



# **AUTHORISATION/REGISTRATION REQUIREMENTS MODULE**



<b>MODULE:</b>	<b>ARR (Authorisation/Registration Requirements)</b>
<b>Table of Contents</b>	

	<b>Date Last Changed</b>
<b>ARR-A Introduction</b>	
ARR-A.1 Purpose	04/2012
ARR -A.2 Module History	07/2013
<b>ARR-B Definitions</b>	
ARR -B.1 Definitions	04/2012
<b>ARR-1 General Requirements</b>	
ARR-1.1 General Requirements	04/2012
<b>ARR-2 Bahrain Domiciled Retail CIUs</b>	
ARR-2.1 Authorisation Requirements	04/2012
ARR-2.2 Authorisation Process	04/2012
ARR-2.3 CBB Fees	07/2013
<b>ARR-3 Bahrain Domiciled Expert CIUs</b>	
ARR-3.1 Authorisation Requirements	04/2012
ARR-3.2 Authorisation Process	04/2012
ARR-3.3 CBB Fees	07/2013
<b>ARR-4 Bahrain Domiciled Exempt CIUs</b>	
ARR-4.1 Registration Requirements	04/2012
ARR-4.2 Registration Process	04/2012
ARR-4.3 CBB Fees	07/2013
<b>ARR-5 Overseas Domiciled CIUs</b>	
ARR-5.1 Classification of Overseas Domiciled CIUs	04/2012
ARR-5.2 Registration and Authorisation Process	04/2012
<b>ARR-6 Recognised Jurisdictions</b>	
ARR-6.1 Recognised Jurisdictions	04/2012



MODULE	ARR: Authorisation/Registration Requirements
CHAPTER	AU-A: Introduction

## ARR-A.1 Purpose

### *Executive Summary*

ARR-A.1.1 This Module sets out the Central Bank of Bahrain's (CBB) approach to authorizing/registering CIUs in the Kingdom of Bahrain. It also outlines the CBB fees for CIUs.

### *Legal Basis*

**ARR-A.1.2** This Module contains the CBB's Directive and Resolution (as amended from time to time) regarding authorisation and registration requirements applicable to collective investment undertakings and is issued under the powers available to the CBB under Articles 38 and 180 of the Central Bank of Bahrain and Financial Institutions Law 2006 ('CBB Law'). Module ARR includes the requirements contained in Resolution No (1) of 1987 with respect to determining fees payable to the CBB by CIUs.

ARR-A.1.3 For an explanation of the CBB's rule-making powers and different regulatory instruments, see Section UG-1.1.



<b>MODULE</b>	<b>ARR: Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-A: Introduction</b>

## **ARR-A.2 Module History**

### *Evolution of Module*

- ARR-A.2.1 This Module was first issued in April 2007, as part of the initial release of the contents of Volume 6 (Capital Markets); it was given an effective date of 1 June 2007, with a one-year transition for existing CIUs.
- ARR-A.2.2 The Module was subsequently revised in April 2012, by the addition of several sections catering for the role and responsibilities of relevant persons, the registration and authorisation requirements, corporate governance, and other relevant Chapters and has been reissued as Volume 7.
- ARR-A.2.3 A list of recent changes made to this Module subsequent to the April 2012 revision is provided below:

Module Ref.	Change Date	Description of Changes
ARR-2.3, ARR-3.3, ARR-4.3	07/2013	Amended due date and collection process for annual fee.

### *Superseded Requirements*

- ARR-A.2.4 This Module supersedes the following provisions contained in circulars or other regulatory instruments:

Circular / other reference
Volume 6 Module CIU

- ARR-A.2.5 Further guidance on the implementation and transition to Volume 7 (Collective Investment Undertakings) is given in Module ES (Executive Summary).



<b>MODULE</b>	<b>ARR: Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-B: Definitions</b>

## **ARR- B.1 Definitions**

### **ARR-B.1.1**

**Collective investment undertakings ('CIUs') are undertakings:**

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

ARR-B.1.2 For the purposes of this Module, 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.

ARR-B.1.3 The definition recognises both open-ended funds and closed-ended funds: unit trusts, investment trusts, mutual funds, SICAV and collective investment schemes are all examples of CIUs. As further specified in Paragraph ARR-B.1.8, CIUs may be constituted under contract law (as common funds managed by management companies); trust law (as unit trusts); or under statute (as investment companies).

ARR-B.1.4 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 is liquidated. 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 another investor, rather than by dealing with the CIU itself.

ARR-B.1.5 The following arrangements do not fall within the definition given in Rule ARR-B.1.1 above:

- (a) A contract of insurance, insurance linked investment products or investments managed as part of a takaful contract of insurance;
- (b) Unrestricted investment accounts offered by Islamic bank licensees;
- (c) Restricted investment accounts offered by Islamic bank licensees prior to the effective date of Volume 7;
- (d) Unilateral arrangements:
  - (i) For a licensee to hold or manage assets on a discretionary basis;
  - (ii) To hold or manage assets on behalf of a client on a non-discretionary basis (i.e. at the discretion of the client and not the bank or other licensees).
- (e) Arrangements entirely between bodies corporate who are members of the same group, or entirely between family members;



<b>MODULE</b>	<b>ARR: Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-B: Definitions</b>

## **ARR- B.1 Definitions (continued)**

- (f) Pension, annuity and other employee benefit products, organised and managed for the benefit of employees or for another corporate body, which are governed by separate laws of the Kingdom of Bahrain (e.g. GOSI);
- (g) Structured products;
- (h) Cash savings schemes;
- (i) Special Purpose Vehicles used to issue debt securities; and
- (j) The issue of securities by companies whether publicly or by private placements for the purpose of raising their own capital.

