RELEVANT PERSONS MODULE

Volume 7 **Collective Investment Undertakings**

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MODULE	RP:	Relevant Persons
CHAPTER	RP-A:	Introduction

RP-A.1 Purpose

Executive Summary

RP-A.1.1 This Module sets out the requirements of the Central Bank of Bahrain's (CBB) with respect to the combination, appointment and responsibilities of <u>Relevant Persons</u> to <u>CIUs</u>.

Legal Basis

RP-A.1.2

This Module contains the CBB's Directive (as amended from time to time) regarding <u>relevant persons</u> under Volume 7 of the CBB Rulebook. It is issued under the powers available to the CBB under Article 38 of the Central Bank of Bahrain and Financial Institutions Law 2006 ('CBB Law'). This Directive is applicable to all <u>CBB licensees</u> that are <u>relevant persons</u>.

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

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MODULE	RP:	Relevant Persons
CHAPTER	RP-A:	Introduction

RP-A.2 Module History

Evolution of Module

- RP-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 <u>CIUs</u>.
- RP-A.2.2 The Module was subsequently revised in April 2012, by the addition of several sections catering for the role and responsibilities of <u>relevant persons</u>, the registration and authorisation requirements, corporate governance, and other relevant Chapters and has been reissued as Volume 7.
- RP-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						
RP-12.4.1	07/2015	Amended to reflect the process for filing for exempt and expert CIUs.						
RP-12.6.2	07/2015	Added requirement for placement agent to retain supporting documentation ensuring suitability of the CIU for the targeted category of investors.						

Superseded Requirements

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



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



MODULE	RP:	Relevant Persons
CHAPTER	RP-1:	Appointment of Relevant Persons

RP-1.1 General Requirements

RP-1.1.1

A <u>relevant person</u> for the purpose of Volume 7, is the:

- (a) Operator;
- (b) <u>Trustee</u> (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) <u>CBB Licensee</u> acting as a <u>Placement Agent</u> offering <u>overseas</u> domiciled <u>CIU</u> holdings to investors resident in the Kingdom of Bahrain.

RP-1.1.2

Throughout this Module, reference to <u>relevant persons</u> (a) to (i) is made in relation to <u>Bahrain domiciled CIUs</u>. Reference to <u>relevant person</u> (j) is made in relation to <u>overseas domiciled CIUs</u>; however, the CBB expects <u>overseas domiciled CIUs</u> to have in place relevant persons similar to (a) to (i) appointed in their home jurisdiction.

Combination of Relevant Persons

RP-1.1.3

Where <u>relevant persons</u> functions are combined and the <u>CIU</u> is structured as a Common <u>CIU</u> or Corporate, the following combination of <u>relevant persons</u> must be observed:

Relevant	<u>Operator</u>	<u>Fund</u>	Custodian	<u>Fund</u>	Registrar/	<u>Placeme</u>	Inv. Advisor	<u>External</u>
Person		Manager		Admin.	<u>Transfer</u>	nt Agent		<u>Auditor</u>
					<u>Agent</u>			
	(a)	(c)	(d)	(e)	(f)	(g)	(h)	(1)
<u>Operator</u>		yes	no	no	no	yes	yes	no
- 1								
<u>Fund</u>	yes		no	no	no	yes	no	no
<u>Manager</u>								
Custodian	no	no		yes	yes	no	no	no
Fund	no	no	yes		yes	no	no	no
Admin.								
Registrar/	no	no	yes	yes		no	no	no
<u>Transfer</u>								
<u>Agent</u>								
Placement	yes	yes	no	no	no		yes	no
<u>Agent</u>								
<u>Investment</u>	yes	no	no	no	no	yes		no
<u>Advisor</u>								
<u>External</u>	no	no	no	no	no	no	no	
<u>Auditor</u>								

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MODULE	RP:	Relevant Persons	
CHAPTER	RP-1:	Appointment of Relevant Persons	

RP-1.1 General Requirements (continued)

RP-1.1.4

Where relevant persons functions are combined and the CIU is structured as a trust, the following combination of relevant persons must be observed:

Relevant	<u>Trustee</u>	<u>Fund</u>	Custodian	<u>Fund</u>	Registrar/	<u>Placeme</u>	Inv. Advisor	<u>External</u>
<u>Person</u>		Manager		Admin.	<u>Transfer</u>	nt Agent		<u>Auditor</u>
					<u>Agent</u>			
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Trustee		no	yes	yes	yes	no	no	no
<u>Fund</u>	no		no	no	no	yes	no	no
<u>Manager</u>								
Custodian	yes	no		yes	yes	no	no	no
<u>Fund</u>	yes	no	yes		yes	no	no	no
Admin.								
Registrar/	yes	no	yes	yes		no	no	no
<u>Transfer</u>								
<u>Agent</u>								
<u>Placement</u>	no	yes	no	no	no		yes	no
Agent							-	
Investment	no	no	no	no	no	yes		no
<u>Advisor</u>								
<u>External</u>	no	no	no	no	no	no	no	
<u>Auditor</u>								

RP-1.1.5 In applying Rules RP-1.1.3 and RP-1.1.4 above, relevant persons who are related parties or from the same group will not be considered independent from each other, and as such will not be permitted to act in the capacity intended.

RP-1.1.6

Bahrain domiciled CIUs must appoint separate entities to act as each of the relevant persons listed under Rule RP-1.1.1, as appropriate.

RP-1.1.7

The appointment of <u>relevant persons</u> (a), (c), (d), (e), (f), (g) and (i) is mandatory for Bahrain domiciled CIUs. In the case of CIUs structured as trusts, the appointment of relevant person (b) in place of (a) is mandatory in addition to (c), (d), (e), (f), (g) and (i). The appointment of relevant person (h) is optional for all Bahrain domiciled CIUs.

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MODULE	RP:	Relevant Persons	
CHAPTER	RP-1:	Appointment of Relevant Persons	

RP-1.2 Operator/Trustee

- RP-1.2.1 The initial appointment of the operator/trustee of a Bahrain domiciled CIU will be approved by the CBB as part of the process of authorisation/registration outlined in Module ARR.
- RP-1.2.2 The list of documents required to be submitted along with the initial appointment are listed in Form 1 CIU Application Form.
- **RP-1.2.3** Termination of the approved operator/trustee is not permitted by the CBB, without obtaining for the proposed replacement, the necessary prior written approval of the CBB and submitting the documents listed under Rule RP-1.2.4.
- RP-1.2.4 The documents that must submitted to the CBB in support of an application for a subsequent appointment of an operator/trustee include, but are not limited to, the following:
 - Board Resolutions from the BODs of the existing and proposed operator/trustee satisfying the Rule RP-1.2.3;
 - A copy of the license certificate of the proposed operator/trustee (b) (if a non CBB Licensee);
 - A 'no-objection' letter from the home regulatory authority of the proposed operator/trustee (if a non CBB Licensee);
 - (d) The audited financial statements of the proposed operator/trustee for the last 3 years (if a non CBB Licensee); and
 - A Form 1 CIU Application form, duly completed by the proposed (e) operator/trustee.

MODULE	RP:	Relevant Persons	
CHAPTER	RP-1:	Appointment of Relevant Persons	

RP-1.3 Other Relevant Persons

RP-1.3.1

All <u>relevant persons</u> of a <u>Bahrain domiciled CIU</u> must be appointed by the <u>operator/trustee</u> of the <u>CIU</u>, after it conducts an assessment and is satisfied as to the suitablitly of the <u>relevant person</u> to undertake that role, prior to entering into an agreement with the <u>operator/trustee</u> of the CIU.

