

Appendix 7

In this appendix underlining indicates new text and striking through indicates deleted text.



The DFSA Rulebook

Glossary Module

(GLO)

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A

[Back to top](#)

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Defined Term	Definition
<u>Advice</u>	<u>Advice of the type specified in GEN section 2.11.</u>
<u>Advising</u>	<u>Advising on Financial Products or Credit.</u>
Advising on Financial Products or Credit	Has the meaning given in GEN section 2.11.
Advisor	<p>In relation to a Fund, a Person who is retained by the Fund, its <u>Eligible</u> Custodian, a Person providing oversight or its Operator under a commercial arrangement which is not a contract of service:</p> <p>(a) to supply any of them with the advice in relation to the Fund as to the merits of investment opportunities or information relevant to the making of judgments about the merits of investment opportunities; or</p> <p>(b) to exercise for any of the functions concerning the management of the Fund Property.</p> <p>[Added][VER8/04-06]</p>

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B

[Back to top](#)

Defined Term	Definition
Bank	An Authorised Firm which holds a Licence authorising it to carry on either or both of the Financial Service of Accepting Deposits or Providing Credit.
Banking Business	The business of Accepting Deposits or Providing Credit.

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C

[Back to top](#)

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Defined Term	Definition
Client	<p>Has the meaning given in COB chapter 3.</p> <p><u>A Retail Client or Professional Client as defined in COB chapter 2.</u></p>
Client Account	<p>(1) In relation to Client Money, an account specified in COB Rule A5.4.1; and</p> <p>(2) in relation to a Safe Custody Investment an account specified in COB Rule A6.4.2.</p>
<u>Client Agreement</u>	<p><u>An agreement between an Authorised Firm and a Client that is in accordance with the requirements of COB section 3.3</u></p>
Client Assets	Client Money and Client Investments.
Client Investments	Has the meaning given in COB section 9.4. <u>6.13</u>
Client Money	Has the meaning given in COB section 9.3. <u>6.12</u>

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Collateral	<p>(1) In PIB, any form of asset, guarantee, or indemnity which is held or controlled by an Authorised Firm and is subject to a security interest or arrangement in favour of that firm; and</p> <p>(2) In COB, a Client Investment which has been paid for in full by a Client and which is held or controlled by the Authorised Firm under the terms of a deposit, pledge, charge or other security arrangement.</p>
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Collective Investment Fund	An arrangement which amounts to a Fund under Article 15 of the Collective Investment Law 2006 and which is not excluded under the Rules made under Article 16 set out under CIR 4 <u>CIR section 2.3</u> .
Commercial Customer	In relation to an Insurer or an Insurance Intermediary, a customer who is: (a) — an Undertaking; or (b) — a natural person carrying on a trade or business, with or without a view to profit.

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<u>Complaint</u>	<u>Any oral or written expression of dissatisfaction from a Client to an Authorised Firm in connection with the provision of, or failure to provide, a Financial Service to the Client.</u>
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Customer Complaint	Any significant expression of dissatisfaction sent from a customer to the Authorised Firm relating to a Financial Service.
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D

[Back to top](#)

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Defined Term	Definition
<p>Delegation Arrangement Agreement</p>	<p>An agreement in writing <u>entered into by an Operator or Trustee with a Service Provider in relation to delegated activities</u>, which fulfils the criteria in CIR App 1.</p> <p>[Added][VER8/04-06]</p>

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<p><u>Discretionary Portfolio Management Agreement</u></p>	<p><u>An agreement under which an Authorised Firm agrees with a Client to manage an investment portfolio for that particular Client in accordance with pre-agreed investment parameters in that agreement and where:</u></p> <p>(a) <u>the Client's approval of any specific Transaction is not required before undertaking the Transaction; and</u></p> <p>(b) <u>the assets of the Client are discretely held for that Client and no pooling of those assets occurs with the assets of any other Person, except purely for transactional purposes.</u></p>
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E

[Back to top](#)

