

Introduction of Umbrella fund, Thematic Analysis of laws in UAE and Implications of launch in Iran's Islamic Capital market

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Abstract

Purpose of Research: This research pursues three basic objectives. The first goal is to introduce the umbrella investment fund as an efficient tool for both asset management companies and investors according to their investment preferences. The second goal is to analyse the content of the laws governing the establishment, launch and operation of this fund in the largest financial centre of the Middle East, the United Arab Emirates, which is also known as an Islamic country, and the third goal is to express the needs and ability to solve some the problems of the capital market by umbrella fund, indications of the necessity of setting up such a tool in the Islamic capital market of Iran is provided.

Method of Research: The method used in this research is a thematic analysis method. Thematic analysis is a method to recognize, analyze and report patterns in qualitative data. This method transforms a process for analyzing textual data and scattered and diverse data into rich and detailed data.

Finding of Research: The findings of this research show that the establishment of an umbrella fund is one of the appropriate tools that provide investors' preferences and reduce costs for asset management companies in Iran's Islamic capital market. Also, its Islamic example implemented in the UAE can be considered as a suitable basis for modelling for the formulation of regulations and laws governing this tool.

Conclusion: By examining the United Arab Emirates as the largest financial center in the Middle East and as an Islamic country, collective investment laws govern these funds. These funds will be created under a protected cell company, and each sub-fund that is a cell will have its own debt and assets and will prevent the spread of risk between sub-funds. The prospectus of this fund in the United Arab Emirates includes information such as responsible persons, documentation, goals and policies, investment, investment restrictions, investors' rights, information about the manager, trustee, auditor, and trustee of the fund. The creation and launch of an umbrella fund in Iran seems inevitable, which makes it possible for any investor with any type of goals and strategies to enter the capital market, secondly, the establishment and launch costs, maintenance, branding and marketing costs of that fund could be reduced for the fund manager, and thirdly, with the diversity of the sub-funds, it is possible to deepen the market for the investment tools that have been created now, but their market depth is not high.

Keywords: Umbrella Fund, Islamic Capital Market, Prospectus, Regulatory of Islamic Capital Market, Collective Investment Rule

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1 Introduction

One of the factors of economic development is the existence of various instruments in the financial markets. A successful economy has the right tools to attract domestic and foreign investments. The design of new tools in Iran faces the challenges of adapting the tools to the conditions of the money and capital market and adapting them to Islamic jurisprudence. A financial instrument, in addition to being compatible with Islamic jurisprudence, must be defensible from the point of view of economics, financial management, law and accounting. The development of financial knowledge is based on the development of financial markets, institutions, and instruments. A powerful economy is one that can have appropriate and diverse tools to attract domestic and foreign investments (Jamshidi, 2003). In most countries of the world, financial market traders first invent tools and gradually use them, then legal and economic analysts examine them; But in developing countries, especially Islamic countries, due to their special economic and cultural conditions, financial instruments are presented in traditional or scientific form by scientific circles, and therefore, it brings challenges; On this occasion, the design of new tools in Iran mainly faces challenges. The challenge of adapting financial instruments to economic conditions and financial markets, especially the capital market, and the challenge of adapting financial instruments to Islamic jurisprudence are among the most important of them.

One of the challenges that asset management companies are facing these days is that due to the small range of available investment tools, there is no ability and power to act in investment fund portfolios. Investment funds currently available in the Iranian market include fixed income funds, mixed funds, equity funds, leveraged funds, sector funds, gold funds, and saffron funds. In each of these funds, according to the existing prospectus, they are able to invest only in a certain class of assets and with a certain percentage. On the other hand, investors are only faced with tools that have specific investment strategies and limitations. Therefore, it is not possible to define unusual strategies for these funds, and for this reason, some investors cannot adapt their risk profile to the funds available in the market. One of the ways that currently exists to define a specific strategy and investors with a tendency towards these strategies is the formation of a dedicated portfolio, which due to the high cost and man-hours that these portfolios have in asset management companies, have, usually the asset management companies impose the minimum opening amount of the asset portfolio to the investors. For this reason, it is necessary to define a tool that can provide portfolios of assets with less restrictions and greater action power in accordance with the risk profile and preferences of the investors and reduce the costs of the asset management company accordingly, and it is possible to open and liquidate it quickly. And it seems useful.

An umbrella investment fund is a type of investment tool that allows several sub-funds to operate under a single legal and organizational structure. This can be a beneficial option for investment managers and advisors, as it allows them to offer a diverse range of investment products to their clients or manage multiple clients under one sub-fund efficiently and effectively. The first advantage of setting up an umbrella investment fund is that it provides efficient management of multiple investment portfolios in the form of a single administrative and legal structure. This will reduce costs and simplify operations. The umbrella investment fund has provided a platform for collecting resources from different types of investments, which will create economies of scale and the potential to attract large investors. Also, these

funds will create flexibility in investment strategies and create the ability to design sub-sections according to the investors' desires.

