of an asset whereby the cost and profit margin (mark-up) are made known and agreed by all parties involved. The settlement for the purchase can be a deferred lump sum payment or an instalment basis of payments.