- RP-1.3.2 The CBB will consider the suitability of the <u>relevant persons</u> of a <u>CIU</u> initially, as part of the registration/authorisation process.
- RP-1.3.3 The list of documents required to be submitted along with the initial appointment are listed in Form 1 CIU Application Form.
- Appointments subsequent to granting authorisation of a <u>Bahrain</u> domiciled retail <u>CIU</u> or <u>Bahrain domiciled expert <u>CIU</u> must be approved by the CBB, prior to the termination of the agreement with</u>

the existing relevant person.

RP-1.3.5

The documents that must be submitted to the CBB in support of an application for a subsequent appointment of a <u>relevant person</u> include, but are not limited, to the following:

- (a) A Board Resolution from the BOD of the <u>CIU</u> approving the appointment;
- (b) The draft contractual agreement with the relevant person;
- (c) The draft amendment to the prospectus;
- (d) A copy of license certificate for non-<u>CBB licensee</u> relevant persons; and
- (e) The audited financial statements for the last 3 years for the <u>fund</u> manager only, in case the <u>fund manager</u> is a non-<u>CBB licensee</u>.
- RP-1.3.6

Appointments subsequent to granting approval for registration of a <u>Bahrain domiciled exempt CIU</u> must be notified to the CBB 3 months prior to the effective termination date of the agreement with the existing <u>relevant person</u>.

RP-1.3.7

Overseas domiciled CIUs must appoint an eligible CBB licensee to offer their holdings to residents in Bahrain.

MODULE	RP:	Relevant Persons
CHAPTER	RP-2:	Market Conduct of Relevant Persons

RP-2.1 General Requirements

RP-2.1.1

<u>Relevant persons</u> must maintain proper standards of market conduct, in relation to their role with respect to a <u>CIU</u>, in addition to any applicable legal and regulatory requirements, such as those imposed on them by virtue of their license and/or authorisation.

RP-2.1.2

To demonstrate compliance with Rule RP-2.1.1 above, <u>relevant persons</u> must, in relation to their role with respect to a <u>CIU</u>:

- (a) Observe high standards of integrity and fair dealing, including being honest and straightforward in their dealings with clients;
- (b) Take all reasonable steps to identify, and prevent or manage, potential or actual conflicts of interest that could harm the interests of <u>CIU participants</u> (such steps must include, wherever appropriate, declaring such conflicts);
- (c) Act with due skill, care and diligence;
- (d) Act impartially and refrain from any action which may be to the advantage of one <u>CIU</u> and/or its <u>participants</u>, at the expense of another <u>CIU</u> and/or its <u>participants</u>;
- (e) Observe in full any obligations of confidentiality, including with respect to client information. This requirement does not over-ride lawful disclosures;
- (f) Observe proper standards of market conduct, and avoid action that would generally be viewed as improper;
- (g) Take reasonable care to safeguard the assets of the <u>CIU</u> for which they are responsible, and ensure that those assets are kept separate from their own assets and are separately identifiable from the assets of other <u>CIUs</u> with which they are involved;
- (h) Pay due regard to the legitimate interests and information needs of the clients and communicate with them in a fair and transparent manner;
- (i) Act in an open and co-operative manner with the CBB and other regulatory/supervisory bodies under whose authority they come under. They should take reasonable care to ensure that their activities comply with the requirements of Volume 7, all applicable Laws and Regulations (including the Commercial Companies Law), the <u>prospectus</u> of the <u>CIU</u>, and the provisions of the contractual agreements signed with the <u>CIU</u>;

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MODULE	RP:	Relevant Persons	
CHAPTER	RP-2:	Market Conduct of Relevant Persons	

RP-2.1 General Requirements (continued)

- (j) Take all reasonable steps to rectify any failure to comply with the obligations specified in Sup-paragraph (i), and to notify the CBB of such a breach as soon as it becomes aware of the fact;
- (k) Maintain adequate human, financial and other resources sufficient to run the CIU in an orderly manner;
- (l) Keep accurate accounts and records for each <u>CIU</u> for which it holds assets;
- (m) Take reasonable care to ensure that their affairs are managed effectively and responsibly, with appropriate systems and controls in relation to the size and complexity of their operations. Their systems and controls, as far as is reasonably practical, should also be sufficient to manage the level of risk inherent in their business; and
- (n) Ensure that when outsourcing functions, such outsourcing is properly controlled and that ultimate responsibility for the proper discharge of those functions is retained by the <u>relevant person</u> concerned.

RP-2.1.3

<u>Bahrain domiciled CIUs</u> must, in their terms of engagement with all <u>relevant persons</u>, provide for them to report to the CBB in writing without delay, if they become aware of any of the following:

- (a) The information provided to the <u>CIU's participants</u> or the CBB does not truly reflect the financial situation of the CIU;
- (b) There has been a material breach of the requirements of this Volume 7, the <u>CIU</u> documents, or any directions issued by the CBB;
- (c) There exist circumstances that may materially affect the ability of the <u>CIU</u> to fulfill its obligations to the <u>CIU</u> participants;
- (d) There are material defects in the financial systems, controls or accounting records of the <u>CIU</u>;
- (e) There are material inaccuracies in any reporting provided to the CBB; or
- (f) In the case of the <u>external auditor</u>, if they are likely to qualify any opinion they are to provide in relation to the financial statements of the <u>CIU</u>.

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MODULE	RP:	Relevant Persons	
CHAPTER	RP-2:	Market Conduct of Relevant Persons	

RP-2.1 General Requirements (continued)

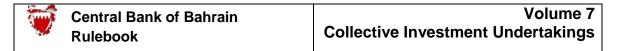
RP-2.1.4

A <u>relevant person</u> of a <u>Bahrain domiciled CIU</u> is presumed by the CBB to be liable for losses suffered by a <u>participant</u> because of that <u>relevant person's</u> unjustifiable failure to perform their/its obligations required under the <u>CIU</u> documents or Volume 7. CBB rules do not permit <u>relevant persons</u> to rely on disclaimers (written or otherwise) that have the effect of restricting their liability beyond what is reasonable and customary in the fund management industry

RP-2.1.5

All <u>relevant persons</u> of <u>Bahrain domiciled CIUs</u> must act in an open and co-operative manner with the CBB and provide it with any information/documentation upon the CBB's request.

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MODULE	RP:	Relevant Persons
CHAPTER	RP-3:	Operator

RP-3.1 Definition

RP-3.1.1

An <u>operator</u> of a <u>CIU</u> is the person undertaking the functions of establishing, operating, including full oversight of the corporate governance on the <u>CIU</u>, or winding up of a <u>CIU</u>.

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CHAPTER	RP-3:	Operator

RP-3.2 Required Country of Domicile

Operators must be domiciled in a reputable jurisdiction acceptable to the CBB.

In the case that the <u>operator</u> is not a <u>CBB licensee</u>, it must appoint a locally domiciled <u>CIU representative</u>, being the <u>custodian</u> or the <u>fund administrator</u>, to act as a liaison with the <u>CBB</u> and the <u>CIU participants</u>. Such appointment must be stated in the <u>prospectus</u>.

MODULE	RP:	Relevant Persons
CHAPTER	RP-3:	Operator

RP-3.3 Required Type of License

- The <u>operator</u> of a <u>Bahrain domiciled CIU</u> must be acceptable to the CBB.
- Operators must hold an appropriate license from the CBB or from a regulatory authority, acceptable to the CBB and permitting the entity to establish and operate <u>CIUs</u>.
- In applying Rule RP-3.3.2, the CBB will take into account the criteria listed under Rules ARR-2.1.4, ARR-3.1.4 and ARR-4.1.5 of Module ARR.

