



Glossary of Defined Terms

CONSULTATION



A

Accredited investor(s)

Accredited investors are defined as investors meeting the following criteria:

- (a) Individuals who have a minimum net worth (or joint net worth with their spouse) of USD 1,000,000, excluding that person's principal place of residence;
- (b) Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD 1,000,000; or
- (c) Governments, supranational organisations, central banks or other national monetary authorities, and state organisations whose main activity is to invest in financial instruments (such as state pension funds).

Individuals and commercial undertakings may elect in writing to be treated as accredited investors subject to meeting at least two of the following conditions:

- (a) The investor has carried out trading/investing transactions, in significant size (i.e. value of transactions aggregating USD 200,000) over the last 12-month period;
- (b) The size of the investor's financial assets portfolio including cash deposits and financial instruments is USD 500,000 or more; and/or
- (c) The investor works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged (i.e. the position was professional in nature and held in a field that allowed the client to acquire knowledge of transactions or services that have comparable features and a comparable level of complexity to the transactions or services envisaged).

B

Bahrain domiciled CIU(s)

Bahrain domiciled CIUs are CIUs which are established or domiciled in the Kingdom of Bahrain.



C

CIU participant(s)

A CIU participant (also generally known as a unitholder) is an investor in a CIU holding one or more units of beneficial interest in the CIU by whatever name it is called.

Closed-ended fund(s)

Closed-ended funds are CIUs with a limited number of units of beneficial interest in the CIU which are not normally redeemable until the fund liquidates. Typically, an investor can acquire or dispose of units in a closed-ended fund by buying or selling them on a secondary market, from a market intermediary or other investors, rather than by dealing with the CIU itself.

Collective Investment Undertaking(s) ('CIUs')

Collective investment undertakings ('CIUs') are undertakings, the sole object of which is the collective investment of capital raised from the public or through private placement, including investment seeded by the operator, in financial instruments and other assets in accordance with a defined investment policy.

Connected Parties

Connected parties are parties where one party owns, directly or indirectly, 20% or more of the voting rights or beneficial ownership interest of the other party.

Custodian(s)

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

E

Exempt CIU(s)

Exempt CIUs are lightly regulated CIUs that may generally be offered only to accredited investors or ultra-high net worth investors.



F

Fund administrator(s)

Fund administrators are persons who undertake bookkeeping and accounting, valuation, net asset value calculation, and other back office functions for a CIU.

L

Licensed exchange(s)

Licensed exchange means an exchange licensed in respect of the operation of its market in and from the Kingdom of Bahrain.

O

Open-ended fund(s)

An open-end(ed) fund is a CIU which can issue and redeem holdings at any time. An open-ended fund is equitably divided into units which vary in price in direct proportion to the variation in value of the CIU's net asset value.

Operator(s)

Operator is the legal entity that has overall responsibility for management and performance of the functions of the CIU, which may include investment advice and operational services.

Overseas domiciled CIU(s)

Overseas domiciled CIUs are undertakings that are established or domiciled in jurisdictions other than the Kingdom of Bahrain.



P

Placement agent

A placement agent is an entity that acts as agent on behalf of the operator or fund manager in placing units of the CIU. All banks, category 1, 2 and 4 investment firms can act as placement agents.

Private investment undertakings (PIU)

Private Investment Undertakings are defined as CIUs that are privately placed to only ultra-high net worth investors.

R

Relevant part(ies)

A relevant party for the purpose of Module CIU include the following:

- (a) Operator;
- (b) Custodian;
- (c) Fund Administrator; and
- (d) Placement Agent.

Retail CIU(s)

Retail CIU(s) are CIUs that may be offered to retail and other investors.

Retail investors

A retail investor means an investor who is not classified as an accredited investor or as an ultra-high net worth investor.



S

Shari'a advisor(s)

Is a Shari'a scholar responsible for directing, reviewing and supervising the activities of a Shari'a compliant CIU, in order to ensure it is in compliance with Islamic Shari'a rules and principles.

Shari'a compliant CIU

Are CIUs that hold themselves out to be managed in accordance with Shari'a principles.

U

Ultra-high net worth investors

Ultra-high net worth investors are:

- (a) Individuals who have a minimum net worth (or joint net worth with their spouse) of USD 25 million or more;
- (b) Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD 25 million; or
- (c) Governments, supranational organisations, central banks or other national monetary authorities, and state organisations whose main activity is to invest in financial instruments (such as state pension funds).