**ARR-B.1.6** Where a person is in any doubt as to whether a particular product or structure falls within the definition of a CIU given in Rule ARR-B.1.1, such matter must be referred to the Directorate of Financial Institutions Supervision at the CBB.

**ARR-B.1.7** 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, unless otherwise agreed with the CBB.

**ARR-B.1.8** Bahrain domiciled CIUs may be constituted either as:

- (a) Common CIUs, established under the law of contract;
- (b) Trusts, established under the Financial Trusts Law; or
- (c) Corporates established under the Bahrain Commercial Companies Law.

**ARR-B.1.9** Each Bahrain domiciled CIU must have its separate legal vehicle.

ARR-B.1.10 Bahrain domiciled CIUs are classified as retail CIUs, expert CIUs or exempt CIUs. Specific definitions of each classification may be found in this Module.

**ARR-B.1.11** Overseas domiciled CIUs are undertakings that are established in and regulated by:

- (a) Recognised jurisdictions listed under Chapter ARR-6; or
- (b) Other jurisdictions acceptable to the CBB.



MODULE	ARR:	Authorisation/Registration Requirements
CHAPTER	ARR-B:	Definitions

## ARR- B.1 Definitions (continued)

### *Retail CIUs*

**ARR-B.1.12** Retail CIUs are CIUs that may be offered to all types of investors.

ARR-B.1.13 The requirements in Volume 7 are framed such that retail CIUs are subject to relatively detailed requirements, including restrictions on the types of financial instruments or other assets that may be held by the CIU, in order to limit risks to the general investor.

### *Expert CIUs*

**ARR-B.1.14** Expert CIUs are CIUs that may be offered only to expert investors, and impose a minimum initial investment of USD10,000 (or its equivalent in any other currency).

ARR-B.1.15 Expert CIUs are subject to less restrictive requirements than retail CIUs: specifically, expert CIUs have greater investment flexibility, notably in terms of asset classes and risk concentration limits. They therefore potentially offer higher risks and are only suitable for expert investors, who are better able to assess those risks than less sophisticated investors.

ARR-B.1.16 The minimum initial investment requirement specified in Rule ARR-B.1.14 means that the first payment made by an investor into the CIU must be at least USD10,000 (or its equivalent in any other currency). Subsequent investments may be for smaller amounts.

**ARR-B.1.17** Expert investors are:

- (a) Individuals holding financial assets (either singly or jointly with their spouse) of USD100,000 or more;
- (b) Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD100,000; or
- (c) Governments, supranational organisations, central banks or other national monetary authorities, local authorities and state organisations.



MODULE	ARR: Authorisation/Registration Requirements
CHAPTER	ARR-B: Definitions

## ARR-B.1 Definitions (continued)

### *Exempt CIUs*

**ARR-B.1.18** Exempt CIUs are lightly regulated CIUs that may be offered only to accredited investors, and impose a minimum initial investment of USD100,000 (or its equivalent in any other currency).

**ARR-B.1.19** Exempt CIUs are only regulated to the extent that:

- (a) They must be registered with the CBB prior to being offered to investors;
- (b) May only be offered to accredited investors; and
- (c) Are subject only to high-level disclosure and reporting requirements.

They are not subject to any restrictions on their investment policies, as a result of which they may exhibit high risk characteristics, such as high levels of leverage and the taking of large speculative positions. As such, exempt CIUs may only be offered to a highly restricted investor base (i.e. those defined as accredited investors).

ARR-B.1.20 The minimum initial investment requirement specified in Rule ARR-B.1.18 means that the first investment made by an investor into the CIU must be at least USD100,000 (or its equivalent in any other currency). Subsequent investments may be for smaller amounts. Subscriptions on commitment basis must be at the least of USD100,000 (or its equivalent in any other currency).

**ARR-B.1.21** Accredited investors are:

- (a) Individuals holding financial assets (either singly or jointly with their spouse) of USD1,000,000 or more;
- (b) Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD1,000,000; 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).

ARR-B.1.22 Note that the definition of accredited investors, compared to that of expert investors, not only imposes higher liquid asset thresholds, but also prevents local authorities, as well as state organisations whose main activity is not related to investing in financial instruments, from investing in exempt CIUs. Investors that satisfy the definition of accredited investor also satisfy the definition of expert investor.





<b>MODULE</b>	<b>ARR:</b>	<b>Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-1:</b>	<b>General Requirements</b>

## **ARR-1.1 General Requirements**

**ARR-1.1.1** No person may establish a Bahrain domiciled CIU, unless the CIU is either authorised or registered, as required under this Module.

**ARR-1.1.2** No person may offer CIU holdings to investors resident in the Kingdom of Bahrain, unless the CIU concerned is either authorised or registered, as required under this Module.

ARR-1.1.3 For the purposes of this Module, ‘offering’ CIU holdings means, by way of business, soliciting investors to purchase holdings, by whatever means. (These may include, but are not limited to, advertising in print or other media, or use of the telephone, face-to-face contact, e-mail or internet). Such activity would be viewed as offering holdings to investors resident in Bahrain, where it could reasonably be viewed as addressed to Bahrain residents (e.g. advertising in Bahrain print media, or addressing communications to Bahrain residents).

**ARR-1.1.4** The activity of offering CIU holdings to investors resident in Bahrain is a regulated activity (that of dealing in financial instruments). As such, it requires the appropriate CBB license to be held (see CBB Rulebook Volumes 1, 2 and 4). It is therefore not possible to offer CIU holdings to investors resident in Bahrain, on a ‘cross-border’ basis from outside Bahrain. Where an overseas operator of a CIU wishes to offer an overseas domiciled CIU to investors resident in Bahrain, they must themselves hold the appropriate CBB license or appoint an appropriate CBB licensee as their distributor.

