



BAHRAIN DOMICILED EXPERT CIUs MODULE



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MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-A: Introduction

BDE-A.1 Purpose

Executive Summary

BDE-A.1.1 This Module sets out the Central Bank of Bahrain's (CBB) requirements for Bahrain Domiciled Expert CIUs.

Legal Basis

BDE-A.1.2 This Module contains the CBB's Directive (as amended from time to time) regarding Bahrain Domiciled expert CIUs applicable to collective investment undertakings and 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').

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



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-A: Introduction

BDE-A.2 Module History

Evolution of Module

- BDE-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.
- BDE-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.
- BDE-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
<u>BDE-7.1.3(g)</u>	<u>10/2017</u>	<u>Deleted subparagraph on annual valuation.</u>

Superseded Requirements

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

Circular / other reference
Volume 6 Module CIU

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



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-B: Definition

BDE-B.1 Definition

Bahrain Domiciled Expert CIUs

BDE.B.1.1

Bahrain domiciled expert CIUs are defined under section Paragraph ARR-B.1.14 as CIUs that may be offered only to expert investors, and impose a minimum initial investment of USD10,000 (or equivalent in any other currency).

BDE.B.1.2

A Bahrain domiciled expert CIU must be able to demonstrate that each of its participants falls within the definition of an expert investor. It should also be able to demonstrate that the risk exposure potentially represented by a Bahrain domiciled expert CIU have been clearly communicated and understood by the CIU participants.

BDE.B.1.3

To help demonstrate compliance with Rule BDE-B.1.2, the CBB would expect to see a written confirmation from each CIU participant, stating that they satisfy the definition of an expert investor and confirming that they understand the higher risks involved in an expert CIU.

Authorisation Requirements

BDE.B.1.4

Bahrain domiciled expert CIUs must be authorised by the CBB prior to being offered to investors, in accordance with the requirements set out in Chapter ARR-3.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-1: Documents Constituting the CIU

BDE-1.1 General Requirements

BDE-1.1.1 Every Bahrain domiciled expert CIU must be constituted by way of documents, containing the information listed in Supplementary Information document ARR(i), in Part B of Volume 7.

BDE-1.1.2 In the case of CIUs established as Common CIUs established under the laws of contract, the documents are the Memorandum and Articles of Association of the fund company and the CIU instrument. In the case of Corporates established under the Bahrain Commercial Companies Law, the documents are the Memorandum and Articles of Association. In the case of CIUs established as Trusts under the Financial Trust Law, the legal document is the trust deed.

BDE-1.1.3 The operator of a Bahrain domiciled expert CIU together with the directors of the CIU concerned, or trustees, as appropriate, must ensure that the documents constituting the CIU:

- (a) Do not contain information that is false or misleading;
- (b) Do not contain any provisions that conflict with either CBB requirements or other laws and regulations, that may apply to the operator, fund manager and other relevant persons to the CIU; and
- (c) Are not unfairly prejudicial to the interests of the CIU participants, either generally or to a particular class of CIU participants.

BDE-1.1.4 The operator of a Bahrain domiciled expert CIU together with the directors of the CIU concerned, or trustees, as appropriate, must maintain the documents constituting the CIU.

BDE-1.1.5 Once authorised, prior approval must be obtained from the CBB for any subsequent material changes to the documents. An updated copy of the documents must be made available to the CBB within 30 calendar days of the revision being approved.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-2: Prospectus

BDE-2.1 General Requirements

BDE-2.1.1 Every Bahrain domiciled expert CIU authorised under Chapter ARR-3 must publish a prospectus containing, as a minimum, the information set out in Supplementary Information document ARR(ii), in Part B of Volume 7.