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Defined Term	Definition
Eligible Custodian	<p>A Person meeting prescribed criteria under CIR Rule 6.3.2.</p> <p>[Added][VER8-04-06] [Amended][VER9/08-06]</p>
<u>Eligible Custodian</u>	<p><u>An Eligible Custodian is a Person who is a separate legal entity from the Operator and, in the case of an Investment Trust, both the Operator and the Trustee, and is:</u></p> <p><u>(1) an Authorised Firm whose Licence authorises it to Provide Custody Services;</u></p> <p><u>(2) an Authorised Firm which is a Bank;</u></p> <p><u>(3) an Authorised Market Institution;</u></p> <p><u>(4) an Undertaking:</u></p> <p><u>(a) that is authorised and supervised by a Financial Services Regulator in a Recognised Jurisdiction for providing custody services in respect of a Fund and is subject to a minimum capital requirement of \$4 million or its equivalent in any other currency at the relevant time and has had surplus revenue over expenditure for the last two financial years;</u></p> <p><u>(b) where it, or its holding company, in respect of its financial strength is:</u></p> <p><u>(i) rated or graded as at least “investment grade” by Moody’s, Fitch or Standard & Poor’s or such other international rating agency as may be recognised by the DFSA; and</u></p>

Defined Term	Definition
	<p>(ii) <u>is authorised and supervised by a Financial Services Regulator in another jurisdiction which is a Zone 1 country; or</u></p> <p>(c) <u>where it is authorised or recognised by a Financial Services Regulator to operate as an exchange or a clearing house in a Recognised Jurisdiction; or</u></p> <p>(5) <u>an Undertaking that is and remains:</u></p> <p>(a) <u>controlled and wholly owned by one or more of the national governments of the six member states of the Gulf Cooperation Council;</u></p> <p>(b) <u>authorised and supervised by a Financial Services Regulator or Central Bank of at least one of the said national governments; and</u></p> <p>(c) <u>rated or graded as at least “investment grade” by Moody’s, Fitch or Standard & Poor’s or such other international rating agency as may be recognised by the DFSA.</u></p>
Eligible Person	<p>In relation to the delegation of an activity by an Operator an Eligible Person is a Person meeting the criteria prescribed under CIR Rule 7.3.1(4) and in relation to the delegation of an activity by the Trustee of an Investment Trust an Eligible Person is a Person meeting the criteria prescribed under CIR Rule 7.3.3(4).</p> <p>[Amended][VER9/08-06]</p>

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<u>Execution – Only Transaction</u>	<p>A Transaction executed by an Authorised Firm upon the specific instructions of a Client where the Authorised Firm does not give advice of the kind prescribed under GEN Rule 2.11.1 in relation to the Transaction and where, in the case only of Units, the Authorised Firm has not Offered those particular Units to that Person.</p>
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F

[Back to top](#)

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Defined Term	Definition
Feeder Fund	<p>A Fund which is dedicated to investing in the <u>Units or Debentures</u> of another Fund (the an Master Fund) or in the Shares <u>Units or Debentures</u> of a single eligible investment trust <u>Master Fund</u>, specified in CIR Rule 13.3.4.</p> <p>[Added][VER8/04-06]</p>

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<u>Fund of Funds</u>	<u>A Fund which invests in two or more other Funds and which meets the requirements of CIR section 13.2.</u>
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[Back to top](#)

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Defined Term	Definition
Insurance Monies	Has the meaning given in COB Rule 14.2.4 <u>7.12.2</u> .

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Investment Business	<p>The business of:</p> <ul style="list-style-type: none"> (a) Dealing in Investments as Principal; (b) Dealing in Investments as Agent; (c) Arranging Credit or Deals in Investments (d) Managing Assets; (e) Advising on Financial Products or Credit; (f) Operating a Collective Investment Fund; (g) Providing Custody; (h) Arranging Custody; (i) Managing a Profit Sharing Investment Account; or (j) Operating an Alternative Trading System; <u>or</u> (k) <u>Acting as the Trustee of a Fund.</u>
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Investment Undertaking	<p>An Investment Company, Investment Partnership, <u>or Investment Trust</u> and any other Undertaking or contractual arrangement other than a Protected Cell Company which is used as the investment vehicle for a Fund.</p>
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M

[Back to top](#)