1.1 Purpose of Research

The financial system is considered as one of the criteria of economic growth. A developed and organized financial system by financing business opportunities, directing excess resources, efficient allocation of resources and diversification and risk reduction will cause the economic growth of a country (Mishkin, 2005). The role that the development of financial markets, especially the securities market, plays in economic growth has been fully proven and tested (Odin et al., 2013; Greenwood et al., 2013; Al-Malakavi et al., 2013). Investment is one of the main drivers of countries' economies, which leads in the form of investment funds or a specific asset to achieve cash flows in the future (Reilly and Brown, 2003). It can be defined in this way that people give up their available funds to achieve cash flows in the future (Kevin, 2008). Financial markets are one of the most important markets that offer financial assets including stocks, bonds, investment funds, certificates of deposit and derivative instruments, etc. Financial markets are considered as a channel for savings as well as investment in the economic system. The main economic importance of the financial market is the increase and absorption of surplus financial resources and optimal allocation to projects and strengthening the national economy through the promotion of economic development (Modi and Murshid, 2005). According to the above, it seems necessary to design a tool that can cover different types of investment strategies and is cost-effective for asset management companies in terms of operating and umbrella fund could be helpful in this way.

1.2 The Importance of Research

The capital market is one of the constituent parts of the financial market and in fact it is considered one of the main arteries of financing in an economy. The effect of the capital market on the movement of cash flow and leading to economic growth and development is an important issue that has recently been taken into consideration by looking at the favorable growth of the capital market in Iran. If there is no logical relationship between the financial market and other economic sectors, there is a possibility of disturbances and deficiencies in the economic mechanism. The capital market plays a major role in gathering resources through savings, optimizing the flow of financial resources, and directing them towards the consumption and investment needs in productive sectors of the economy. Economists are of the opinion that the difference between developed and underdeveloped economies is not in the advanced technology of the developed but in the presence of an active and extensive integrated capital market (Farmanara et al., 2018). The capital market plays a very important role in optimal allocation of resources and national capitals. The main task of the capital market is to effectively move capital and optimal allocation of resources. The capital market, which is the most important source of long-term financing, is referred to a specific system and location. in which the medium and long-term financial needs of economic enterprises are provided. This market as a center for providing capital funds, savings, and liquidity of people through brokers and financial intermediaries along with long-term productive investments and financial instruments such as shares, preferred shares, bonds, and convertible bonds are considered comprehensive capital market instruments. Among the major institutions active in the capital market are capital banks Investments, brokers, investment companies, insurance companies, pension funds, and international stock exchanges that sometimes subscribe to the stocks of companies from other countries (Gholamzadeh, 2019).

One of the challenges that asset management companies are facing these days is that due to the small range of available investment tools, there is no ability and power to act in investment fund portfolios. Investment funds currently available in the Iranian market include fixed income funds, mixed funds, equity funds, leveraged funds, sector funds, gold funds, and saffron funds. In each of these funds,

according to the existing prospectus, they can invest only in a certain class of assets and with a certain percentage. On the other hand, investors are only faced with tools that have investment strategies and limitations. Therefore, it is not possible to define unusual strategies for these funds, and for this reason, some investors cannot adapt their risk profile to the funds available in the market. One of the ways that currently exists to define a specific strategy and investors with a tendency towards these strategies is the formation of a dedicated portfolio, which due to the high cost and man-hours that these portfolios have in asset management companies. Usually, the asset management companies impose the minimum opening amount of the asset portfolio to the investors. For this reason, it is necessary to define a tool that can provide portfolios of assets with less restrictions and greater action power in accordance with the risk profile and investors' preferences and reduce the costs of the asset management company proportionately, and it is possible to open and liquidate it quickly. And it seems useful. Today, investors are increasingly looking for diverse and efficient investment solutions. One of these solutions that is gaining popularity is the umbrella investment fund. Designed to meet the needs of individual and institutional investors, umbrella funds offer a range of benefits including diversification, cost efficiency and professional management. Umbrella investment funds act as a versatile investment vehicle that meets the needs of different investors and with the possibility of choosing from a wide range of sub-funds, investors can customize their portfolio to meet their goals. Financial and risk preferences should be coordinated (Pomez, 2012).