**ARR-1.1.5** Bahrain domiciled retail CIUs and Bahrain domiciled expert CIUs must be authorised by the CBB prior to being established. Bahrain domiciled exempt CIUs are required only to register with the CBB.



MODULE	ARR:	Authorisation/Registration Requirements
CHAPTER	ARR-1:	General Requirements

## ARR-1.1 General Requirements (continued)

### ARR-1.1.6

Overseas domiciled CIUs must be authorised by the CBB prior to being offered to investors resident in the Kingdom of Bahrain, unless they are domiciled in a recognised jurisdiction, in which case they are only required to register with the CBB. Overseas domiciled exempt CIUs, regardless of the jurisdiction in which they are domiciled, are required only to register with the CBB.

### ARR-1.1.7

All applications for authorisation/registration of CIUs must be submitted with duly completed Form 1 CIU Application Form, under cover of a letter signed by an authorised signatory of the applicant, marked for the attention of the Director of Financial Institutions Supervision Directorate of the CBB.

ARR-1.1.8 The CBB expects the authorised signatory of the applicant to be the CEO or a person of similar standing.

ARR-1.1.9 Form 1 CIU Application Form is available under Authorisation Forms, Part B of Volume 7 (Collective Investment Undertakings) of the CBB Rulebook.



<b>MODULE</b>	<b>ARR:</b>	<b>Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-2:</b>	<b>Bahrain Domiciled Retail CIUs</b>

## **ARR-2.1 Authorisation Requirements**

### **ARR-2.1.1**

Bahrain domiciled retail CIUs must be authorised by the CBB prior to being offered to investors.

### **ARR-2.1.2**

An application for authorisation may only be made by the operator of the CIU.

### ARR-2.1.3

An applicant may appoint a representative – such as a law firm to prepare and submit the application. An applicant may also appoint the CIU's proposed fund administrator/custodian or a professional consultant to prepare and submit the application, in which case the application has to be reviewed by a professional law firm or internal legal counsel, prior to submission to the CBB. In all cases, the applicant retains full responsibility for the accuracy and completeness of the application, and is required to certify the application form accordingly. The CBB also expects to be able to liaise directly with the applicant during the authorisation process, when seeking clarification for any issues.

### **ARR-2.1.4**

In the cases where the operator is not a CBB licensee, an application for authorisation under Rule ARR-2.1.1 will only be considered if:

- (a) The operator:
  - (i) Is duly authorised to operate similar CIUs in its home jurisdiction;
  - (ii) Is supervised by an overseas regulatory authority acceptable to the CBB;
  - (iii) Has a sound track record and/or experienced management team;
  - (iv) Is financially sound according to home country regulatory requirements; and
  - (v) Is a reputable financial institution.
- (b) The operator has identified appropriate institutions licensed by the CBB, with which it would enter into service agreements in order to satisfy the administration and custody requirements; and
- (c) The operator has submitted an acceptably worded undertaking to the CBB, stating that it will abide by the CBB Law and the provisions of Volume 7.

### ARR-2.1.5

Operators are expected to maintain the criteria listed in Paragraph ARR-2.1.4 on an ongoing basis. Operators who are CBB licensees are also expected to maintain the applicable criteria listed in Paragraph ARR-2.1.4.



MODULE	ARR:	Authorisation/Registration Requirements
CHAPTER	ARR-2:	Bahrain Domiciled Retail CIUs

## ARR-2.2 Authorisation Process

### ARR-2.2.1

An application for authorisation under Rule ARR-2.1.1 must be made using Form 1 CIU Application Form, submitted under a formal cover letter signed by an authorised signatory of the applicant, together with all the supporting documentation requested.

### ARR-2.2.2

The application for authorisation must identify a representative in their capacity as the person responsible for submitting the application for the CIU. This person must be:

- (a) An officer of the operator of the CIU; and
- (b) An individual capable of being contacted by the CBB by post, telephone, fax and/or e-mail.

ARR-2.2.3 In addition to the operator's contact details, an alternative contact may be provided, such as the the lawyer in-charge of submitting the application.

ARR-2.2.4 The CBB will acknowledge applications made under Rule ARR-2.1.1 within 5 business days of receipt and provide formal feedback on the application within 20 business days of receipt. This feedback will confirm whether the application is complete, or whether further information/documents are required.

ARR-2.2.5 Should further information/documents be required, then the applicant has 90 calendar days from the date of the CBB's feedback in which to complete the application, failing which the CBB reserves the right to cancel the application and request the submission of a new one.

ARR-2.2.6 When all outstanding information/documents are submitted, the CBB will provide a formal feedback on the submitted information/documents within 20 business days of receipt.

ARR-2.2.7 If the CBB confirms the application has been satisfactorily completed, then the CBB will take a final decision within 10 business days of the CBB's confirmation that the application is complete.



MODULE	ARR:	Authorisation/Registration Requirements
CHAPTER	ARR-2:	Bahrain Domiciled Retail CIUs

## ARR-2.2 Authorisation Process (continued)

### *Granting of Authorisation*

#### ARR.2.2.8

To be granted authorisation, an applicant must demonstrate compliance with the applicable requirements of Module BDR of Volume 7. Should an authorisation be granted, the CBB will notify the applicant in writing of the fact. The authorisation may be subject to additional conditions being met.

#### ARR.2.2.9

The CIU must be launched within a period not exceeding 6 months from the date of authorisation.