MODULE	RP:	Relevant Persons
CHAPTER	RP-3:	Operator

RP-3.4 Duties

RP-3.4.1

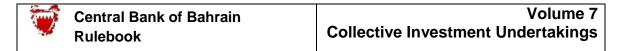
The minimum duties of <u>operators</u> of <u>CIUs</u> authorised or registered under Module ARR, which must be executed through the appointed Board of the <u>CIU</u>, as appropriate, include but are not limited to the following:

- (a) Take all steps as may reasonably be required for the purposes of registering/authorising, establishing, operating and winding up the CIU:
- (b) Maintain all the documents pertaining to the <u>CIU</u>, consistent, current and updated, in line with applicable laws and regulations, and as approved by or notified to the CBB, as appropriate;
- (c) Make available to the <u>CIU participants</u>, on a prompt basis, copies of the following documents, including but not limited to:
 - (i) The instrument;
 - (ii) The <u>prospectus</u> or equivalent document;
 - (iii) All contractual agreements related to the CIU; and
 - (iv) All annual and semi-annual financial reports issued by the CIU.
- (d) Ensure compliance of the <u>CIU</u> with the requirements of Volume 7, the <u>instrument</u> constituting the <u>CIU</u>, and its <u>prospectus</u>;
- (e) Take all reasonable steps to rectify any failure to comply with the obligations specified above, and to notify the CBB of any breach as soon as it becomes aware of the fact;
- (f) Not withdraw as <u>operator</u> of the <u>CIU</u> except upon the appointment of a new <u>operator</u> and subject to the prior approval of the CBB;
- (g) Ensure compliance of the <u>relevant persons</u> with the terms and conditions of the contractual agreements signed with the <u>CIU</u>;
- (h) Ensure that all applicable anti-money laundering laws are complied with;
- (i) Liaise with the CBB as necessary from time to time for the purposes of its general oversight of the <u>CIU</u>;

MODULE	RP:	Relevant Persons
CHAPTER	RP-3:	Operator

RP-3.4 Duties of the Operator (continued)

- (j) Be diligent in appointing <u>directors</u> who are fit and proper and approved by the CBB;
- (k) Ensure that proper corporate governance is in place for the <u>CIU</u> in line with Module CG;
- (l) Avoid any conflict of interest in all aspects and address any conflict of interest among the other relevant persons to the CIU;
- (m) Consider whether <u>CIU participants</u> should be given voting and/or other participatory rights; and
- (n) Ensure that all reports submitted to the CBB and <u>CIU</u> participants, by <u>relevant persons</u> are accurate and submitted on a timely basis. Such reports include but are not limited to:
 - (i) The semi-annual and annual financial statements of the CIU(s) for each financial year;
 - (ii) In case of <u>CIUs</u> structured as corporate/contractual, the annual financial statements of the <u>fund company(ies)</u> for each financial year; and
 - (iii) Form CIU (QS), Quarterly Statistical Return.



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CHAPTER	RP-3:	Operator

RP-3.5 Reporting Requirements

RP-3.5.1

The <u>operator</u> of a <u>Bahrain domiciled CIU</u> is responsible for all reporting requirements to the CBB and to other parties, as required in Module CRR. Such reporting requirements include but are not limited to:

- (a) Reporting any breach to the requirements of Volume 7, the <u>CIU</u> documents, or any directions issued by the CBB; and
- (b) Reporting any material amendments to the <u>CIU</u> documents on a timely basis.

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CHAPTER	RP-3:	Operator

RP-3-6 Other Requirements

<u>Operators</u> must promptly provide the CBB, upon request, with any additional information relevant to the CIU.

Operators of Bahrain domiciled retail CIUs and Bahrain domiciled expert CIUs must obtain the CBB's prior written approval for any additional investment in the CIU, other than the seed capital prescribed in the prospectus.

- Operators of Bahrain domiciled retail CIUs and Bahrain domiciled expert CIUs who have introduced seed capital/investment into a CIU authorised under Module ARR must not seek partial redemption, full redemption or buy back the seed capital/investment without the prior written approval of the CBB.
- PP-3.6.4 Operators of <u>Bahrain domiciled exempt CIUs</u> must notify the CBB prior to committing to any additional investment in the <u>CIU</u>, other than the seed capital prescribed in the <u>prospectus</u>.
- Operators of Bahrain domiciled exempt CIUs who have introduced seed capital/investment into a CIU registered under Module ARR must not seek partial redemption, full redemption or buy back the seed capital/investment without the prior written notification to the CBB.
- Operators of Bahrain domiciled exempt CIUs must keep the seed capital/investment invested in the CIU for at least a one year period, prior to seeking redemption of the same. In case of Bahrain domiciled exempt CIUs with no redemption windows, the invested seed capital/investment must be maintained for the duration of the CIU.

MODULE	RP:	Relevant Persons
CHAPTER	RP-3:	Operator

RP-3-6 Other Requirements (continued)

<u>Operators</u> of <u>Bahrain domiciled exempt CIUs</u> who have introduced seed capital/investment into a <u>CIU</u> registered under Module ARR must not seek partial redemption, full redemption or buy back the seed capital/investment without the prior written notification to the CBB.

- Operators of Bahrain domiciled CIUs who have made investments into a CIU, other than the investment prescribed in the prospectus, or have partially redeemed, fully redeemed or bought back the seed capital/investment, must notify CIU participants of the fact, on a timely basis.
- <u>Operators</u> of <u>Bahrain domiciled CIUs</u> must seek CBB's prior approval as soon as reasonably practicable as to any intention to merge, transfer or wind-up a <u>CIU</u>.
- PRP-3.6.10 Operators of Bahrain domiciled CIUs must notify the CBB immediately upon deciding to suspend/resume dealings in a CIU.



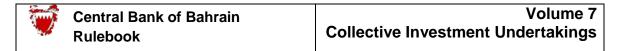
Volume 7 Collective Investment Undertakings

MODULE	RP:	Relevant Persons
CHAPTER	RP-4:	Trustee

RP-4.1 Definition

RP-4.1.1

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



MODULE	RP:	Relevant Persons
CHAPTER	RP-4:	Trustee

RP-4.2 Required Country of Domicile

RP-4.2.1 The <u>trustee</u> must be domiciled in the Kingdom of Bahrain.

	Vo	lume 7	7
Collective Investment	Underta	akings	ò

MODULE	RP:	Relevant Persons
CHAPTER	RP-4:	Trustee

RP-4.3 Required Type of License

RP-4.3.1

<u>Trustees</u> must hold an appropriate Trust Service Providers License from the CBB under CBB Rulebook Volume 5, or CBB Rulebook Volumes 1, 2 or Volume 4 provided that they have specific approval from the CBB to undertake such activity.

Form of Appointment

RP-4.3.2

The agreement appointing the <u>trustee</u> must be in the form of a Trust Deed/Instrument.

MODULE	RP:	Relevant Persons
CHAPTER	RP-4:	Trustee

RP-4.4 Duties

RP-4.4.1

The minimum duties of <u>trustees</u> of <u>CIUs</u> authorised or registered under Module ARR include but are not limited to the following:

- (a) Take all steps as may reasonably be required for the purposes of registering/authorising, establishing, operating and winding up the <u>CIU</u>;
- (b) Maintain all the documents pertaining to the <u>CIU</u>, consistent, current and updated, in line with applicable laws and regulations, and as approved by or notified to the CBB, as appropriate;
- (c) Make available to the <u>CIU participants</u>, on prompt basis, copies of the following documents, including but not limited to:
 - (i) The instrument;
 - (ii) The prospectus or equivalent document;
 - (iii) All contractual agreements related to the CIU; and
 - (iv) All annual and semi-annual financial reports issued by the CIU;
- (d) Ensure compliance of the <u>CIU</u> with the requirements of Volume 7, the <u>instrument</u> constituting the <u>CIU</u>, and its <u>prospectus</u>;
- (e) Take all reasonable steps to rectify any failure to comply with the obligations specified above, and to notify the CBB of any breach as soon as it becomes aware of the fact;
- (f) Not withdraw as <u>trustee</u> of the <u>CIU</u> except upon the appointment of a new <u>trustee</u> and subject to the prior approval of the CBB;
- (g) Ensure compliance of the <u>relevant persons</u> with the terms and conditions of the contractual agreements signed with the <u>CIU</u>;
- (h) Ensure that all applicable anti-money laundering laws are complied with;
- (i) Liaise with the CBB as necessary from time to time for the purposes of its general oversight of the <u>CIU</u>;
- (j) Be diligent in appointing <u>Directors</u>, who are fit and proper and approved by the CBB;
- (k) Ensure that proper corporate governance is in place for the <u>CIU</u> in line with Module CG;
- (l) Avoid any conflict of interest in all aspects and address any conflict of interest among the other relevant persons of the CIU;