BDE-2.1.2 The board of the CIU, or trustees, as appropriate, must ensure that the information contained in the prospectus:

- (a) Is complete and transparent;
- (b) Is not false, misleading, or unfairly prejudicial to the interests of the CIU participants generally or to the participants of other classes of instruments issued by the CIU; and
- (c) Does not contain any provision that conflicts with any Rule in Volume 7, or other legal or regulatory requirements that apply to the CIU or other relevant persons connected to the CIU.

BDE-2.1.3 The documents constituting the Bahrain domiciled expert CIU must form an integral part of the prospectus and must be annexed to it. Alternatively, the prospectus must specify where the documents constituting the Bahrain domiciled expert CIU may be obtained.

BDE-2.1.4 The board of the CIU must keep the prospectus up-to-date, such that the information it contains is materially current.

BDE-2.1.5 Once the CIU is authorised, prior approval must be obtained from the CBB for any subsequent material changes to the prospectus. An updated copy of the prospectus must be made available to CBB within 30 calendar days of the revision being agreed, and CIU participants must be notified of the changes at least 30 calendar days before they take effect, given that a window for redemption is made available to CIU participants within this timeframe.

BDE-2.1.6 For the purposes of the Paragraph BDE-2.1.5, material changes include, but are not limited to:

- (a) Changes in the relevant persons;
- (b) A change in legal structure;
- (c) A change to the investment strategy; or
- (d) A change in fees.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-2: Prospectus

BDE-2.1 General Requirements (continued)

BDE-2.1.7 The CIU must provide a copy of its most recent prospectus, free of charge, to any existing and potential CIU participants.

BDE-2.1.8 The CIU must, upon request, provide explanations and such other information supplementary to the prospectus as may reasonably be required by any existing and potential CIU participants.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-2: Prospectus

BDE-2.2 Simplified Prospectus

BDE-2.2.1

Where a simplified prospectus is published by a Bahrain domiciled expert CIU, it must include, as a minimum, the information specified in Supplementary Information document ARR(iii), in Part B of Volume 7. It must also include a statement stating that more detailed information on the CIU is contained in the prospectus, a copy of which must be made available free of charge to existing and potential CIU participants upon request.

BDE-2.2.2

A simplified prospectus must contain a summary of the key features of the CIU, including its investment policy and fee structure. It must not be misleading.

BDE-2.2.3

A simplified prospectus must be kept up to date, such that the information it contains is materially current and accurately represents the full prospectus.

BDE-2.2.4

There is no requirement for a simplified prospectus to be approved by the CBB, nor for any subsequent material changes to be approved or notified. However, the simplified prospectus must accurately reflect the full prospectus, which is subject to approval requirements (see Rule BDE-2.1.5).



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-3: CIU Holdings

BDE-3.1 Rights

BDE-3.1.1

If a Bahrain domiciled expert CIU has different classes of holdings, the documents constituting the CIU must clearly set out:

- (a) The different features of each class of holdings, including their respective rights;
- (b) The allocation of expenses and fees; and
- (c) How the proportion of the value of the assets of the CIU and the proportion of income available for allocation attributable to each such class is to be calculated.

BDE-3.1.2 For the purposes of this Module, the interest of the CIU participants in a Bahrain domiciled expert CIU (by whatever name these interests are called), are deemed to consist of holdings (including fractions of a holding), each holding representing one undivided share of the entitlement in the CIU's assets.

BDE-3.1.3 The documents constituting the CIU may provide for different classes of holdings to be issued in an authorised CIU and, in the case of umbrella CIUs, may provide that different classes of holdings may be issued for each sub-CIU.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-3: CIU Holdings

BDE-3.2 Issue, Purchase and Redemption of Holdings

BDE-3.2.1

Holdings may not be created or issued unless the equivalent of the net issue price is paid into the assets of a Bahrain domiciled expert CIU within the usual time limits. This does not preclude the distribution of bonus holdings.

BDE-3.2.2

No direct or indirect lending should be made to CIU participants for the purpose of purchasing holdings in a Bahrain domiciled expert CIU, unless the CIU participant is classified as an accredited investor and the lending is incidental to the investment.