#### ARR.2.2.10

Subsequent to granting authorisation, the operator is required to submit the following:

- (a) The final prospectus (and simplified prospectus, if applicable) together with all the signed contractual agreements of the CIU, and the authenticated Memorandum and Articles of Association of the fund company (if applicable), or any other constitutional documents, within one month from the date of authorisation; and
- (b) A written confirmation to the CBB stating that the CIU has been launched, within a period not exceeding 6 months from the date of authorisation.

#### ARR.2.2.11

Should for any reason the CIU not be launched within the specified timeframe of 6 months, the operator must seek the CBB's approval for an extension to launch the CIU and confirm in writing to the CBB once the CIU is launched.

#### ARR.2.2.12

The CBB will normally only exempt a CIU from the above 6 months rule if exceptional unforeseen circumstances have intervened and delayed the start of the CIU's operations, (for instance, due to a sudden downturn in markets), provided that this would not prejudice the interests of potential investors.



<b>MODULE</b>	<b>ARR:</b>	<b>Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-2:</b>	<b>Bahrain Domiciled Retail CIUs</b>

## **ARR-2.2 Authorisation Process (continued)**

### ***Refusal of Authorisation***

- ARR.2.2.13 The CBB may refuse to grant authorisation if in its opinion:
- (a) The requirements of this Module are not met;
  - (b) False or misleading information has been provided to the CBB, or information which should have been provided to the CBB has not been so provided; or
  - (c) The CBB believes it necessary in order to safeguard the interests of potential investors.
- ARR.2.2.14 Where the CBB proposes to refuse an application for authorisation, it must give the applicant written notice to that effect. Applicants have 30 calendar days from the date of the written notice to appeal the decision. The application for appeal must be made to an Executive Director or more senior official of the CBB.



MODULE	ARR:	Authorisation/Registration Requirements
CHAPTER	ARR-2:	Bahrain Domiciled Retail CIUs

## ARR-2.3 CBB Fees

### *Application Fees*

**ARR-2.3.1** Each application for authorisation made under Rule ARR-2.1.1 must be accompanied by a non-refundable BD 100 processing fee at the time of submitting the formal application to the CBB.

### *Annual Fees*

**ARR-2.3.2** Each Bahrain domiciled retail CIU authorised by the CBB is subject to an annual fee of BD 2,000. In the case of umbrella funds, each sub-fund is also charged BD 2,000 a year. The fee is payable **on the 15<sup>th</sup> January of the year for which the annual fee is due.**

**ARR-2.3.3** For newly authorised CIUs, the first annual license fee is payable when the authorisation letter is issued by the CBB. The amount payable is the annual fee of BD 2,000 on a monthly prorata basis as determined by the CBB.

ARR-2.3.4 Where authorisation is revoked, (whether at the initiative of the operator or the CBB), no refund will be paid for any months remaining in the calendar year in question.

**ARR-2.3.5** **All annual fees are collected by direct debit and all operators/trustees of CIUs must ensure that they submit to the CBB the completed Direct Debit Authorisation Form (available under Part B of Volume 7) by 15<sup>th</sup> October prior to the year for which the fees are due.**



<b>MODULE</b>	<b>ARR: Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-3: Bahrain Domiciled Expert CIUs</b>

## **ARR-3.1 Authorisation Requirements**

**ARR-3.1.1** Bahrain domiciled expert CIUs must be authorised by the CBB prior to being offered to investors.

**ARR-3.1.2** An application for authorisation may only be made by the operator of the CIU.

ARR-3.1.3 An applicant may appoint a representative – such as a law firm to prepare and submit the application. An applicant may also appoint the CIU's proposed fund administrator/custodian or a professional consultant to prepare and submit the application, in which case the application has to be reviewed by a professional law firm or internal legal counsel prior to submission to the CBB. In all cases, the applicant retains full responsibility for the accuracy and completeness of the application, and is required to certify the application form accordingly. The CBB also expects to be able to liaise directly with the applicant during the authorisation process, when seeking clarification for any issues.

**ARR-3.1.4** In cases where the operator is not a CBB licensee, an application for authorisation under Rule ARR-3.1.1 will only be considered if:

- (a) The operator:
  - (i) Is duly authorised to operate similar CIUs in its home jurisdiction;
  - (ii) Is supervised by an overseas regulatory authority acceptable to the CBB;
  - (iii) Has a sound track record and/or experienced management team;
  - (iv) Is financially sound according to its home regulatory requirements; and
  - (v) Is a reputable financial institution.
- (b) The operator has identified appropriate institutions licensed by the CBB, with which it would enter into service agreements in order to satisfy the administration and custody requirements; and
- (c) The operator has submitted an acceptably worded undertaking to the CBB, stating that it will abide by the CBB Law and the provisions of this Module.

ARR-3.1.5 Operators are expected to maintain the criteria listed in Paragraph ARR-3.1.4 on an ongoing basis. Operators who are CBB licensees are also expected to maintain the applicable criteria listed in Paragraph ARR-3.1.4.





<b>MODULE</b>	<b>ARR:</b>	<b>Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-3:</b>	<b>Bahrain Domiciled Expert CIUs</b>

## **ARR-3.2 Authorisation Process**

### **ARR-3.2.1**

An application for authorisation under Rule ARR-3.1.1 must be made using Form 1 CIU Application Form, submitted under a formal cover letter signed by an authorised signatory of the applicant, together with all supporting documentation requested.

### **ARR-3.2.2**

The application for authorisation must identify a representative in their capacity as the person responsible for submitting the application for the CIU. This person must be:

- (a) An officer of the operator of the CIU; and
- (b) An individual capable of being contacted by the CBB by post, telephone, fax and/or e-mail.

ARR-3.2.3 In addition to the operator's contact details, an alternative contact may be provided, such as the lawyer in-charge of submitting the application.