RP: Relevant Persons Section RP-4.4: Page 1 of 2

MODULE	RP:	Relevant Persons
CHAPTER	RP-4:	Trustee

RP-4.4 Duties of the Trustee (continued)

- (m) Ensure that the legal title of any assets belonging to the <u>CIU</u> are transferred under its ownership; and
- (n) Ensure that all reports submitted to the CBB and <u>CIU</u> participants, by <u>relevant persons</u> are accurate and submitted on a timely basis. Such reports include but are not limited to:
 - (i) The semi-annual and annual financial statements of the CIU(s) for each financial year;
 - (ii) In case of <u>CIUs</u> structured as corporates/contractual, the annual financial statements of the <u>fund company(ies)</u> for each financial year; and
 - (iii) 'Form CIU (QS), Quarterly Statistical Return.

RP: Relevant Persons Section RP-4.4: Page 2 of 2



		Volume 7
Collective	Investment	Undertakings

MODULE	RP:	Relevant Persons
CHAPTER	RP-4:	Trustee

RP-4.5 Reporting Requirements

RP-4.5.1

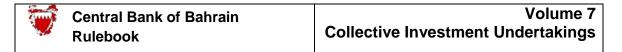
The <u>trustee</u> of <u>Bahrain domiciled CIU</u> is responsible for all reporting requirements to the CBB and to other parties, as required in Module CRR. Such reporting requirements include but are not limited to:

- (a) Reporting any breach to the requirements Volume 7, the <u>CIU</u> documents, or any directions issued by the CBB; and
- (b) Reporting any material amendments to the <u>CIU</u> documents on a timely basis.

MODULE	RP:	Relevant Persons
CHAPTER	RP-4:	Trustee

RP-4.6 Other Requirements

- Trustees must provide the CBB, upon request, with any additional information relevant to the <u>CIU</u>, on a prompt basis.
- Trustees of <u>Bahrain domiciled CIUs</u> must seek CBB's prior approval as soon as reasonably practicable as to any intention to merge, transfer or wind-up a <u>CIU</u>.
- Trustees of <u>Bahrain domiciled CIUs</u> must notify the CBB immediately upon deciding to suspend/resume dealings in a <u>CIU</u>.

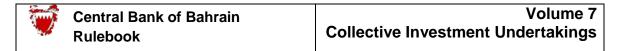


MODULE	RP:	Relevant Persons
CHAPTER	RP-5:	Fund Manager

RP-5.1 Definition



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



MODULE	RP:	Relevant Persons
CHAPTER	RP-5:	Fund Manager

Required Country of Domicile **RP-5.2**

RP-5.2.1 Fund managers must be domiciled in any reputable jurisdiction acceptable to the CBB.

April 2012 **RP: Relevant Persons**

MODULE	RP:	Relevant Persons
CHAPTER	RP-5:	Fund Manager

RP-5.3 Required Type of License

The <u>fund manager</u> of a <u>Bahrain domiciled CIU</u> must be acceptable to the CBB.

Fund managers must hold an appropriate license or equivalent from the CBB or from a regulatory authority acceptable to the CBB and permitting the entity to manage <u>financial instruments</u> and any other assets held by a <u>CIU</u>.

RP-5.3.3 Subsequent to the <u>operator's</u> review and assessment of the suitability of <u>fund</u> <u>managers</u>, the CBB will take into account an institution's financial soundness, relevant experience with respect to <u>CIUs</u>, and regulatory track record.

Form of Appointment

The agreement appointing the <u>fund manager</u> must be signed between the <u>fund manager</u> and the <u>fund company</u> or <u>trustee</u>, as appropriate.

RP: Relevant Persons Section RP-5.3: Page 1 of 1

	Volume 7
Collective Investment	Undertakings

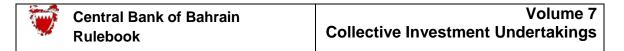
MODULE	RP:	Relevant Persons
CHAPTER	RP-5:	Fund Manager

RP-5.4 Duties

RP-5.4.1

The minimum duties of <u>fund managers</u> of <u>CIUs</u> authorised or registered under Module ARR include but are not limited to the following:

- (a) Manage and/or allocate the investments and re-investments of the assets in accordance with the investment objectives and strategy, adhering to all limitations set out in fund management agreement and prospectus;
- (b) Continuously carry out and review the investment objectives of the <u>CIU</u>, and advise the <u>directors</u> of the <u>CIU</u>'s investment program, strategy and overall performance on a prompt and regular basis;
- (c) If required, the <u>fund manager</u> may appoint suitable investment advisors to assist in certain areas where the <u>fund manager</u> lacks the relevant expertise;
- (d) If required, the <u>fund manager</u> may appoint suitable advisers to assist the <u>CIU</u> in any legal, regulatory, financial or other matters that require professional advice or assistance in managing the <u>CIU</u> or administering the affairs of the <u>CIU</u>;
- (e) Negotiate all borrowing arrangements in line with the prescribed Rules in Volume 7, observing the limits prescribed in the <u>prospectus</u> of the <u>CIU</u> and supervising the implementation of such arrangements;
- (f) Select brokers and dealers for execution of portfolio transactions;
- (g) Determine how any voting rights of securities held by the <u>CIU</u> should be exercised;
- (h) Give instructions to the <u>custodian</u> of the <u>CIU</u> concerning any acquisition, disposal of or other dealing in any investments or other assets of the <u>CIU</u>; and
- (i) Ensuring that all investments carried out on behalf of <u>Shari'a Compliant CIUs</u> are in line with Shari'a principles and vetted by the <u>Shari'a Supervisory Board/Advisors</u>.



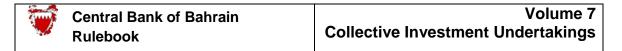
MODULE	RP:	Relevant Persons
CHAPTER	RP-5:	Fund Manager

RP-5.5 Reporting Requirements

RP-5.5.1

<u>Fund managers</u> must comply with all reporting requirements stipulated in the relevant legal agreements.

April 2012

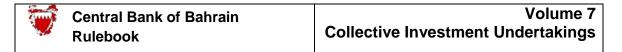


MODULE	RP:	Relevant Persons
CHAPTER	RP-5:	Fund Manager

RP-5.6 Other Requirements

RP-5.6.1

<u>Fund managers</u> must provide the CBB, upon request, with any additional information relevant to the <u>CIU</u>, on a prompt basis.



MODULE	RP:	Relevant Persons
CHAPTER	RP-6:	Custodian

Definition RP-6.1

RP-6.1.1

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

April 2012 Section RP-6.1: Page 1 of 1

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MODULE	RP:	Relevant Persons
CHAPTER	RP-6:	Custodian

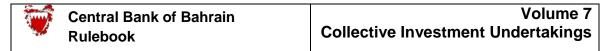
RP-6.2 Required Country of Domicile

RP-6.2.1

For <u>Bahrain domiciled CIUs</u>, the <u>custodian</u> must be domiciled in the Kingdom of Bahrain.