BDE-3.2.3

CIU participants must, in accordance with the CIU documents, either be:

- (a) Issued with registered certificates evidencing title to holdings; or
- (b) Provided with written confirmation of entry in a register for such holdings which must be kept current and up-to-date at all times and must contain full details of the names and addresses of the CIU participants, the number of holdings held by them, and the date of acquisition of such holdings.

BDE-3.2.4

Holdings in a CIU must be redeemed, repurchased, reimbursed or repaid (as may be appropriate) at the request of the CIU participants and in accordance with the Bahrain domiciled expert CIU's documents.

BDE-3.2.5

Holdings may only be created, issued or sold, and redeemed, repurchased, reimbursed or repaid (as may be appropriate):

- (a) In accordance with the prospectus constituting the Bahrain domiciled expert CIU; and
- (b) At a price arrived at by dividing the NAV of the CIU by the number of holdings outstanding, after taking into account any charges as stated in the prospectus.

BDE-3.2.6

The prospectus constituting the Bahrain domiciled expert CIU must clearly state the frequency and basis for calculation of the issue price, repurchase price and other appropriate prices of the holdings in the CIU.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-4: Investments

BDE-4.1 Risk Management

BDE-4.1.1 Bahrain domiciled expert CIUs must operate on the principle of risk spreading and must maintain and implement investment and risk management policies aimed at the prudent risk control.

BDE-4.1.2 The prospectus must summarise the policies and limits which the Bahrain domiciled expert CIU will apply, including (but not limited to):

- (a) The type of assets which the CIU may invest in;
- (b) The aggregate limits for each asset class;
- (c) Geographic allocation, limits per country, and sectors limits (if applicable);
- (d) Permitted individual exposures under each asset class; and
- (e) A description of remedial measures to be taken in the event of limit exceptions.

BDE-4.1.3 As further guidance, reference should be made to Supplementary Information document, ARR (iii) which sets out the minimum information to be contained in the prospectus, and Supplementary Information document, ARR (iv) which sets out the admissible assets and limits for Bahrain domiciled expert CIUs.

BDE-4.1.4 Bahrain domiciled expert CIUs may only invest in the type of assets specified in and in accordance with the limits prescribed in ARR(iv), unless otherwise agreed and approved in writing by the CBB. However, such limits do not apply until the expiry of a period of six months from the date of the initial offering of the CIU.

BDE-4.1.5 Where such approvals are given, the fact must be notified to CIU participants as an amendment to the prospectus (and simplified prospectus where applicable).

BDE-4.1.6 The CBB may allow a Bahrain domiciled expert CIU to broaden its investment policy to allow investments in financial assets other than those specified in ARR(iv), if it is satisfied that such assets are sufficiently liquid and the interests of the CIU participants are not prejudiced. The CBB may similarly also approve limits beyond those specified in ARR(iv), if it is satisfied that such approval is in the interests of the CIU participants.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-4: Investments

BDE-4.1 Risk Management (continued)

BDE-4.1.7

If the name or particulars of a Bahrain domiciled expert CIU indicates a specific objective, asset class, geographic region or market, the CIU must invest at least 60% of its assets in investments that reflect the specific objective, asset class, region or market. The remaining balance of the CIU's assets may only be held in cash or cash equivalents.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-4: Investments

BDE-4.2 Derivative Transactions

BDE-4.2.1

A Bahrain domiciled expert CIU may enter into permitted financial derivative transactions, provided that the following conditions are adhered to at all times:

- (a) The underlying positions continue to satisfy the limits specified in ARR(iv);
- (b) The transactions are consistent with the stated investment objectives;
- (c) The counterparties are licensed financial institutions or licensed exchanges or clearing houses;
- (d) The prospectus of the CIU clearly specifies the use and rationale of such transactions (i.e. for hedging purposes or for achieving investment goals), and provides a clear description of the associated risks, including the risk of volatility in net asset values;
- (e) The derivative positions and balances allow independent and reliable daily valuations and can be sold, liquidated or closed by an offsetting transaction at any time, at their fair value and at the initiative of the CIU;
- (f) The transactions are subject to sound and documented risk management policies and practices; and
- (g) The arrangement is consistent with good market practice.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-4: Investments

BDE-4.3 Significant Influence / Conflicts of Interest

BDE-4.3.1 Bahrain domiciled expert CIUs must not acquire securities issued by a relevant person, unless exempted in writing by the CBB.