ARR-3.2.4 The CBB will acknowledge applications made under Rule ARR-3.1.1 within 5 business days of receipt and provide formal feedback on the application within 20 business days of receipt. This feedback will confirm whether the application is complete, or whether further information/documents are required.

ARR-3.2.5 Should further information/documents be required, then the applicant has 90 calendar days from the date of the CBB's feedback in which to complete the application, failing which the CBB reserves the right to cancel the application and request the submission of a new one.

ARR-3.2.6 When all outstanding information/documents are submitted, the CBB will provide a formal feedback on the submitted information/documents within 20 business days of receipt.

ARR-3.2.7 If the CBB confirms the application to be satisfactorily completed, then the CBB will take a final decision within 10 business days of the CBB's confirmation that the application is complete.



MODULE	ARR:	Authorisation/Registration Requirements
CHAPTER	ARR-3:	Bahrain Domiciled Expert CIUs

## ARR-3.2 Authorisation Process (continued)

### *Granting of Authorisation*

- ARR-3.2.8** To be granted authorisation, an applicant must demonstrate compliance with the applicable requirements in Module BDE of Volume 7. Should authorisation be granted, the CBB will notify the applicant in writing of the fact. The authorisation may be subject to additional conditions being met.
- ARR-3.2.9** The CIU must be launched within a period not exceeding six months from the date of authorisation.
- ARR-3.2.10** Subsequent to granting authorisation, the operator is required to submit the following:
- The final prospectus (and simplified prospectus, if applicable) together with the all signed contractual agreements of the CIU, and the authenticated Memorandum and Articles of Association of the fund company (if applicable), or any other constitutional documents, within one month from the date of authorisation; and
  - A written confirmation to the CBB stating that the CIU has been launched, within a period not exceeding 6 months from the date of authorisation.
- ARR-3.2.11** Should for any reason the CIU not be launched within the specified timeframe of 6 months, the operator must seek the CBB's approval for an extension to launch the CIU and confirm in writing to the CBB once the CIU is launched.
- ARR-3.2.12** The CBB will normally only exempt a CIU from the above 6 months rule if exceptional unforeseen circumstances have intervened and delayed the start of the CIU's operations, (for instance, due to a sudden downturn in markets), provided that this would not prejudice the interests of potential investors.



<b>MODULE</b>	<b>ARR:</b>	<b>Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-3:</b>	<b>Bahrain Domiciled Expert CIUs</b>

## **ARR-3.2 Authorisation Process (continued)**

### ***Refusal of Authorisation***

- ARR-3.2.13 The CBB may refuse to grant authorisation if in its opinion:
- (a) The requirements of this Module are not met;
  - (b) False or misleading information has been provided to the CBB, or information which should have been provided to the CBB has not been so provided; or
  - (c) The CBB believes it necessary in order to safeguard the interests of potential investors.
- ARR-3.2.14 Where the CBB proposes to refuse an application for authorisation, it must give the applicant written notice to that effect. Applicants have 30 calendar days from the date of the written notice to appeal the decision. The application for appeal must be made to an Executive Director or more senior official of the CBB.



MODULE	ARR:	Authorisation/Registration Requirements
CHAPTER	ARR-3:	Bahrain Domiciled Expert CIUs

### ARR-3.3 CBB Fees

#### *Application Fees*

**ARR-3.3.1** Each application for authorisation made under Rule ARR-3.1.1 must be accompanied by a non-refundable BD100 processing fee at the time of submitting the formal application to the CBB.

#### *Annual Fees*

**ARR-3.3.2** Each Bahrain domiciled expert CIU authorised by CBB is subject to an annual fee of BD2,000. In the case of umbrella funds, each sub-fund is also charged BD2,000 a year. The fee is payable **on the 15<sup>th</sup> January of the year for which the annual fee is due.**

**ARR-3.3.3** For newly authorised CIUs, the first annual license fee is payable when the authorisation letter is issued by the CBB. The amount payable is the annual fee of BD2,000 on a monthly prorata basis as determined by the CBB.

ARR-3.3.4 Where authorisation is revoked, (whether at the initiative of the operator or the CBB), no refund is paid for any months remaining in the calendar year in question.

**ARR-3.3.5** **All annual fees are collected by direct debit and all operators/trustees of CIUs must ensure that they submit to the CBB the completed Direct Debit Authorisation Form (available under Part B of Volume 7) by 15<sup>th</sup> October prior to the year for which the fees are due.**



MODULE	ARR:	Authorisation/Registration Requirements
CHAPTER	ARR-4:	Bahrain Domiciled Exempt CIUs

## ARR-4.1 Registration Requirements

**ARR-4.1.1** Bahrain domiciled exempt CIUs must be registered with the CBB prior to their being offered to investors.

ARR-4.1.2 Bahrain domiciled exempt CIUs are not subject to the CBB's authorisation or on-going supervisory requirements. The registration requirement is to allow the CBB to monitor developments in the financial services sector.

**ARR-4.1.3** An application for registration may only be made by the operator of the CIU.

ARR-4.1.4 An applicant may appoint a representative – such as a law firm to prepare and submit the application. An applicant may also appoint the CIU's proposed fund administrator/custodian or a professional consultant to prepare and submit the application, in which case the application has to be reviewed by a professional law firm or internal legal counsel prior to submission to the CBB. In all cases, the applicant retains full responsibility for the accuracy and completeness of the application, and is required to certify the application form accordingly. The CBB also expects to be able to liaise directly with the applicant during the registration process, when seeking clarification of any issues.