The innovation of this article is the introduction of Sharia-compliant umbrella fund structure for Iran's Islamic capital market. With the establishment of this in Iran Islamic Capital Market Fund, it will bring benefits such as reduction of pending licenses, flexibility, cost reduction due to scalability. Currently, in the capital market of Iran, there are certain types of investment funds that are classically classified as equity, fixed income, partial, mixed, leveraged and commodity, which can be said to cover all risk tolerance ranges. And they do not cover the investment objectives of investors. By creating an umbrella fund, it seems that it is possible to increase the penetration rate of the capital market, and by designing sub-funds based on different strategies, it is possible to deepen the market of some designed instruments.

1.3 Why UAE Is Chosen for Thematic Analysis

Islamic finance has emerged as a pivotal sector in the United Arab Emirates (UAE) over the past few decades, transforming the financial landscape and attracting global attention. Rooted in Islamic principles, this distinctive financial system has experienced remarkable growth in the UAE, positioning the country as a leading hub for Sharia-compliant banking and investment. This article delves into the intriguing journey of Islamic finance within the UAE, examining its historical evolution, regulatory framework, key players, and its role in shaping the nation's financial future. As the global economy grapples with economic uncertainties, Islamic finance offers a unique perspective on financial transactions. Its adherence to Sharia principles, including the prohibition of interest (riba) and the promotion of risk-sharing and ethical investing, has not only provided alternative avenues for investors but also established the UAE as a global hub for Islamic finance innovation. At the heart of the UAE's Islamic finance regulatory framework lies a commitment to Sharia compliance. Financial institutions offering Islamic products and services are rigorously scrutinised to ensure they adhere to Islamic principles (Khalil & Hijzi, 2023).

The UAE's journey towards becoming a global Islamic finance hub can be attributed to pioneering institutions like Dubai Islamic Bank (DIB), which was established in 1975 as the world's first Islamic bank. DIB's success set the stage for the development of numerous other Islamic banks and financial institutions in the country. Over the years, the UAE's Islamic banking sector has diversified its offerings. Initially centred around retail banking and personal finance, it has expanded into corporate and investment banking, asset management, and wealth management services. This diversification has attracted a wide range of customers, from

individuals seeking Sharia-compliant retail products to large corporations engaging in complex financial transactions. The attractiveness of the UAE's regulatory environment has encouraged international Islamic financial institutions to establish a presence in the country. This influx of foreign investment has further enriched the banking ecosystem, offering customers a broader array of products and services. The UAE's Islamic banks have embraced innovation and digitalisation. They have introduced online banking platforms, mobile apps, and digital payment solutions to enhance customer convenience. FinTech partnerships and collaborations have led to the development of cutting-edge Islamic financial technology. The UAE's status as a global financial centre has attracted high-net-worth individuals seeking Islamic wealth management and private banking services. Islamic banks in the UAE have responded by expanding their wealth management divisions to cater to this growing clientele. The banking ecosystem in the UAE has also embraced sustainable finance. Banks are increasingly offering Islamic sustainable and ethical investment products, aligning with global ESG (Environmental, Social, and Governance) principles. This approach caters to investors looking for socially responsible investment options within the Islamic finance framework. The competitive landscape of Islamic banking in the UAE has led to improved customer service, better rates, and more innovative products. Customers benefit from this competition as banks strive to offer superior value and service. Several UAE-based Islamic banks have embarked on international expansion ventures, extending their reach to markets beyond the UAE. This globalisation reflects the country's aspirations to become a global leader in Islamic finance (Khalil & Hijzi, 2023).

2 Literature Review

2.1 Financial Instruments in Capital Market

The economy of each country requires its own special structure, and the capital market in each country is also formed according to the economic structure there, and in the end, each capital market will have its own tools and institutions. Large economic enterprises with a lot of financial assets can finance with the help of various tools that exist in the capital market. In fact, these tools can be a reliable support for financing companies. The capital market has equipped itself with various tools in the financing sector so that it can help the economy. Considering that the capital market is a long-term market for profit, financial instruments provide this opportunity for real shareholders to manage investment risk in different economic conditions and use these instruments to reduce their risk. Benefit. Three distinct roles can be considered for financial instruments (Hadadi et al., 2018):

- 1- Financial instruments are a way to transfer financial resources from investors who have excess capital and are willing to invest, to those who need these resources to invest in financial or physical assets.
- 2- Financial instruments transfer funds in such a way that the systematic risk related to the investing in real assets should be redistributed between applicants and suppliers of funds.
- 3- Financial instruments are a means of consolidation. Adding and accumulating household savings to finance large investment projects is not possible without consolidation, which is an inseparable part of the financial system. If there was no possibility of consolidating through the issuance of financial assets, it would not be possible for households to equip their capital and invest in a diverse portfolio of assets. make real investments.