BDE-4.3.2 Exemption from Rule BDE-4.3.1 will normally only be given by the CBB in cases where a Bahrain domiciled expert CIU is pursuing a market index strategy, such that it is obliged to invest in a relevant person's securities in order to replicate a market index.

BDE-4.3.3 Bahrain domiciled expert CIUs must not invest in any security (of any class) in a company or other undertaking, if any director of the CIU or of any relevant person and its affiliates individually or collectively owns more than 5% of those securities.

BDE-4.3.4 The prohibition in Paragraph BDE-4.3.3 also applies where the ownership of the directors of the CIU or of any relevant person and its affiliates, is in the parent, subsidiary or other associated undertaking of the company in which the CIU is to make the investment.

BDE-4.3.5 Bahrain domiciled expert CIUs must not invest in other CIUs which have the same operator, as the Bahrain domiciled expert CIU.

BDE-4.3.6 Bahrain domiciled expert CIUs must not enter into a transaction where one of the relevant persons is a counterparty to the transaction.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-4: Investments

BDE-4.4 Other Restrictions on Investments

BDE-4.4.1

Bahrain domiciled expert CIUs must not:

- (a) Assume, guarantee, endorse or otherwise become directly or contingently liable for the obligations or indebtedness of any person, except in accordance with its prospectus or instrument constituting the CIU; or
- (b) Acquire any asset which involves the assumption of any liability which is unlimited.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-4: Investments

BDE-4.5 Non-compliance with and Breaches of Investment Limits

BDE-4.5.1

If the investment limits and risk management policies specified in the prospectus are breached because of a reason other than a market change or movement, the Bahrain domiciled expert CIU must take all necessary steps to remedy the situation immediately, without jeopardizing the interests of CIU participants.

BDE-4.5.2

Any breach of investment limits and risk management policies, that has occurred because of a reason other than a market change or movement, must be reported to the CBB in writing by the board of the CIU, the custodian and the fund administrator, in a timely manner and accompanied by a plan and time-frame whereby the breach would be rectified.

BDE-4.5.3

If the breach occurs as a result of a market change or movement, the Bahrain domiciled expert CIU must take all necessary steps to remedy the situation, if possible, but without jeopardizing the interests of CIU participants, and to notify the CBB of the same.

BDE-4.5.4

The CBB does not consider it a breach in the event that the fund manager foresees, due to adverse market conditions, that it is in the best interest of CIU participants to shift from investments into cash and cash equivalents. In such case, the following notifications must be made:

- The board is required to immediately notify the CBB and the registrar stating the reason and the expected time by which the stipulated limits will be met;
- The board is required to immediately notify the CBB and the registrar once the CIU resumes investing in accordance with the investment limits stipulated in the prospectus; and
- The registrar is required to notify the CIU participants of the information above.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-5: Borrowing, Leveraging, Lending and Short Selling

BDE-5.1 Borrowing

BDE-5.5.1

A Bahrain domiciled expert CIU may only borrow subject to the following conditions:

- (a) The borrowing is temporary;
- (b) The borrowing is to be repaid out of the assets of the CIU;
- (c) The assets of the CIU, other than those pledged for the purpose of the borrowing transaction are not pledged;
- (d) The borrowing does not at any time exceed 20% of the CIU's assets;
- (e) The circumstances for such borrowing are disclosed in the prospectus; and
- (f) The borrowing is made on an exceptional basis to assist with liquidity management, rather than to leverage returns.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-5: Borrowing, Leveraging, Lending and Short Selling

BDE-5.2 Leveraging

BDE-5.2.1 A Bahrain domiciled expert CIU may only borrow up to 20% of the CIU's assets for the purpose of leveraging returns.