- RP-6.2.2 In applying Rule RP-6.2.1, the CBB will allow 'hub and spoke' arrangements, provided that:
 - (a) A suitably licensed office is maintained in Bahrain, through which the CBB can access the <u>CIU's</u> records;
 - (b) The overseas office belongs to the same group as the Bahrain <u>custodian</u>, and regulated by a reputable regulatory authority acceptable to the CBB;
 - (c) The custodian retains ultimate responsibility for the <u>CIU's</u> assets; and
 - (d) Suitable outsourcing arrangements have been put in place.

RP: Relevant Persons Section RP-6.2: Page 1 of 1



MODULE	RP:	Relevant Persons
CHAPTER	RP-6:	Custodian

RP-6.3 Required Type of License

RP-6.3.1

A <u>custodian</u> must hold an appropriate license from the CBB permitting it to provide custody services, in accordance with the CBB Rulebook.

Form of Appointment

RP-6.3.2

The agreement appointing the <u>custodian</u> must be signed between the <u>custodian</u> and the <u>fund company</u> or <u>trustee</u>, as appropriate.

	Volume 7
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MODULE	RP:	Relevant Persons
CHAPTER	RP-6:	Custodian

RP-6.4 Duties

RP-6.4.1

The minimum duties of the <u>custodian</u> of <u>CIUs</u> authorised or registered under Module ARR include, but are not limited to the following:

- (a) To open, maintain, and control <u>CIU</u> subscription and trading cash accounts with licensed banks in all relevant markets;
- (b) To open and maintain <u>CIU</u> securities accounts with authorised institutions;
- (c) To ensure that all assets belonging to a <u>CIU</u>, including cash accounts, are segregated from other accounts of the <u>custodian</u> or its clients;
- (d) To directly collect and receive all income and other payments, distributions and entitlements pertaining to a <u>CIU</u>;
- (e) To make all payments and settlements on behalf of and for the interest of the <u>CIU</u>, in line with the scheme documents, including the <u>prospectus</u>;
- (f) To safeguard all of the assets belonging to a CIU;
- (g) To ensure that all assets belonging to a <u>CIU</u> are held in the name of the <u>CIU</u> or, where relevant market practices and/or legal requirements dictate, held on behalf of the <u>CIU</u>, provided that proper legal arrangements are in place;
- (h) To execute any corporate actions;
- (i) To maintain all records and documentation relating to all transactions made on behalf of the <u>CIU</u>; and
- (j) To reconcile the <u>CIU</u> records pertaining to assets held, with statements obtained from sub-<u>custodians</u>, brokers and agents, on a regular and timely basis.

RP: Relevant Persons Section RP-6.4: Page 1 of 1

MODULE	RP:	Relevant Persons
CHAPTER	RP-6:	Custodian

RP-6.5 Reporting Requirements

RP-6.5.1 Custodians must comply with all reporting requirements as stipulated in the relevant legal agreements.

<u>Custodians</u> must report to the CBB immediately when they become aware of any breach of the <u>CIU's prospectus</u>.

RP-6.5.3 Custodians must provide the <u>fund manager</u> and <u>fund administrator</u> with a statement of assets pertaining to the <u>CIU</u>, on intervals, as agreed between the parties.



MODULE	RP:	Relevant Persons
CHAPTER	RP-6:	Custodian

RP-6.6 Other Requirements

RP-6.6.1 Custodians must provide the CBB, upon request, with any additional information relevant to the CIU, on a prompt basis.

RP-6.6.2 Custodians must not be participants in a Bahrain domiciled CIU to which they are contractually engaged to offer custody services to.

Custodians may not engage in stock lending of CIU assets unless permitted by the prospectus.

Central Bank of Bahrain	Volume 7
Rulebook	Collective Investment Undertakings

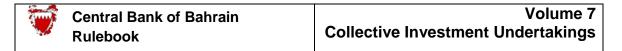
MODULE	RP:	Relevant Persons
CHAPTER	RP-7:	Fund Administrator

RP-7.1 Definition

RP-7.1.1

<u>Fund administrators</u> are persons who undertake the administration of <u>financial instruments</u> and other assets held by a <u>CIU</u>. 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 <u>CIU</u>; and
- (f) General record-keeping.



MODULE	RP:	Relevant Persons
CHAPTER	RP-7:	Fund Administrator

RP-7.2 Required Country of Domicile

RP-7.2.1 Fund administrators must be domiciled in the Kingdom of Bahrain.

MODULE	RP:	Relevant Persons
CHAPTER	RP-7:	Fund Administrator

RP-7.3 Required Type of License

RP-7.3.1

<u>Fund administrators</u> must hold an appropriate license from the CBB permitting the entity to administer the books and records of <u>financial instruments</u> and any other assets held by a <u>CIU</u>.

- RP-7.3.2 In applying Rule RP-7.3.1, the CBB will allow 'hub and spoke' arrangements, provided that:
 - (a) A suitably licensed office is maintained in the Kingdom of Bahrain, through which the CBB can access the <u>CIU's</u> records;
 - (b) The overseas office belongs to the same group as the Bahrain <u>fund</u> <u>administrator</u>, and regulated by a reputable regulatory authority acceptable to the CBB;
 - (c) The <u>fund administrator</u> retains ultimate responsibility for the <u>CIU's</u> administration activities; and
 - (d) Suitable outsourcing arrangements have been put in place.

Form of Appointment

RP-7.3.3

The agreement appointing the <u>fund administrator</u> must be signed between the <u>fund administrator</u> and the <u>fund company</u> or <u>trustee</u>, as appropriate.

MODULE	RP:	Relevant Persons
CHAPTER	RP-7:	Fund Administrator

RP-7.4 Duties

RP-7.4.1

The minimum duties of the <u>fund administrators</u> of <u>CIUs</u> authorised or registered under Module ARR, include but are not limited to the following:

- (a) Fund accounting services for the <u>CIU</u> and fund company (if applicable);
- (b) Handling of client enquiries;
- (c) Valuation and pricing (including tax returns);
- (d) Regulatory compliance monitoring, including but not limited to the <u>CIU's</u> compliance with the investment strategy and guidelines provided in the <u>prospectus</u> when calculating the Net Asset Value (NAV);
- (e) Record-keeping services;
- (f) Calculation of the NAV at each valuation point;
- (g) Preparation of semi-annual and annual accounts for the CIU, and the annual accounts of the fund company (if applicable);
- (h) Calculation of dividends, service providers' fees, performance fees (if any), and other distributions;
- (i) Liaising with the <u>CIU's</u> <u>external auditor</u> in finalising the audit and review procedure;
- (j) Preparing the Quarterly Statistical Report(Form CIU-QS); and
- (k) Maintaining records of meetings of the CIU's Board of Directors.