**ARR-4.1.5** In cases where the operator is not a CBB licensee, an application for registration under Rule ARR-4.1.1 will only be considered, if:

- (a) The operator:
  - (i) Is duly authorised to operate similar CIUs in its home jurisdiction (if applicable);
  - (ii) Is supervised by an overseas regulatory authority acceptable to the CBB (if applicable);
  - (iii) Has a sound track record and/or experienced management team;
  - (iv) Is financially sound according to its home regulatory requirements; and
  - (v) Is a reputable financial institution.
- (b) The operator has identified appropriate institutions licensed by the CBB, with which it would enter into service agreements in order to satisfy the administration and custody requirements contained in this Module; and
- (c) The operator has submitted an acceptably worded undertaking to the CBB, stating that it will abide by the CBB Law and the provisions of this Module (if applicable).

ARR-4.1.6 Operators are expected to maintain the criteria listed in Paragraph ARR-4.1.5 on an ongoing basis. Operators who are CBB licensees are also expected to maintain the applicable criteria listed in Paragraph ARR-4.1.5.



<b>MODULE</b>	<b>ARR:</b>	<b>Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-4:</b>	<b>Bahrain Domiciled Exempt CIUs</b>

## **ARR-4.2 Registration Process**

### **ARR-4.2.1**

An application for registration under Rule ARR-4.1.1 must be made using Form 1 CIU Application Form, submitted under a formal cover letter signed by an authorised signatory of the applicant, together with all supporting documentation requested.

### **ARR-4.2.2**

The application for registration must identify a representative in their capacity as the person responsible for submitting the application for the CIU. This person must be:

- (a) An officer of the operator of the CIU; and
- (b) An individual capable of being contacted by the CBB by post, telephone, fax and/or e-mail.

ARR-4.2.3 In addition to the operator's contact details, an alternative contact may be provided, such as the lawyer in-charge of submitting the application.

ARR-4.2.4 The CBB's review of applications for registration are mainly limited to satisfying itself that the exemption conditions specified in the Bahrain domiciled exempt CIUs Chapter of this Module are likely to be complied with. CBB does not review the proposed structure or operations in detail, although it reserves the right to seek appropriate confirmations or additional information from the applicant.

ARR-4.2.5 The CBB will acknowledge applications made under Rule ARR-4.1.1 within 5 business days of receipt and provide formal feedback on the application within 15 business days of receipt. This feedback will confirm whether the application is complete, or whether further information/documents are required.

ARR-4.2.6 Should further information/documents be required, then the applicant has 90 calendar days from the date of the CBB's feedback in which to complete the application, failing which the CBB reserves the right to cancel the application and request the submission of a new one.

ARR-4.2.7 When all outstanding information/documents are submitted, the CBB will provide a formal feedback on the submitted information/documents within 15 business days of receipt.



MODULE	ARR:	Authorisation/Registration Requirements
CHAPTER	ARR-4:	Bahrain Domiciled Exempt CIUs

## ARR-4.2 Registration Process (continued)

ARR-4.2.8 If the CBB confirms the application to be satisfactorily completed, then the CBB will take a final decision within 10 business days of the CBB's confirmation that the application is complete.

### *Granting of Registration*

**ARR-4.2.9** To be registered, an applicant must demonstrate compliance with the exemption conditions specified in Module BDX of Volume 7. Should the application for registration be accepted, the CBB will notify the applicant in writing of the fact. The registration may be subject to additional conditions being met.

**ARR-4.2.10** The CIU must be launched within a period not exceeding six months from the date of registration.

**ARR-4.2.11** Subsequent to registration, the operator is required to submit the following:

- (a) The final prospectus (and simplified prospectus, if applicable) together with all the signed contractual agreements of the CIU, and the authenticated Memorandum and Articles of Association of the fund company (if applicable), or any other constitutional documents, within one month from the date of registration; and
- (b) A written confirmation to the CBB stating that the CIU has been launched, within a period not exceeding 6 months from the date of registration.

**ARR-4.2.12** Should for any reason the CIU not be launched within the specified timeframe of 6 months, the operator must seek the CBB's approval for an extension to launch the CIU and confirm in writing to the CBB once the CIU is launched.

ARR-4.2.13 The CBB will normally only exempt a CIU from the above 6 months rule if exceptional unforeseen circumstances have intervened and delayed the start of the CIU's operations, (for instance, due to a sudden downturn in markets), provided that this would not prejudice the interests of potential investors.



MODULE	ARR:	Authorisation/Registration Requirements
CHAPTER	ARR-4:	Bahrain Domiciled Exempt CIUs

## ARR-4.2 Registration Process (continued)

### *Refusal of Registration*

- ARR-4.2.14 The CBB may refuse to register a Bahrain domiciled exempt CIU, if in its opinion:
- (a) The exemption requirements in the Bahrain domiciled exempt CIU Chapter of this Module are unlikely to be met;
  - (b) False or misleading information has been provided to the CBB, or information which should have been provided to the CBB has not been so provided; or
  - (c) The CBB believes it necessary in order to safeguard the interests of potential investors.
- ARR-4.2.15 Where the CBB proposes to refuse an application for registration, it must give the applicant written notice to that effect. Applicants have 30 calendar days from the date of the written notice to appeal the decision. The application for appeal must be made to an Executive Director or more senior official of the CBB.