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Defined Term	Definition
Market Counterparty	<p>A Client specified under COB Rule 2.3.4.</p> <p>A Client who is:</p> <ul style="list-style-type: none"> (a) an Undertaking, which has had, or any of whose Holding Companies or Subsidiaries has had, in the last two years, called up share capital or net assets of at least \$10 million. In the case of a limited liability partnership calculated without deducting loans owing to any of the partners; (b) a trustee of a trust or pension fund which has had in the last two years assets of at least \$10 million calculated by aggregating the value of the cash and investments forming part of the trust's or fund's assets, but before deducting its liabilities; (c) a properly constituted government, government agency, central bank or other national monetary authority of any country or jurisdiction; (d) a public authority or state investment body; (e) a supranational organisation whose members are either countries, central banks or national monetary authorities; (f) an Authorised Firm or Regulated Financial Institution; (g) an Authorised Market Institution, regulated exchange or regulated clearing house;

Defined Term	Definition
	<p>(h) an Undertaking which is a Holding Company or Subsidiary of an Undertaking in (f) or (g) with that undertakings consent;</p> <p>(i) a Body Corporate whose shares are listed or admitted to trading on any regulated exchange of an IOSCO member country; or</p> <p>(j) a Collective Investment Fund or Special Purpose Vehicle.</p>

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<u>Master Fund</u>	<u>A Fund into which a Feeder Fund invests all of its Fund Property.</u>
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O

[Back to top](#)

Defined Term	Definition
Offer	<p>(1) <u>In relation to Securities other than Units, an offer of Securities falling within Article 13 of the Markets Law 2004.</u></p> <p>(2) <u>In relation to Units, an offer of Units falling within Article 12 of the Collective Investment Law 2006.</u></p> <p>[Added][VER3/04-05]</p>

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Operator	<p>The person <u>Person</u>, described under Article 17(3) <u>12(3)</u> of the Collective Investment Law 2006, who is responsible for the management of the property held for or within a Fund and who otherwise operates the Fund and, in relation to a Domestic Fund, is authorised under a Licence granted by the DFSA to operate the Fund.</p> <p>[Added][VER8/04-06] [Amended][VER9/08-06]</p>
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Outsourcing Arrangement Agreement	<p>An agreement in writing <u>entered into by an Operator or Trustee with a Service Provider in relation to outsourced functions</u>, which fulfils the criteria in CIR App 1.</p> <p>[Added][VER8/04-06]</p>
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P

[Back to top](#)

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Defined Term	Definition
Permitted Third Party	<p>In relation to a Fund, an Authorised Firm to whom a function has been outsourced in accordance with CIR.</p> <p>[Added][VER8/04-06]</p>

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PIB	The Prudential - Investment, Insurance Intermediation and Banking Business module of the Rulebook.
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Private Fund	<p>A Fund which falls within the meaning given under <u>Article 54 of the Collective Investment Law 2006 and satisfies the criteria prescribed in section 18.3 of CIR.</u></p> <p>Has the meaning given under Article 54 of the Collective Investment Law 2006.</p> <p>[Added][VER8/04-06]</p>
<u>Private Placement</u>	<p><u>An Offer made to a Person who is likely to be interested in the Offer having regard to:</u></p> <p>(i) <u>previous contact between the Person making the Offer and that Person;</u></p> <p>(ii) <u>a professional or other connection between the Person making the Offer and that Person; or</u></p> <p>(iii) <u>statements or actions by that Person that indicate that he is interested in Offers of that kind.</u></p>