RP: Relevant Persons Section RP-7.4: Page 1 of 1

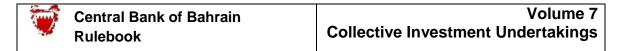
MODULE	RP:	Relevant Persons
CHAPTER	RP-7:	Fund Administrator

RP-7.5 Reporting Requirements

RP-7.5.1

<u>Fund administrators</u> must comply with all reporting requirements as stipulated in the relevant contractual agreements. Such reports should include but are not limited to the following:

- (a) Reporting of the NAV to the <u>operator</u>, <u>fund manager</u> and <u>registrar</u>, as prescribed in the <u>prospectus</u>;
- (b) Reporting of the <u>CIU's</u> annual financial statements (within 4 months of the financial year-end of the <u>CIU</u>) and semi-annual financial statements (within 2 months of the relevant 6-month period) to the <u>operator</u>, <u>fund manager</u>, and <u>registrar</u> and to the <u>CBB</u>;
- (c) Reporting of the <u>fund company</u>'s annual financial statements (within 3 months of the financial year-end of the <u>CIU</u>) to the <u>operator</u>, <u>fund manager</u> and CBB;
- (d) Reporting of all necessary reports of the <u>CIU</u>, including but not limited to the NAV report, cash accounts statements, assets valuation reports, foreign exchange profit and loss report, dividend report and trial balance, to the <u>fund manager</u>;
- (e) In the case <u>retail CIU</u> or <u>expert CIUs</u>, report to the CBB, <u>fund</u> <u>manager</u> and <u>operator</u>, if:
 - (i) The NAV per unit falls below 60% of the initial value per unit, at any valuation date.
 - (ii) The total NAV falls below 60% of the total NAV reported in the last audited financials of the <u>CIU</u>; or
 - (iii) The total NAV falls below 50% of the total NAV of the <u>CIU</u> relative to the previous valuation day.
- (f) Report to the CBB any case in which the investment strategy limits / guidelines are breached;
- (g) Report to the CBB Form CIU (QS) within the deadline required in Module CRR;
- (h) Report to the CBB immediately, any suspension in the determination of the NAV of the <u>CIU</u>, the reasons for this suspension, and tentative time to recommence determination of the NAV; and
- (i) Meet any reporting requirement as required by the MOIC in accordance with the Bahrain Commercial Companies Law.

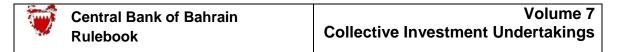


MODULE	RP:	Relevant Persons
CHAPTER	RP-7:	Fund Administrator

RP-7.5 Reporting Requirements (continued)

RP-7.5.2

<u>Fund administrators</u> must provide the CBB, upon request, with any additional information relevant to the <u>CIU</u>, on a prompt basis.

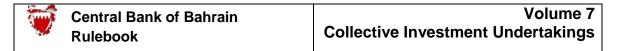


MODULE	RP:	Relevant Persons
CHAPTER	RP-7:	Fund Administrator

RP-7.6 Other Requirements

RP-7.6.1

<u>Fund administrators</u> must not be <u>participants</u> in a <u>Bahrain domiciled</u> <u>CIU</u> to which they are engaged to offer fund administration services to.



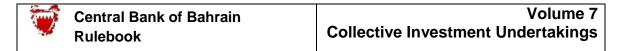
MODULE	RP:	Relevant Persons
CHAPTER	RP-8:	Registrar/Transfer Agent

RP-8.1 Definition

RP-8.1.1

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

April 2012



MODULE	RP:	Relevant Persons
CHAPTER	RP-8:	Registrar/Transfer Agent

RP-8.2 Required Country of Domicile

RP-8.2.1 The registrar/transfer agent must be domiciled in the Kingdom of Bahrain.

RP: Relevant Persons April 2012

MODULE	RP:	Relevant Persons
CHAPTER	RP-8:	Registrar/Transfer Agent

RP-8.3 Required Type of License

RP-8.3.1

A <u>registrar/transfer agent</u> must be acceptable to the CBB and must hold an appropriate license permitting the entity to provide registry services to a <u>CIU</u>, in accordance with the CBB Rulebook.

Form of Appointment

RP-8.3.2

The agreement appointing the <u>registrar/transfer agent</u> must be signed between the <u>registrar/transfer agent</u> and the <u>fund company</u> or <u>trustee</u>, as appropriate.

MODULE	RP:	Relevant Persons
CHAPTER	RP-8:	Registrar/Transfer Agent

RP-8.4 Duties

RP-8.4.1

The minimum duties of the <u>registrar/transfer agent</u> of a CIU authorised or registered under Module ARR, include but are not limited to the following:

- (a) Maintain a register of the CIU participants of a CIU;
- (b) Preserve the confidentiality of the register at all times;
- (c) Facilitate the issuance, transfer, execute the allotment, redemption, conversion and/or redemption of <u>holdings</u> in a <u>CIU</u>;
- (d) Record in the register of a <u>CIU</u> the following information:
 - (i) Name of the <u>CIU participant</u>;
 - (ii) Official identification of the <u>CIU participant</u> (including the type and number);
 - (iii) Address and contact details of the CIU participant.
 - (iv) Number of units held by the CIU participant;
 - (v) Number(s) of the certificate(s) issued to each <u>CIU</u> participant;
 - (vi) Date of issuance or transfer of units to the CIU participant.
 - (vii) Record of redemption of units; and
 - (viii) Record of cancellation of units;
- (e) Obtain confirmation from the <u>custodian</u> and <u>fund administrator</u> that they have received all payments from all applicants, before facilitiating the issuance of units;
- (f) Execute the issuance and dispatching of certificates (or confirmations) as appropriate; and
- (g) Obtain and safe-keep all signed application forms, along with "know your client" documents for each <u>CIU participant</u>, in original form or in the form of a certified copy, at the office in Bahrain, in line with applicable Laws and Regulations.

RP: Relevant Persons Section RP-8.4: Page 1 of 1

MODULE	RP:	Relevant Persons
CHAPTER	RP-8:	Registrar/Transfer Agent

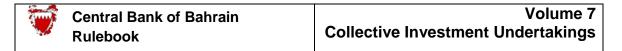
RP-8.5 Reporting Requirements

RP-8.5.1 Registrars/Transfer Agents must report the NAV to the CIU participants, as prescribed in the prospectus.

RP-8.5.2 Registrars/Transfer Agents must make available the <u>CIU's</u> annual financial statements (within 4 months of the financial year-end of the <u>CIU</u>) and semi-annual financial statements (within 2 months of the relevant 6-month period) to the CIU participants.

- RP-8.5.3 Registrars/Transfer Agents are required to notify the CIU participants of the following events:
 - (a) When the <u>fund manager</u> shifts from investments into cash and cash equivalents, together with the reason and the expected time by which the stipulated limits will be met; and
 - (b) Once the <u>CIU</u> resumes investing in accordance with the investment limits stipulated in the <u>prospectus</u>.
- RP-8.5.4 Registrars/Transfer Agents must comply with all reporting requirements stipulated in the relevant legal agreements.

RP: Relevant Persons Section RP-8.5: Page 1 of 1

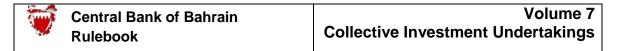


MODULE	RP:	Relevant Persons
CHAPTER	RP-8:	Registrar/Transfer Agent

RP-8.6 Other Requirements

RP-8.6.1

<u>Registrars/Transfer Agents</u> must provide the CBB, upon request, with any additional information relevant to the <u>CIU</u>, on a prompt basis.

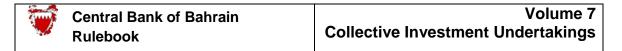


MODULE	RP:	Relevant Persons
CHAPTER	RP-9:	Placement Agent

RP-9.1 Definition

RP-9.1.1

A <u>placement agent</u> is an entity that acts as agent on behalf of the \underline{CIU} in placing units of the \underline{CIU} .



MODULE	RP:	Relevant Persons
CHAPTER	RP-9:	Placement Agent

RP-9.2 Required Country of Domicile

RP-9.2.1

A <u>placement agent</u> must be based in a reputable jurisdiction acceptable to the CBB.

MODULE	RP:	Relevant Persons
CHAPTER	RP-9:	Placement Agent

RP-9.3 Required Type of License

Placement agents placing units in/from the Kingdom of Bahrain must hold an appropriate license from the CBB under CBB Rulebook Volumes 1, 2, or 4 (Categories 1 and 2 only).

Where the placement agent is not a <u>CBB licensee</u>, it must appoint a sub-<u>placement agent</u> licensed by the CBB, in line with the requirements in Rule RP-9.3.1, to market the <u>CIU</u> in Bahrain.