MODULE	ARR:	Authorisation/Registration Requirements
CHAPTER	ARR-4:	Bahrain Domiciled Exempt CIUs

## ARR-4.3 CBB Fees

### *Application Fees*

- ARR-4.3.1** Each application for registration made under Rule ARR-4.1.1 must be accompanied by a non-refundable BD100 processing fee at the time of submitting the formal application.
- ARR-4.3.2** Each Bahrain domiciled exempt CIU registered by CBB is subject to an annual fee of BD2,000. In the case of umbrella funds, each sub-fund is also charged BD2,000 a year. The fee is payable **on the 15<sup>th</sup> January of the year for which the annual fee is due.**
- ARR-4.3.3** For newly registered CIUs, the first annual license fee is payable when the registration letter is issued by the CBB. The amount payable is the annual fee of BD2,000 on monthly prorata basis as determined by the CBB.
- ARR-4.3.4 Where the CIU is de-registered, (whether at the initiative of the operator or the CBB), no refund is paid for any months remaining in the calendar year in question.
- ARR-4.3.5** **All annual fees are collected by direct debit and all operators/trustees of CIUs must ensure that they submit to the CBB the completed Direct Debit Authorisation Form (available under Part B of Volume 7) by 15<sup>th</sup> October prior to the year for which the fees are due.**



MODULE	ARR:	Authorisation/Registration Requirements
CHAPTER	ARR-5:	Overseas Domiciled CIUs

## ARR-5.1 Classification of Overseas Domiciled CIUs

ARR-5.1.1 The CBB classifies overseas domiciled CIUs as retail, expert or exempt, based on the risk profile of the CIU. As a result of the classification, the CBB may impose a higher minimum investment amount than that prescribed in the offering memorandum.

### *Overseas Domiciled Retail/Expert CIUs*

**ARR-5.1.2** Overseas domiciled retail/expert CIUs, domiciled in a recognised jurisdiction, (see Chapter ARR-6), are required to be registered with the CBB prior to being offered to investors resident in the Kingdom of Bahrain.

**ARR-5.1.3** Overseas domiciled retail/expert CIUs, which are not domiciled in a recognised jurisdiction, (see Chapter ARR-6), must be authorised by the CBB prior to being offered to investors resident in the Kingdom of Bahrain.

### *Overseas Domiciled Exempt CIUs*

**ARR-5.1.4** Overseas domiciled exempt CIUs are required only to be registered with the CBB, regardless of the jurisdiction in which they are domiciled.



<b>MODULE</b>	<b>ARR:</b>	<b>Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-5:</b>	<b>Overseas Domiciled CIUs</b>

## **ARR-5.2 Registration and Authorisation Process**

**ARR-5.2.1** Only CBB licensees that are licensed either as conventional bank licensees (Volume 1 of the CBB Rulebook), Islamic bank licensees (Volume 2) or investment firm licensees (Volume 4 – Categories 1 and 2 only), may offer overseas domiciled CIUs in Bahrain.

ARR-5.2.2 Applications for registration or authorisation may only be made by the CBB licensee that is proposing to offer the CIU to investors in Bahrain.

**ARR-5.2.3** In authorising/registering overseas domiciled CIUs which are Shari'a compliant, the CBB expects such CIUs to meet the requirements outlined in Module SCC of Volume 7. Alternatively, the CBB may accept other specific arrangements as having equivalent effect.

ARR-5.2.4 Alternatively, the CBB may accept other specific arrangements as having equivalent effect for purposes of Paragraph ARR-5.2.5.

**ARR-5.2.5** An application for registration or authorisation of an overseas domiciled CIU must be made using Form 1 CIU Application Form, submitted under a formal cover letter signed by an authorised signatory of the applicant, together with all supporting documentation requested.

**ARR-5.2.6** The application for registration or authorisation must identify a representative in their capacity as the person responsible for submitting the application. This person must be:

- (a) A senior officer at the CBB licensee that is proposing to offer the CIU to investors in Bahrain; and
- (b) An individual capable of being contacted by the CBB by post, telephone, fax and/or e-mail.

ARR-5.2.7 The CBB's review of applications for registration is mainly limited to satisfying itself that the applicant satisfies the conditions specified in the relevant Rules pertaining to the category of scheme it falls under (i.e. retail CIU, expert CIU or exempt CIU). This may require seeking confirmation of the CIU's regulatory status from its home regulator, and reviewing the CIU's documentation (such as promotional material and its prospectus). The CBB does not however review the proposed structure or operations in detail, although it reserves the right to seek appropriate confirmations or additional information/documentation from the applicant.



<b>MODULE</b>	<b>ARR:</b>	<b>Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-5:</b>	<b>Overseas Domiciled CIUs</b>

## **ARR-5.2 Registration and Authorisation Process (continued)**

- ARR-5.2.8 The CBB's review of applications for authorisation is mainly limited to satisfying itself that the CIU for which authorisation is sought has an equivalent structure to Bahrain domiciled CIUs falling under the same category. The CBB reserves the right to seek appropriate confirmations or additional information/documentations from the applicant.
- ARR-5.2.9 The CBB expects the CBB licensee applying for registration or authorisation of an overseas domiciled CIU to satisfy itself that the CIU's operator is a licensed and/or authorised entity eligible to undertake the activity of operating CIUs. The CBB reserves the right to seek information pertaining to the operator's regulatory status, including requesting a copy of its license and/or authorisation.
- ARR-5.2.10 The CBB provides feedback on an application within 15 business days of the application being received by the CBB. The feedback will confirm whether the application is complete, or whether further information/documents are required.
- ARR-5.2.11 Should further information/documents be required, then the applicant has 45 calendar days from the date of the CBB's feedback in which to complete the application, failing which the CBB reserves the right to cancel the application.
- ARR-5.2.12 When all outstanding information/documents are submitted, the CBB will provide a formal feedback on the submitted information/documents within 15 business days of receipt.
- ARR-5.2.13 If the CBB confirms the application to be complete, then the CBB will take a final decision within 10 business days of the CBB's confirmation that the application is complete.