2.2 Umbrella Fund

An umbrella investment fund, also known as a multi-fund structure, is a vehicle that allows investors to invest their money in a single fund that consists of several sub-funds or portfolios. Each sub-fund operates as a separate entity with its own investment objectives, strategies and asset allocation. The umbrella fund structure provides flexibility for investors to choose from different investment options based on their risk appetite and financial goals. The umbrella fund structure is managed by experienced professionals who monitor the sub-funds and ensure regulatory compliance and conduct thorough research to optimize returns. This concept allows investors to have access to a comprehensive investment solution that combines diversification, expertise and cost efficiency under a single umbrella (Poems, 2012). Umbrella funds are usually managed by professional asset management companies or financial institutions. These managers implement investment strategies and make decisions to optimize returns. Investors can choose specific subcategories such as stocks, bonds, money market instruments or a combination of these asset classes that match their investment priorities. In an umbrella fund, investors pool their money together in a single fund, while each sub-fund within the parent fund operates as a separate entity with its own investment objectives, strategies and asset allocation. This structure provides flexibility for investors to choose from different investment options based on their risk tolerance and financial goals. Investment funds managed by professional asset management companies or financial institutions ensure that each sub-category is managed by experts with specialized knowledge of different asset classes. These experienced managers conduct thorough research and analysis to make informed investment decisions, and their goal is to optimize returns for investors (Poems, 2012).

2.3 Function of Umbrella Funds

When investors provide funds to an umbrella fund, their money is allocated to the respective sub-funds they have chosen. Each sub-fund operates independently and is subject to its own set of investment guidelines and regulations. This structure allows investors to diversify their investments in different asset classes and regions and reduce the risk associated with investing in a single fund or asset class. The umbrella fund management team performs administrative duties, such as accounting, legal compliance, and reporting, on behalf of the sub-funds. This centralized approach simplifies operational processes, resulting in cost savings that are passed on to investors. The umbrella fund structure allows investors to choose sub-funds that match their investment preferences, providing flexibility and diversification. Fund managers perform administrative tasks and ensure compliance with regulatory requirements, while investors benefit from cost efficiency and access to professional management (Poems, 2012).

2.4 Advantages of Umbrella Funds

The advantages of the umbrella investment fund are the features that may be common between the umbrella investment fund and other funds or instruments. Some of the most important advantages of these funds are mentioned below.

1- Diversification: Umbrella funds enable investors to diversify their investments across multiple asset classes, sectors and geographies. By spreading risk, investors can potentially reduce the impact of each investment's performance on their overall portfolio.

2- Cost efficiency: Consolidating investments in an umbrella fund allows investors to benefit from economies of scale. The collective purchasing power of the fund can lead to the reduction of transaction costs, management fees and administrative costs. This cost efficiency increases the overall return of investors.

3- Professional management: With the umbrella fund, investors get access to professional fund managers who have expertise in different asset classes. These experienced managers conduct thorough research and analysis to make informed investment decisions and help investors achieve their financial goals.

4- Flexibility: Umbrella funds offer a range of sub-funds with different investment strategies and risk profiles. This flexibility allows investors to tailor their investment choices to their specific goals, time horizons, and risk tolerance.

2.5 Unique Features of Umbrella Fund

The unique features of umbrella funds that will differentiate between this tool and other investment tools are as follows.

1- Investment goals: The owners of the investment units of a sub-fund (sub-fund) must have the same investment goals (ESMA, 2017).

2- Non-contagion of risk between sub-funds: umbrella investment fund management should adopt a procedure that the risk characteristics that are related to a specific sub-fund have the least potential for contagion to other sub-funds. be (ESMA, 2017).

3- Pre-determined characteristics in relation to the sub-fund: all the characteristics and specifications of each sub-fund, including management fees, investment strategy, risk profile, fines, etc., must be specified in advance and determined (ESMA, 2017).

4- Transparency of information: the differences between different sub-fund units should be clear to investors from the time of launch so that they can make the right choice between sub-funds (ESMA, 2017).

5- Reducing the number of funds: With the establishment of an umbrella fund, the number of funds established for a portfolio company should be reduced, and only by establishing one fund can the desired characteristics of the existing funds be achieved under the following headings. Establish funds (Define Business, 2021).

6- Administrative and managerial simplification: in umbrella funds, administrative operations such as accounting, reporting, holding meetings, auditing, etc. are simplified and all are done in the form of a single fund (Define Business, 2021).