BDE-5.2.2 The aggregate borrowing and leveraging limit permitted for Bahrain domiciled expert CIUs must not exceed 30% of the CIU's assets at any time.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-5: Borrowing, Leveraging, Lending and Short Selling

BDE-5.3 Lending

BDE-5.3.1 A Bahrain domiciled expert CIU must not lend its assets to a relevant person of the CIU.

BDE-5.3.2 A Bahrain domiciled expert CIU may only lend its assets by entering into a stock lending agreement.

BDE-5.3.3 A Bahrain domiciled expert CIU may only enter into stock lending arrangements in respect of any securities held by it, provided that:

- (a) The counterparty is a licensed financial institution;
- (b) The arrangement is consistent with best market practice;
- (c) Acceptable collateral with a value equal to the securities lent is obtained to secure the obligation;
- (d) The current realisable value of the securities and of the relevant collateral is monitored daily in order to make-up the difference when the current realisable value of the collateral falls below that of the securities lent;
- (e) The aggregate value of stocks lent does not at any time exceed 20% of the net asset value of the CIU's assets; and
- (f) The circumstances for such lending are disclosed in the prospectus.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-5: Borrowing, Leveraging, Lending and Short Selling

BDE-5.4 Short Selling

BDE-5.4.1 A Bahrain domiciled expert CIU must not engage in short selling of securities.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-6: Fees and Dividends

BDE-6.1 Fees

BDE-6.1.1 All costs and charges, including fees to relevant persons, payable from the assets of a Bahrain domiciled expert CIU must be clearly stated and disclosed in the prospectus and must include the following:

- (a) The breakdown of such costs and charges;
- (b) The estimated or actual amount of costs and charges payable;
- (c) The nature and the basis for their calculation; and
- (d) The maximum amounts payable, expressed as percentages of the CIU's assets, on a per annum basis.

BDE-6.1.2 Where a performance fee is charged by way of deduction from the assets of a Bahrain domiciled expert CIU, the following must be stated in the prospectus:

- (a) The frequency of charging the performance fee to the CIU; and
- (b) The basis upon which the performance fee is calculated.

BDE-6.1.3 If a performance fee is levied, the fee may only be payable:

- (a) Not more frequently than annually;
- (b) If the NAV per holding exceeds the NAV per holding on which the performance fee was last calculated and paid; and
- (c) From an audited NAV.

BDE-6.1.4 Costs, charges and fees which have not been disclosed in a Bahrain domiciled expert CIU's prospectus must not be paid from the CIU's assets.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-6: Fees and Dividends

BDE-6.2 Dividends

BDE-6.2.1

All requests for distribution of dividends on holdings, must be approved in writing by the CBB prior to announcing the proposed dividend by way of a press announcement or any other means of communication and prior to submitting a proposal for distribution being announced or distributed to CIU participants of a Bahrain domiciled expert CIU.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-7: Valuation of Assets

BDE-7.1 General Requirements

BDE-7.1.1 The board of Directors must ensure that an independent, fair and regular valuation of all the CIU's assets, is conducted by appropriately qualified valuers.

BDE-7.1.2 The valuation principles to be applied must be stated in the CIU's prospectus and must include details of the methods and frequency of the valuation of assets.

BDE-7.1.3 The CBB expects the scope of the valuation policy:

- (a) To reflect 'good practice' industry standards;
- (b) Wherever possible, to be based on multiple and independent price sources;
- (c) Where unavoidable, valuations based on trader, broker or pricing models, input should be sufficiently tested and controlled, and declared, such that conflicts of interest are minimised;
- (d) Procedures should be developed to identify stale prices or illiquid assets;
- (e) The valuation of such assets should be performed by an expert in the asset class;
- (f) Valuations should normally be undertaken at least on a monthly basis;
- (g) [This subparagraph was deleted in October 2017].