### ***Granting of Registration or Authorisation***

- ARR-5.2.14** To be registered or authorised, an applicant must demonstrate that it will comply with the conditions specified in Module ODC of Volume 7 pertaining to the category of scheme it falls under (i.e. retail CIU, expert CIU or exempt CIU). Should the application for registration or authorisation be accepted, the CBB will notify the applicant in writing of the fact. The registration or authorisation may be subject to additional conditions being met.



<b>MODULE</b>	<b>ARR:</b>	<b>Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-5:</b>	<b>Overseas Domiciled CIUs</b>

## **ARR-5.2 Registration and Authorisation Process (continued)**

### ***Decision to Refuse Registration or Authorisation***

- ARR-5.2.15 The CBB may refuse to register or authorise an overseas domiciled CIU, if in its opinion:
- (a) The conditions in the relevant Rules (as appropriate) are not met;
  - (b) False or misleading information has been provided to the CBB, or significant information which should have been provided to the CBB has not been so provided; or
  - (c) The CBB believes it necessary in order to safeguard the interests of potential investors.
- ARR-5.2.16 Where the CBB proposes to refuse an application for registration or authorisation, it must give the applicant written notice to that effect. Applicants have 30 calendar days from the date of the written notice to appeal the decision.

<b>MODULE</b>	<b>ARR: Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-6: Recognised Jurisdictions</b>

## ARR-6.1 Recognised Jurisdictions

**ARR-6.1.1** Recognised jurisdictions for the purposes of this Module are:

Jurisdiction	Fund Type
Australia	A retail fund established and registered under the Managed Investment CIU provisions of the Corporations Act (Chapter 5 C) 2001 where the Australian Securities and Investments Commission ('ASIC') has approved the constitution of the CIU.
Bermuda	An "investment fund" authorised by the Bermuda Monetary Authority as defined under section 3 of the Investment Funds Act 2006.
Canada	A mutual fund which has been authorised by any of the 13 respective Canadian provincial regulatory authorities in accordance with National Instrument 81-101 and National Instrument 81-102 issued by the Canadian Securities Administrators (CSA).
Cayman Islands	A mutual fund that is licensed by the Cayman Islands Monetary Authority under the Mutual Funds Law (2003 Revision) and the Mutual Funds (Amendment) Regulations 2006.
European Economic Area	A UCITS compliant fund or CIU, authorised by the relevant EEA State's regulator as a UCITS fund or CIU. EEA Member States are Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.
<u>GCC</u> Countries	Any fund incorporated in a <u>GCC</u> member state, authorised and supervised by the central bank or other appropriate regulatory authority, to a standard equivalent to those in this Module. <u>GCC</u> Member States (besides Bahrain) are Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.
Guernsey	Any authorised CIU (within the meaning of the Collective Investment CIUs (Class A) Rules 2002, as amended by the Collective Investment CIUs (Class A) Rules 2000 (Amendment) Rules 2003), managed in and authorised under the law of Guernsey.

<b>MODULE</b>	<b>ARR: Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-6: Recognised Jurisdictions</b>

## ARR-6.1 Recognised Jurisdictions (continued)

Jurisdiction	Fund Type
Ireland	The following CIUs, in addition to any UCITs compliant fund or CIU (see EEA Member States above): non-UCIT funds licensed by the Financial Regulator under the Investment Funds, Companies and Miscellaneous Provisions Act 2005.
Isle of Man	Any CIU which is an authorised CIU within the meaning of the Financial Supervision Act 1988 (an Act of Tynwald) (as last amended by the Corporate Service Providers Act 2000), where the CIU is managed in and authorised under the law of the Isle of Man.
Jersey	Any CIU which is a recognised fund within the meaning of the Collective Investment Funds (Recognised Funds) (Rules) (Jersey) Order 2003, managed in and authorised under the law of Jersey.
Luxembourg	The following CIUs, in addition to any UCITs compliant fund or CIU (see EEA Member States above): (a) Undertaking for Collective Investments (UCIs) as registered under Part II of the Law of 1988 Relating to Undertakings for Collective Investment; and (b) Funds registered under the Law Of 13 <sup>th</sup> February, 2007 Relating To Specialised Investment Funds.
New Zealand	A unit trust authorised under the Unit Trusts Act 1960 and in accordance with the interpretation of section 2 of that act.
Singapore	A collective investment CIU authorised by the Monetary Authority of Singapore under section 286 of the Securities and Futures Act, and whose units may be offered to the general public.
South Africa	A collective investment CIU which is registered with the Financial Services Board under the Collective Investment CIUs Control Act (Act 45 of 2002) of 2002 (“CISCA”).
Switzerland	A securities fund which corresponds to a UCITs fund in accordance with the Swiss Investment Fund Act and where the manager is licensed by the Swiss Federal Banking Commission.

<b>MODULE</b>	<b>ARR: Authorisation/Registration Requirements</b>
<b>CHAPTER</b>	<b>ARR-1: General Requirements</b>

## ARR-6.1 Recognised Jurisdictions (continued)

Jurisdiction	Fund Type
United Kingdom	<p>The following CIUs, in addition to any UCITs compliant fund or CIU (see EEA Member States above):</p> <p>(a) Unit trust CIUs authorised under section 243 of the Financial Services and Markets Act 2000 (FSMA), authorised open ended investment companies incorporated by virtue of regulations made under section 262 of FSMA in respect of which an authorisation order is in force; and</p> <p>(b) Authorised Qualified Investor CIUs whether in the form of a unit trust or an investment company with variable capital.</p>
United States of America	<p>A collective investment CIU registered under the Investment Company Act of 1940, which has also registered the offering of its securities under the Securities Act of 1933 and where the registration statement has become effective in accordance with the Securities and Exchange Commission's Regulations and the Operator is registered with the SEC.</p>