2.6 Umbrella Structure

An umbrella investment fund is a title of a legal entity with one or more sub-funds, each sub-fund has its own goal, investment policy and strategy, asset class, obligations and investor. Each sub-fund has a personality identifier. Legal rights are specific to themselves if they are not recognized as a unique legal entity. In the European Union, there is no official definition of an umbrella structure, and it is up to the member of the European Union that a collective investment fund can have different parts of investment (sub-funds). The instruction of managers of alternative investment funds outlines the concept of sub-fund, but does not provide a definition for it. Each part of a collective investment fund should be considered as a separate collective fund in order to evaluate compliance with the investment limits set (Lirac, 2019).

In the United States, the series fund is more commonly used than the umbrella structure. The goal of the Regulatory Oversight Committee is to define series funds with an umbrella structure. In the United States, a series of insurance products are designed with the purpose of retirement or long-term goals and will provide aspects of insurance or investment, which are called retirement umbrella investment funds, which premiums are annual payments are invested in a separate account of the insurance company. The separate account of the insurance company does not have a separate legal personality, but has a separate legal identification code that legally isolates this account for the interests of the parties to a particular contract. This account is specified in the company's articles of association as a trust investment unit. A separate

account can have multiple sub-accounts, each of which will invest in different mutual funds. The World Financial Markets Association recommends that separate accounts of insurance companies receive a unique legal identifier, and this issue was accepted in places where account separation is done for insurance companies, such as the United States, and this relationship is The structure of the umbrella changed (LEI ROC, 2019).

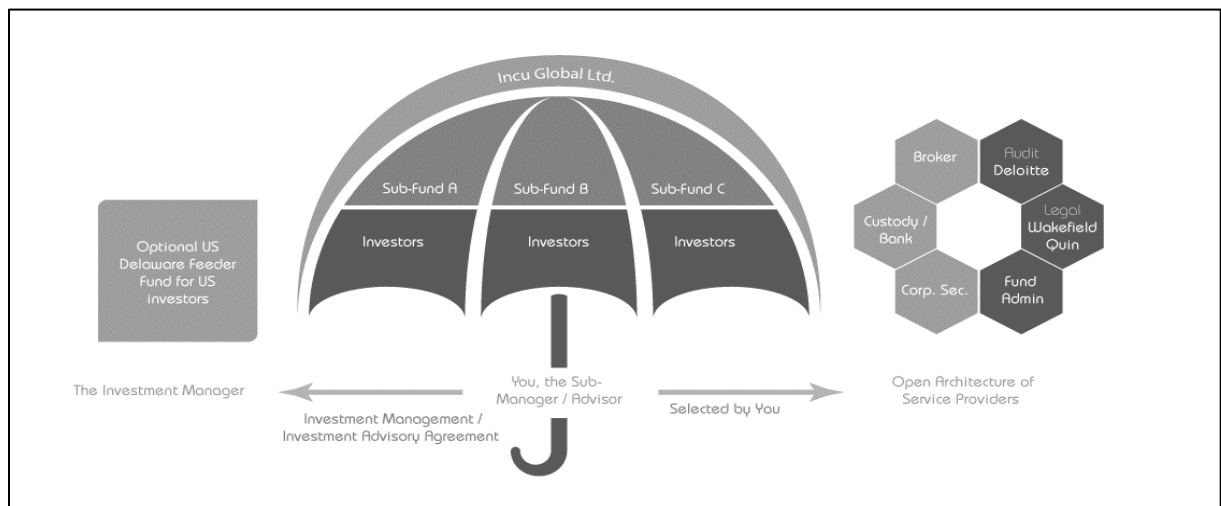


Figure 1 Umbrella Fund Structure (www.incuglobal.com,2013)

2.7 Umbrella Sub Fund Structure

Each sub-investment fund must have a registered legal name, which is identified as "legal entity name". The legal name of the fund is the name that will be used in the administrative documents of that fund. This name can include letters, numbers or a combination of the two. Sometimes the legal name cannot express the essence of a sub-fund and in these cases the hierarchical name is used. In many sub-funds, the legal name is a combination of the legal name of the umbrella fund and the legal name of the sub-fund. In many cases, the word "sub-fund" appears next to the name "sub-fund" and it is not a sign of an umbrella fund. This second method sometimes causes confusion. The sub-fund inherently refers to an umbrella fund and both legal names must be registered in the name of the sub-fund because two umbrella funds may have the same sub-fund and this model makes it impossible to identify which sub-fund belongs to which umbrella fund. and the only way is to bring the umbrella fund's name under the legal name of the fund. According to the policy of the supervisory committee, the sub-fund structure regulations of an umbrella fund must have the following main features.

- 1- The name of a sub-fund should always include the name of the umbrella fund
- 2- Legal entity code must be in the name under the fund.
- 3- When establishing a sub-fund, the supervising organization must ensure the existence of the legal entity code and its relationship with the umbrella fund.
- 4- The information under the fund should be validated separately from the main umbrella fund by its registration authority.