BDE-7.1.4 The fund administrator must notify the CBB, in writing, 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 CIU; or
- (iii) The total NAV falls below 50% of the total NAV of the CIU relative to the previous valuation day.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-8: Books and Records

BDE-8.1 General Requirements

BDE-8.1.1

Bahrain domiciled expert CIUs must prepare, retain for 10 years and make available to the CBB upon request, such records that enable:

- (a) The CIU and its relevant persons, as appropriate, to comply with the Rules in this Module; and
- (b) The CIU to demonstrate at any time that such compliance has been achieved.

BDE-8.1.2

The records referred to above, include but are not limited to, the minutes of the board of director's meetings (see Paragraph CG-4.1.1), the prospectus, contractual agreements, documents constituting the CIU and annual audited statements.

BDE-8.1.3

Bahrain domiciled expert CIUs must maintain, through the appointed registrar, a register of holdings in the CIU. The register must be kept up to date at all times and must contain the following information:

- (a) Name of the CIU participant;
- (b) Official identification of the CIU participant (including the type and number);
- (c) Address and contact details of the CIU participant;
- (d) Number of units held by the CIU participant;
- (e) Number(s) of the certificate(s) issued to each CIU participant;
- (f) Date of issuance or transfer of units to the CIU participant;
- (g) Record of redemption of units; and
- (h) Record of cancellation of units.

BDE-8.1.4

Bahrain domiciled expert CIUs must, through the appointed registrar, obtain and safe-keep all signed application forms, along with KYC documents for each CIU participant, in original form or in the form of a certified copy, at the office in Bahrain, in line with applicable laws and regulations.

BDE-8.1.5

The operator of a Bahrain domiciled expert CIU must make available for public inspection free of charge in Bahrain, the following documents:

- (a) The documents constituting the CIU;
- (b) The prospectus (and simplified prospectus if applicable);
- (c) All annual and semi-annual reports issued by the CIU; and
- (d) Copies of all CBB approvals, where required.

MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-9: Financial Statements and Disclosure Requirements

BDE-9.1 General Requirements

- BDE-9.1.1** Bahrain domiciled expert CIUs must prepare semi-annual (interim) and annual audited financial statements for each financial year.
- BDE-9.1.2** The annual audited financial statements must be prepared in accordance with International Financial Reporting Standards (IFRS) or AAOIFI Standards, as applicable, by a qualified independent external auditor located in Bahrain and acceptable to the CBB. The semi-annual (interim) financial statements must be subject to an independent review by the same auditor.
- BDE-9.1.3** The annual audited financial statements must be disclosed and distributed to CIU participants and submitted to the CBB, within 4 months of the end of the CIU's financial year.
- BDE-9.1.4** The semi-annual (interim) financial statements must be disclosed and distributed to CIU participants and submitted to the CBB, within 2 months of the period end.
- BDE-9.1.5** Both the annual and semi-annual reports must contain as a minimum the information specified in Supplementary Information document CRR(i) of Part B of Volume 7.
- BDE-9.1.6 Publication of semi-annual and annual audited financial statements on the CIU's or operator's website is encouraged.
- BDE-9.1.7** The annual audited financial statements of the fund company (if applicable) must be submitted to the CBB, within 3 months of the financial year-end of the fund company.
- BDE-9.1.8** Bahrain domiciled expert CIUs must disclose their NAV to all CIU participants and potential investors, in accordance with the prospectus.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-10: Advertising

BDE-10.1 General Requirements

BDE-10.1.1

The operator/fund manager, as appropriate, is responsible to ensure that all advertisements in respect of Bahrain domiciled expert CIUs must:

- (a) Be fair, transparent and not misleading;
- (b) Be clear and self-explanatory (describing the nature or type of CIU to which the advertisement relates);
- (c) State any assumptions, forecasts and projections, on which claims in advertisements are based. Where an advertisement contains any forecast or projection, it must make clear the basis upon which that forecast or projection is made;
- (d) Contain risk warnings, including the potential for loss, in a manner that such warning is prominently presented and not obscured or disguised. The font used for risk warnings must be readable, bold and not less than the font of the advertisement;
- (e) Not describe CIUs as “guaranteed” unless there is a legally enforceable capital guarantee;
- (f) Not include any comparisons which may be misleading, considering the circumstances of the CIU; and
- (g) Include a statement informing the client that more detailed information on the CIU is contained in the prospectus, a copy of which must be made available to the client, free of charge.

BDE-10.1.2 For the purposes of this Module, advertising may include, but is not limited to, advertising in print or other media, e-mail or internet.

MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-11: Access to Premises

BDE-11.1 General Requirements

BDE-11.1.1 Relevant persons of Bahrain domiciled expert CIUs must permit representatives of the CBB, or persons appointed by the CBB to have access, with or without notice, during reasonable business hours to any of their business premises to allow the CBB to carry out inspection or investigation of the CIU at any point of time, in order for the CBB to discharge its regulatory obligations.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-12: Listing Requirements

BDE-12.1 General Requirements

BDE-12.1.1 Bahrain domiciled expert CIUs may only be listed on a licensed exchange and must state such intention in the prospectus.

BDE-12.1.2 In the case that a Bahrain domiciled expert CIU intends to be listed subsequent to being authorised by the CBB, it must:

- (a) Amend the prospectus after obtaining the CBB's approval; and
- (b) Notify the CIU participants of such intention.

BDE-12.1.3 Subsequent to fulfilling the requirements listed in Paragraph BDE-12.1.2, the operator of the CIU must:

- (a) Obtain CBB's non-objection to be listed;
- (b) Obtain the required approvals from the licensed exchange; and
- (c) Thereafter, notify the CBB of the effective date of listing.

BDE-12.1.4 In the event of listing, the prospectus of the listed CIU must be made available to potential subscribers.

BDE-12.1.5 Listed CIUs must at all times observe the definition of "eligible investors" as per indicated in the prospectus.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-13: Mergers and Transfers

BDE-13.1 General Requirements


BDE-13.1.1 A Bahrain domiciled expert CIU must seek prior written approval from the CBB in order to merge with, or else transfer its assets to another Bahrain domiciled expert CIU.

BDE-13.1.2 The request for approval above must be supported by the following information:

- (a) The reasons for the proposed merger or transfer;
- (b) The alternatives available to CIU participants (including a right to redeem without charge, or switch into another Bahrain domiciled expert CIU without charge); and
- (c) The estimated costs of the merger or transfer, and information on who is expected to bear such costs.

BDE-13.1.3 All CIU participants must be informed of the intention to merge or transfer to another Bahrain domiciled expert CIU, sufficiently prior to the event taking place, in order for them to make an informed decision.

BDE-13.1.4 In all cases, a merger or transfer of a Bahrain domiciled expert CIU must be in accordance with the instrument constituting the CIU and all other applicable laws.

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MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-14: Suspension of Dealing in CIU Holdings

BDE-14.1 Suspension of Dealing

BDE-14.1.1 A Bahrain domiciled expert CIU must notify the CBB and all CIU participants upon the suspension of dealing in the CIU holdings and provide the rationale for such decision.



MODULE	BDE: Bahrain Domiciled Expert CIUs
CHAPTER	BDE-14: Suspension of Dealing in CIU Holdings

BDE-14.2 Resumption of Dealing

BDE-14.2.1 A Bahrain domiciled expert CIU must notify the CBB and all CIU participants upon the resumption of dealing in the CIU holdings and provide the date on which the dealing was resumed.