Placement agents based in a jurisdiction outside the Kingdom of Bahrain and placing units in other jurisdictions, must be appropriately licensed and/or authorised by a regulatory authority, acceptable to the CBB, permitting the entity to market <u>financial instruments</u> in those jurisdictions.

Form of Appointment

The agreement appointing the <u>placement agent</u> must be signed between the <u>placement agent</u> and the <u>fund company</u> or <u>trustee</u>, as appropriate.

RP: Relevant Persons Section RP-9.3: Page 1 of 1

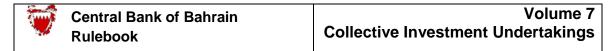
MODULE	RP:	Relevant Persons
CHAPTER	RP-9:	Placement Agent

RP-9.4 Duties

RP-9.4.1

The minimum duties of the <u>placement agent</u> of <u>CIUs</u> authorised or registered under Module ARR include but are not limited to the following:

- (a) To ensure that all investors wishing to subscribe for the units of a <u>CIU</u> are eligible to subscribe for such units;
- (b) To ensure that all investors of a <u>Bahrain domiciled expert CIU</u> meet the definition of <u>expert investors</u> as defined in Volume 7;
- (c) To ensure that all investors of a <u>Bahrain domiciled exempt CIU</u> meet the definition of <u>accredited investors</u> as defined in Volume 7:
- (d) To provide a copy of the <u>prospectus</u> and subscription forms of a <u>CIU</u> to potential investors;
- (e) To ensure that investors submit duly completed subscription forms, together with all required documentation;
- (f) To obtain written confirmation from each <u>CIU participant</u>, stating that they satisfy the definition of an <u>expert investor</u> or <u>accredited investor</u> (as appropriate) and confirming that they understand the higher risks involved in an <u>expert CIU</u> or <u>exempt CIU</u>;
- (g) To ensure that a <u>CIU</u> is marketed by qualified individuals who are able to clearly explain to investors the risks and rewards associated with investing in the <u>CIU</u>, in a manner that is clear, fair and not misleading;
- (h) To ensure compliance with all applicable local Laws and Regulations of the jurisdictions where the units of the <u>CIU</u> are being placed, including but not limited to Laws and Regulations relating to public and private offerings of units and securities laws and regulations of those jurisdictions;

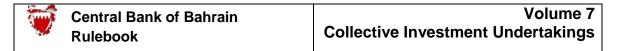


MODULE	RP:	Relevant Persons
CHAPTER	RP-9:	Placement Agent

RP-9.4 Duties of the Placement Agent (continued)

- To comply at all times with all the Laws of the Kingdom of (i) Bahrain and the Regulations and directives issued by the CBB from time to time, including those set to prevent and prohibit money laundering and the financing of terrorism;
- To comply with all applicable anti money laundering and "know (j) your client" Laws and Regulations in the jurisdictions where the units of the CIU are placed; and
- (k) Where placement agents appoint sub-placement agents, such sub-agents must be eligible to undertake this activity, notwithstanding that the placement agent will be held accountable for such appointment.

RP: Relevant Persons April 2012

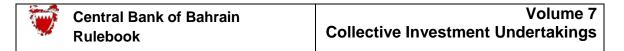


MODULE	RP:	Relevant Persons
CHAPTER	RP-9:	Placement Agent

RP-9.5 Reporting Requirements

RP-9.5.1 Placement agents must comply with all reporting requirements stipulated in the relevant legal agreements.

A placement agent must report to the <u>fund company's</u> Board of <u>directors/trustees</u>, any issues related to anti-money laundering and terrorist financing.

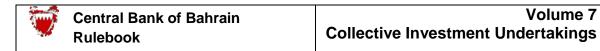


MODULE	RP:	Relevant Persons
CHAPTER	RP-9:	Placement Agent

RP-9.6 Other Requirements

RP-9.6.1

<u>Placement agents</u> must provide the CBB, upon request, with any additional information relevant to the <u>CIU</u>, on a prompt basis.



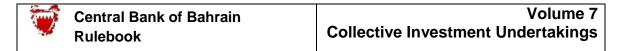
MODULE	RP:	Relevant Persons
CHAPTER	RP-10:	Investment Advisor

RP-10.1 Definition

RP-10.1.1

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

RP: Relevant Persons April 2012



MODULE	RP:	Relevant Persons
CHAPTER	RP-10:	Investment Advisor

RP-10.2 Required Country of Domicile

RP-10.2.1

<u>Investment advisors</u> must be based in any reputable jurisdiction acceptable to the CBB.

RP: Relevant Persons April 2012

		Vo	lume 7
Collective	Investment	Underta	akings

MODULE	RP:	Relevant Persons
CHAPTER	RP-10:	Investment Advisor

RP-10.3 Required Type of License

RP-10.3.1 For investment

For <u>investments advisors</u> providing services to <u>CIUs</u> investing in <u>financial instruments</u>, the <u>investment advisor</u> must hold an appropriate license from the CBB, or equivalent from a regulatory authority recognised by CBB, permitting the entity to engage in investment advisory activities.

For <u>CIUs</u> investing in assets other than <u>financial instruments</u>, the <u>investment advisor</u> need not be a regulated entity provided that it has relevant expertise in the asset class the fund is investing into.

Form of Appointment

The agreement appointing the <u>investment advisor</u> must be signed between the <u>investment advisor</u> and the <u>fund company</u>, <u>trustee</u>, or <u>fund manager</u>, as appropriate.

RP: Relevant Persons
Section RP-10.3: Page 1 of 1



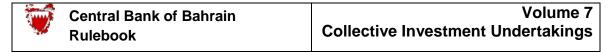
MODULE	RP:	Relevant Persons
CHAPTER	RP-10:	Investment Advisor

RP-10.4 Duties

RP-10.4.1

The minimum duties of the <u>investment advisor</u> of <u>CIUs</u> authorised or registered under Module ARR include, but are not limited to the following:

- (a) Provide independent/prudent advice as required, to the <u>fund</u> manager with respect to the investments of the <u>CIU</u>, after conducting the appropriate due diligence; and
- (b) Refrain from participating in the investment decision-making process of the <u>CIU</u>.

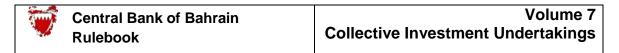


MODULE	RP:	Relevant Persons
CHAPTER	RP-10:	Investment Advisor

RP-10.5 Reporting Requirements

RP-10.5.1

<u>Investment advisors</u> must comply with any reporting requirements stipulated in the relevant legal agreements.

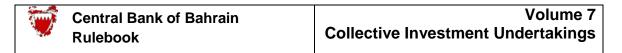


MODULE	RP:	Relevant Persons
CHAPTER	RP-10:	Investment Advisor

RP-10.6 Other Requirements

RP-10.6.1

<u>Investment advisors</u> must provide the CBB, upon request, with any additional information relevant to the <u>CIU</u>, on a prompt basis.



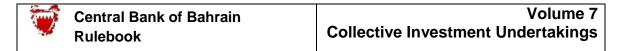
MODULE	RP:	Relevant Persons
CHAPTER	RP-11:	External Auditor

RP-11.1 Definition

RP-11.1.1

An <u>external auditor</u> is the entity responsible for the audit of the books and records of the <u>CIU</u> and <u>fund company</u> (if applicable).

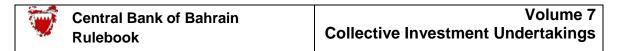
RP: Relevant Persons April 2012



MODULE	RP:	Relevant Persons
CHAPTER	RP-11:	External Auditor

RP-11.2 Required Country of Domicile

RP-11.2.1 External auditors must be Bahrain-based entities.