In many developed countries in the financial industry, the laws allow sub-funds to be added as a subset of the main fund, which can act as an independent fund with the same identity. The main advantage of this structure is that the investor can choose his own strategy at any time.

Other advantages are related to taxes and administrative costs, which will make the management and operation of an investment fund with multiple sub-funds more efficient and effective. From a legal point of view, generally all over the world, a sub-fund can invest in different assets than another sub-fund. Each sub-fund can issue shares and pre-emptive rights with different characteristics. In the prospectus of each umbrella fund, the indicators of each sub-fund, investment strategies, and any information related to each sub-fund must be determined and explained. The establishment of open-end funds with multiple sub-funds in the world requires specific legal documents that show that the benefits of each sub-fund are derived from the funds, income and expenses related to the same sub-fund. When the investment manager decides to add and design a new sub-fund, he legally needs to receive the approval of the relevant stock exchange. The name of the main fund and all the sub-funds must be different from each other and also have a bank account and an independent auditor. Other things that should be needed to establish an umbrella fund are as follows:

- 1- The fund must have an investment manager who can be common to all sub-funds
- 2- Management rules in the fund should be defined and explained. These items can be the same for all sub-funds.
- 3- Investors can specify and approve specific rules in each sub-fund

According to the issues raised in Define Business (2021), the main indicators of the sub-funds are defined as follows.

- 1- Each of the sub-funds have independent investment strategies and therefore each has a specific portfolio.
- 2- The costs allocated between the sub-sections may be the same or different.
- 3- The return between sub-funds is independent and can be different.
- 4- A sub-fund with risky assets can be more risky than a sub-fund with a fixed income portfolio.
- 5- The main fund will have a prospectus and each sub-fund will also have a prospectus containing conditions, goals, risks, etc.
- 6- Fixed costs will be divided between sub-funds, which is considered as one of the benefits of this fund.
- 7- This fund can be marketed through different channels because each sub-fund can be targeted for an independent investor profile.

2.8 Umbrella Funds, Fund of Fund, Master Fund Differences

Fund of Funds is a pooled investment fund that invests in external funds controlled by other managers from other companies, and Master-Feeder structure allows investors to put capital into the feeder funds, which ultimately invest into a centralized vehicle known as the master fund. The value proposition to investors of a Fund of Funds is the benefit of diversification, the risk of the portfolio itself is reduced by holding investments across a broad set of asset classes and investment strategies. This investment vehicle could become an access solution for individual investors and smaller-sized institutional investors. The advantages of implementing a Master-Feeder structure for investors include reduced operational and trading costs, since there are fewer number of transactions carried, and is smoother than a merger in case when investment managers, who have ranges in several countries may have products with similar or even the same strategies, decide to achieve cost reductions by merger or a master-feeder structure creation. an umbrella fund is a single legal entity holding a range of sub-funds with individual investment strategies, each of which has a separate pool of assets and is treated as an autonomous entity from a regulatory perspective. Such structure allows investors to move from

one fund to another at a reduced cost, while allowing for consolidated regulatory and financial reporting (AFSA, 2022).

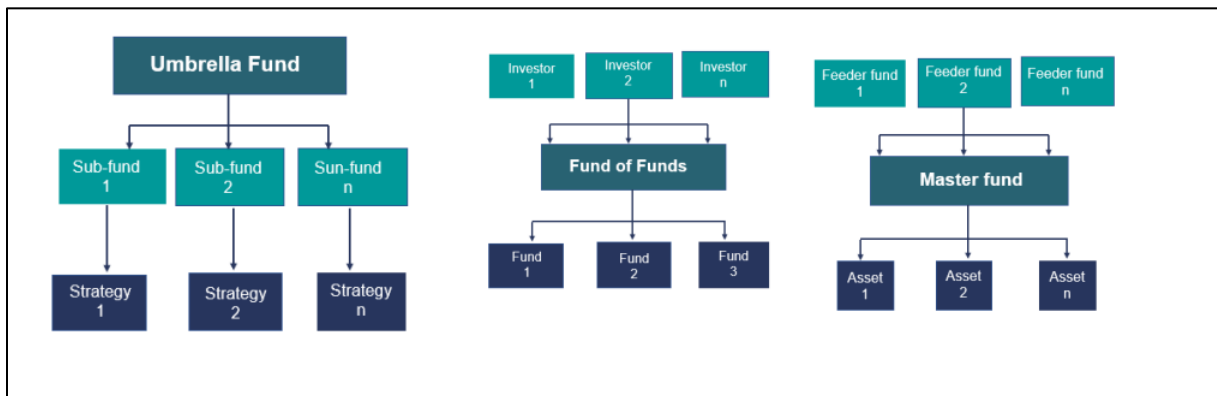


Figure 2 Umbrella Fund, Fund of Fund and Master Fund Structure (Reference: AFSA, 2022)

