

# Private Investment Undertakings in the Kingdom of Bahrain



## Private investment undertakings (PIUs)

- Investment undertakings/funds that are registered with the CBB
- Offered to high net worth individuals or institutional investors, and impose a minimum initial investment/participatory interest of USD 3 million (or equivalent in any other currency).

## High net-worth investors

- Individuals holding financial assets (either singly or jointly with their spouse) of USD 25 million or more;
- Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD 25 million; or
- 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).

A PIU must be able to demonstrate that each of its PIU participants falls within the definition of a high net worth investor. It should also be able to demonstrate that the risk exposure potentially represented by a PIU has been clearly communicated and understood by the PIU participants.

To help demonstrate compliance with participants, a PIU should be able to provide a written confirmation from each PIU participant, stating that they satisfy the definition of a high net worth investor and confirming that they understand the types of risks involved in a PIU.

## Relevant persons to be appointed:

- Operator, which must be a licensed entity;
- Custodian, which must be a CBB licensee;
- Trustee (if applicable), which must be a CBB licensee;
- Fund Manager (if applicable), which must be a licensed entity;
- Fund Administrator, which must be a CBB licensee;
- Investment Advisor (optional); and
- External Auditor, based in the Kingdom of Bahrain.

## Permissible combination of relevant persons to the PIU:

1. The operator of a PIU, may either be combined with the custodian or with the fund manager, but not both;
2. If the PIU is structured as a trust, the trustee, who will be assuming the role of the operator, must not be combined with the fund manager;
3. The trustee may be combined with the custodian /fund administrator;
4. The appointment of a fund manager is optional, however, if a fund manager is appointed, it must not be combined with the custodian /fund administrator;
5. The custodian may be combined with the operator and/or fund administrator; and
6. The fund administrator may be combined with the custodian.

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## Registration process

PIUs must be registered with the CBB prior to being offered to high net worth investors. An application for registration may only be made by the operator /custodian of the PIU.

A request for registration must be made by submitting a formal letter containing the structure of the PIU and the relevant person to the PIU, and signed by an authorised signatory of the applicant, together with all supporting documentation, as follows:

1. Draft Private Offering Document;
2. Draft Memorandum and Articles of Association or Trust Instrument (or trust deed, where appropriate);
3. Certified and valid passport copies and CVs of the directors; and
4. A board resolution of the operator, approving the application to seek registration of the PIU.

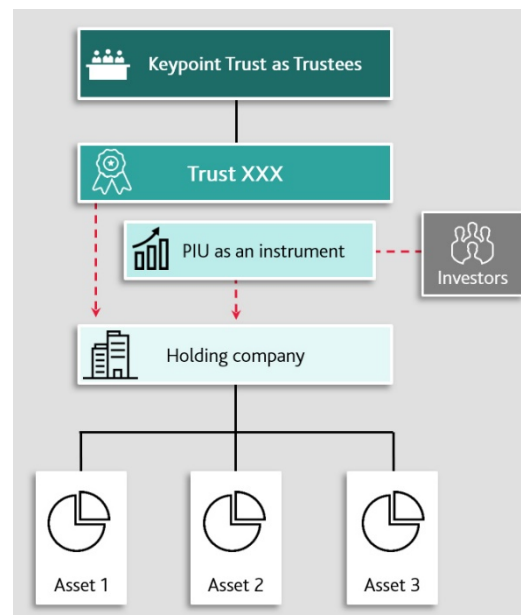
The operator /custodian of a PIU together with the directors of the PIU concerned, or trustees, as appropriate, must ensure that the documents constituting the PIU:

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

## CBB reporting

- PIUs must prepare annual audited financial statements for each financial year, by a qualified independent external auditor located in Bahrain.
- 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.
- Quarterly statistical return with 21 calendar days from the end of each quarter

## PIU structure



## Fee structure

- Initial trust setup fees
- Ongoing administration fees
- Any other fees applicable

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## About Keypoint Trust

Keypoint Trust B.S.C.(c) is licensed by the CBB, under the Bahrain Trust Law, to provide trustee and trust administration services. It is wholly owned by Keypoint Group, established more than a decade ago.

Keypoint Trust has established real estate investment trust, employee benefits trusts for share ownership plans, trust for debt re-organisation, family trusts and is currently functioning as trustees for the trusts so established. Our clients are investment banks, family offices, asset managers, etc.

Keypoint Group also provides other professional business advisory services, such as, Accounting Solutions, Statutory and Corporate Advisory, IT Consulting, Human Capital, Fund Administration and Share Registry, Financial Regulatory Compliance, Tax and VAT Consulting and Management Consulting.

We are headquartered in the NBB Tower, Manama, Kingdom of Bahrain and employ approximately 110 staff, most of them hold professional qualifications such as Chartered Accountants, Management Accountants, Internal Auditors, Chartered Financial Analysts, Solicitors and Barristers, Chartered Tax Advisors, Chartered Institute of Personal Development, Certified Information Systems Auditors and other IT Certifications.

## Contact us



Nandakumar Narasimhan  
Senior Director, Trust services

[Nandakumar.narasimhan@keypoint.com](mailto:Nandakumar.narasimhan@keypoint.com)

+973 1720 6860



Ambika Shetty  
Manager, Trust services

[ambika.shetty@keypoint.com](mailto:ambika.shetty@keypoint.com)

+973 1720 6853