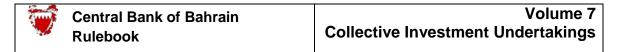
MODULE	RP:	Relevant Persons
CHAPTER	RP-11:	External Auditor

RP-11.3 Required Type of License

The <u>external auditor</u> must be acceptable to the CBB, and separate and independent from all other <u>relevant persons</u>.

Form of Appointment

The agreement appointing the <u>external auditor</u> must be in the form of an engagement letter between the <u>external auditor</u> and the <u>fund company/trustee</u> (as appropriate).



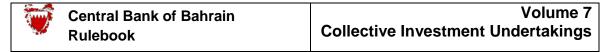
MODULE	RP:	Relevant Persons
CHAPTER	RP-11:	External Auditor

RP-11.4 Duties



The minimum duties of the <u>external auditor</u> of a <u>CIU</u> authorised or registered under Module ARR include but are not limited to the following:

- (a) To audit the books and records of the <u>CIU</u>, including the annual financial statements of the <u>CIU</u>, in accordance with IFRS or AAOIFI (as appropriate);
- (b) To review the semi-annual financial statements of the CIU;
- (c) If the <u>CIU</u> is structured as a contractual or corporate CIU, to audit the annual financial statements of the <u>fund company</u>; and
- (d) To review the calculation of the NAV in line with the frequency stipulated in the <u>prospectus</u> but not less than once a year.

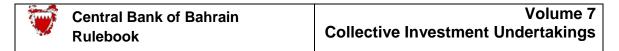


MODULE	RP:	Relevant Persons
CHAPTER	RP-11:	External Auditor

RP-11.5 Reporting Requirements

External auditors must comply with all reporting requirements stipulated in the relevant legal agreements.

External auditors must report any material weaknesses in accounting and internal control systems that come to their notice, to the Board of <u>Directors</u> of the <u>fund company/trustees</u> and to the CBB, in a timely and on a prompt basis.

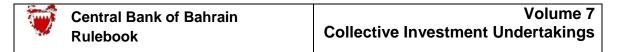


MODULE	RP:	Relevant Persons
CHAPTER	RP-11:	External Auditor

RP-11.6 Other Requirements

RP-11.6.1

External auditors must provide the CBB, upon request, with any additional information relevant to the <u>CIU</u>, on a prompt basis.



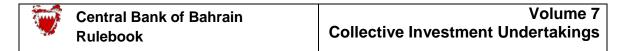
MODULE	RP:	Relevant Persons
CHAPTER	RP-12:	Placement Agent for Overseas Domiciled CIUs

RP-12.1 Definition

RP-12.1.1

A <u>placement agent offering overseas domiciled CIU holdings</u> to investors resident in the Kingdom of Bahrain is an entity that acts as agent on behalf of the <u>CIU</u> in placing units of the <u>CIU</u>.

RP: Relevant Persons April 2012



MODULE	RP:	Relevant Persons
CHAPTER	RP-12:	Placement Agent for Overseas Domiciled CIUs

RP-12.2 Required Country of Domicile

RP-12.2.1

<u>Placement agents offering overseas domiciled CIU holdings</u> to investors resident in the Kingdom of Bahrain must be domiciled in the Kingdom of Bahrain.

RP: Relevant Persons April 2012

MODULE	RP:	Relevant Persons
CHAPTER	RP-12:	Placement Agent for Overseas Domiciled CIUs

RP-12.3 Required Type of License

RP-12.3.1

<u>Placement agents</u> must hold an appropriate license from the CBB under CBB Rulebook Volumes 1, 2, or 4 (Categories 1 and 2 only), permitting them to market financial instruments.

Form of Appointment

RP-12.3.2

The agreement appointing the <u>placement agent</u> must be signed between the <u>placement agent</u> and the <u>fund manager</u> of the <u>overseas domiciled CIU</u>, or an agent representing the <u>overseas domiciled CIU</u>, as appropriate. However, it is the duty of the <u>placement agent</u> to ensure that the contractual agreement is signed with the appropriate entity, notwithstanding that a binding agreement must be in place with the issuer of the overseas domiciled CIU.

MODULE	RP:	Relevant Persons
CHAPTER	RP-12:	Placement Agent for Overseas Domiciled CIUs

RP-12.4 Duties

RP-12.4.1

The minimum duties of the placement agent of overseas domiciled CIUs authorised, registered or filed under Module ARR include, but are not limited to the following:

- To ensure that the CIU is regulated in its home jurisdiction, and is legally separate from its operator;
- To ensure that the CIU's operator and fund manager are eligible (b) regulated entities;
- To ensure that the CIU has in place relevant persons appointed in their home jurisdiction, similar to those listed in under Rule **RP-B.2.1**;
- (d) To ensure that all investors wishing to subscribe for the units of a <u>CIU</u> are eligible to subscribe for such units;
- To ensure that all investors of an overseas domiciled expert CIU meet the definition of expert investors as defined in this Module;
- To ensure that all investors of an overseas domiciled exempt CIU meet the definition of accredited investors as defined in this Module:
- To obtain written confirmation from each CIU participant, (g) stating that they satisfy the definition of an expert investor or accredited investor (as appropriate) and confirming that they understand the higher risks involved in an expert CIU or exempt CIU:
- To provide a copy of the prospectus and the subscription agreement of the **CIU** to potential investors;
- To ensure that investors submit duly executed subscription (i) forms, together with all required documentation;
- To ensure that a <u>CIU</u> is marketed by qualified individuals who (j) are able to clearly explain to investors the risks and rewards associated with investing in the CIU, in a manner that is clear, fair and not misleading;

RP: Relevant Persons Section RP-12.4: Page 1 of 2 Volume 7



MODULE	RP:	Relevant Persons
CHAPTER	AU-A:	Introduction

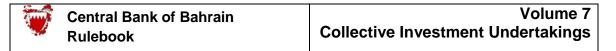
Duties of the Placement Agent (continued) **RP-12.4**

- To be responsible for addressing any client complaints and/or enquiries and to provide any such other information supplementary to the prospectus as may be reasonably required by existing or potential investors;
- (1) To ensure that the units subscribed for by clients are appropriately identified as clients' holdings in the books and records of the issuer; and
- (m) To comply at all times with all the laws of the Kingdom of Bahrain and the regulations and directives issued by the CBB from time to time, including those set to prevent and prohibit money laundering and the financing of terrorism.

MODULE	RP:	Relevant Persons
CHAPTER	RP-12:	Placement Agent for Overseas Domiciled CIUs

RP-12.5 Reporting Requirements

- RP-12.5.1 Placement agents must comply with any reporting requirements to the CIU participants, stipulated in the relevant legal agreements.
- Placement agents must ensure that the CIUs' prospectus (and simplified prospectus where applicable) are kept up-to-date. Most recent copies of the prospectus (and simplified prospectus where applicable) must be circulated to existing investors and made available to the CBB within 30 calendar days of any revision.
- Placement agents must distribute to investors the annual reports of CIUs and any other reports specified in the CIUs' prospectus, within the time scales specified by their home regulator and in accordance with the accounting standards acceptable by the home regulator.
- Placement agents must notify the CBB and the <u>CIU participants</u> in a timely manner of any intention to merge, transfer, wind up or suspend dealings in an <u>overseas domiciled CIU</u>.
- Placement agents must file with the CBB Form CIU (QS), the CIU Quarterly Statistical Return, within the deadline specified on the return.



MODULE	RP:	Relevant Persons
CHAPTER	RP-12:	Placement Agent for Overseas Domiciled ClUs

RP-12.6 Other Requirements

Placement agents must provide the CBB, upon request, with any additional information relevant to overseas domiciled CIUs, on a prompt basis.

The <u>placement agent</u> must keep all documents supporting the due diligence process undertaken to ensure suitability of the <u>CIU</u> to the targeted category of investors within its premises. Such documents must be available to the CBB upon request.