2.9 Prevent Risk Contagion

ISO 17442 indicates that for umbrella funds, LEIs should be allocated at both the umbrella and sub-fund level. In most cases, the umbrella structure is of no significance from a risk perspective, while each sub-fund is a completely separate risk entity. In such a structure, when all sub-funds have their own unique assets and liabilities, and these assets and liabilities cannot be combined and aggregated, and the assets of one sub-fund are not cleared with the liabilities of another sub-fund, it means that risk contagion will not occur (PSPG, 2012)

2.10 Umbrella Funds in Terms of Financing

From the point of view of financing, the umbrella financing structure is a fund with multiple sources of financing (sub-fund). In this structure, guarantees, contracts, costs, fees and events of default apply only to borrowers from which a specific sub-fund has borrowed, and the obligations towards a specific sub-fund do not apply to other sub-funds. The main idea of an umbrella financing structure is a group fund that will be implemented as soon as the fund is implemented with different sub-funds, contracts and default events in accordance with the loan documentation for the relevant sub-fund. On the other hand, fund managers and their operational team should have separate accounting for each sub-fund. The simplicity of the umbrella fund structure allows it to accommodate a large number of different fund structures. For businesses that need multiple financing (different methods), this fund is considered a very suitable tool. In the old umbrella structures, several borrowers received loans from a sub-fund by placing a collateral with proportional shares. Fund groups often consist of a main fund and alternative investment vehicles and parallel funds, and may also include surplus funds and joint investment vehicles. In this type of fund, new sub-funds can be easily added and old sub-funds can be easily deleted. The most common type of umbrella fund is based on the Luxembourg alternative investment fund, which can be known as a borrower with multiple sub-funds. In this fund, each sub-fund has its own unique loan base and any contracts, commitments and guarantees related to that sub-fund are specific (Montgomery and Lindsay, 2021).

3 Methodology

In this research, the feasibility of establishing these funds will be investigated first with a thematical analysis method in relation to the technical structure of umbrella investment funds in the United Arab Emirates and the needs assessment of the Iranian market for these funds. Then, by studying the laws of the Islamic Republic of Iran Securities Market and the laws and approvals of the Securities and Exchange Organization, there are indications that these funds can be set up in Iran and that the Iranian market needs them.

One of the simple and efficient methods of qualitative analysis is thematic analysis. In fact, thematic analysis is the first method of qualitative analysis that researchers should learn. This method provides the basic skills needed for many qualitative analyzes (Holloway & Todres, 2003). Thematic analysis is one of the most common methods in qualitative analysis. For this reason, Boyatzis (1998) says it is not a specific method but a suitable tool for different methods. Ryan and Bernard (2000) also introduce thematic coding as a prerequisite process for the main and common qualitative analyses. But according to Bravan and Clarke (2006), thematic analysis should be considered as a special method, one of the advantages of which is flexibility.

Thematic analysis is a method to recognize, analyze and report patterns in qualitative data. This method transforms a process for analyzing textual data and scattered and diverse data into rich and detailed data (Braun & Clarke, 2006). Thematic analysis is not only a special qualitative method but a process that can be used in most Used qualitatively. In general, thematic analysis is the method that is used in the following cases. Figure 2 shows the process of thematic analysis.

- A) Seeing the text
- b) Proper perception and understanding of apparently unrelated information
- c) Analysis of qualitative information
- d) Systematic observation of person, interaction, group, situation, organization and culture
- d) converting qualitative data into quantitative data

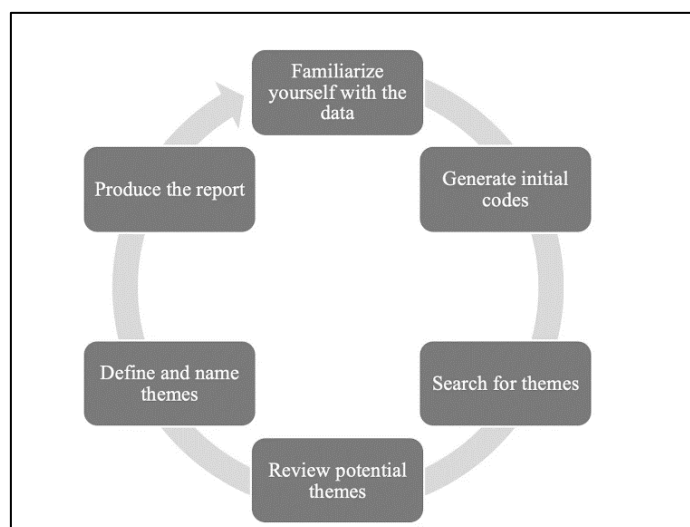


Figure 3 Thematic Analysis Process (Braun & Clarke, 2006)

3.1 The statistical Population

The statistical population investigated in this research was the laws governing umbrella investment funds and the companies that manage these funds in the financial market of Dubai and Abu Dhabi in the United Arab Emirates.