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<u>Professional Client</u>	<u>A Client specified under COB Rule 2.3.2, including a Market Counterparty.</u>
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<u>Profit Sharing Investment Account (PSIA)</u>	<p>An account, <u>or</u> portfolio or fund managed:</p> <ul style="list-style-type: none"> (a) in relation to property of any kind, including the currency of any country or territory, held for or within the account, <u>or</u> portfolio or fund; (b) in accordance with Shari'a and held out as such; and (c) under the term of an agreement whereby: <ul style="list-style-type: none"> (i) the investor agrees to share any profit with the manager of the account, <u>or</u> portfolio or fund in accordance with a predetermined specified percentage or ratio; and (ii) the investor agrees that he alone will bare <u>bear</u> any losses in the absence of negligence or breach of contract on the part of the manager.
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<u>Prospectus</u>	<p>A document containing the information about a Security, by whatever name called and includes any supplementary documents.</p> <p><u>In relation to an Offer of Securities other than Units, a document containing the information prescribed under the Markets Law 2004 and the OSR Rules, and includes a Supplementary Prospectus.</u></p>
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	<u>In relation to a Fund, a document containing the information prescribed under the Collective Investment Law 2006 and the CIR Rules, including a Short Form Prospectus or Supplementary Prospectus.</u>
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<u>Providing Fund Administration</u>	<u>Has the meaning given in GEN section 2.24</u>
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Public Fund	Has the meaning given under Article 46 of the Collective Investment Law 2006. [Added][VER8/04-06] <u>A Fund which falls within the meaning given under Article 46 of the Collective Investment Law 2006 and meets the requirements for registration prescribed in chapter 14 of CIR.</u>
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Q

[Back to top](#)

Defined Term	Definition
Qualified Investor	<p>(1) In OSR, a Person specified in OSR Rule 3.3.2. [Added/VER3/04-05]</p> <p>(2) In GIR and COB, in relation to participation in a Fund and in relation to Transactions involving a Unit, a Person who meets the criteria to be a Client in COB Rule 3.2.2. [Amended/VER8/04-06] [Amended][VER9/08-06] [Amended][VER16/10-07][RM50/07]</p>

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R

[Back to top](#)

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Defined Term	Definition
<u>Retail Client</u>	<u>A Client specified under COB Rule 2.3.5</u>
Retail Customer	Has the meaning given in COB Rule 3.2.2 [Amended][VER16/10-07][RM49/07]

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S

[Back to top](#)

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Defined Term	Definition
<u>Service Provider</u>	For the purpose of CIR, a Person who is delegated an activity or outsourced a function by an Operator or Trustee under the terms of a Service Agreement, as described in chapter 7 of CIR.

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<u>Short Form Prospectus</u>	In relation to a Private Fund a document containing the information prescribed under the <u>Collective Investment Law 2006 and CIR Rules.</u>
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<u>Sub-Fund</u>	A separate pool of Fund Property within an <u>Umbrella Fund.</u>
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Supplementary Prospectus	<p>An updated Prospectus produced in accordance with OSR section 5.6. [Amended][VER3/04-05]</p> <p><u>An updated or replacement Prospectus produced in accordance with Article 15 of the Markets Law 2004 or Article 42 of the Collective Investment Law 2006, as applicable.</u></p>
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T

[Back to top](#)

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Defined Term	Definition
Transaction	Any transaction undertaken by an Authorised Firm in the course of carrying on a Financial Service in or from the DIFC except in COB sections 6.8, 6.9 and 6.10 where it has the meaning given under COB Rule 6.8.1(2). [Amended][VER10/08-06]

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Trust Service Provider	Means an <u>An</u> Authorised Firm <u>which is authorised under its</u> whose Licence allows it to carry on the activity of Providing Trust Services. [Added][VER7/01-06]
Trustee	The Person, described under Article 18 of the Investment Trust Law 2006 who is appointed under a Trust Deed as the trustee of an Investment Trust to hold the Fund's Property on trust for the Unitholders and to oversee the operation of the Fund and, in relation to a Domestic Fund, is authorised under a licence <u>its Licence</u> to act as the trustee of the Fund. [Added][VER9/08-06] [Amended][VER16/10-07][RM50/07]

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U

[Back to top](#)

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Defined Term	Definition
Umbrella Fund	A Fund under which the contributions of the participants <u>Unitholders</u> in the Fund and the profits or income out of which payments are to be made to them are pooled separately <u>in a number of Sub-Funds</u> in relation to separate parts of the Fund Property. [Added][VER8/04-06]

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Unit	A Unit or Share representing the rights or interests of a participant <u>Unitholder</u> in a Fund. [Amended][VER08/04-06]
Unitholder	In relation to a Fund, means any holder of a Unit in the Fund or of any right or interest in such a Unit, otherwise known as a 'participant' and whose name is entered on the Fund's register in relation to that Unit. [Added][VER08/04-06]

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