3.2 Research Questions

The main questions that this research would answers to them are as follow:

- 1- What provisions does the legal structure and instructions for establishing an umbrella investment fund in the United Arab Emirates contain?
- 2- What are the implications of establishing and setting up an umbrella investment fund in Iran?

4 Finding

In the United Arab Emirates, the Dubai Financial Services Authority³ is responsible for capital market legislation. In this section, each of these laws will be discussed. Dubai Financial Services Authority, an independent financial services regulator, operates under the supervision of Dubai International Financial Center. The regulatory rules of this organization include asset management, banking and credit services, securities, collective investment funds, and trust services, commodity futures, Islamic finance, insurance, international stock exchange, and international derivatives exchange. The laws of collective investment include the laws related to these instruments, including the umbrella fund. In this section, the provisions of the laws related to umbrella funds are presented in detail (Collective Investment Laws, 2010).

4.1 Definition of Umbrella Fund in UAE Collective Investment Rules

According to the definition of collective investment rules of the United Arab Emirates, an umbrella fund is a fund in which the share of its unit holders from profit and income is separately from several sub-funds which are the fund's divisions. This fund is formed as a protected cell company and fund unit holders can exchange their rights in one sub-fund with their rights in other sub-funds.

4.2 Setting up the Fund

The manager of the umbrella investment fund must guarantee that none of the sub-funds will be invested in another sub-fund in the same fund. subject to the restrictions in the laws of umbrella investment fund:

- a) Formed as a cellular protected company.
- b) If it is as a protected cellular company, it should be in the form of an open-ended fund.

4.3 Reporting

For the unit holders to have up-to-date information on the performance and management of the fund, the fund manager must submit an interim report and an annual report in accordance with the proposed laws. A fund manager with a professional investor is not required to submit

³ DFSA

periodical reports unless something important has happened in the fund. The manager of the fund must prepare the necessary annual and interim reports in compliance with the following:

- 1- The annual report must be submitted within four months after the financial year.
- 2- The interim report must be submitted within two months after the end of the reporting period.

For the umbrella investment fund, the fund manager must prepare an interim report for each sub-fund, but it is not necessary to prepare it for the entire fund and following must be observed in the reports:

- 1- To be available to investors free of charge.
- 2- It should be prepared in English.
- 3- To be sent to Dubai Financial Services Organization.

The fund manager must take reasonable measures to ensure the transparency, correctness and completeness of the fund's annual and interim reports and provide the following information:

- 1- Name of the fund, sub-fund, investment objectives, policies to achieve the objectives and a summary of the investor's risk profile assessment.
- 2- An overview of the fund's investment activities and investment performance during the reporting period
- 3- Specific information so that unit holders can understand what the fund's portfolio has invested in at the end of the period and the investment changes during the period are clear.
- 4- Any other information that reasonably enables the unit holders to make a proper judgment regarding the investment activities and the performance of these activities.

The items mentioned in parts (a) to (g) must be included in all reports of the fund manager:

- A) Restatement of the fund's investment objectives
- b) Restatement of policies to achieve the above goals
- c) The history of investment activities including the relationship between (a) and (b) in the reporting period
- d) Details of any major changes since the beginning of the reporting period that require the prior approval of the unit holders' meeting.
- e) Details of any important changes that require notification before the event (clarification) from the date of the last report.
- f) Any other information that allows shareholders to make an informed judgment about the development of the fund's activities in this period and the results of those activities at the end of that period.
- g) For a fund that invests a significant part of its assets in other funds, a statement must be provided about the maximum management fees that are received from the investor from the fund itself and other funds that the fund invests in.

4.4 Prospectus Content

Table (1) describes the mandatory disclosure for umbrella funds in UAE.

15th International conference on Research in Islamic Capital Markets (Developing Islamic Capital Market to Converge Ummah)

26th-27th of November 2023

Tehran, Iran

Table 1 Umbrella Fund's Prospectus Content in UAE collective investment rule

Mandatory disclosure for Umbrella funds	
1	Persons Responsible for the Prospectus
1.1	<p>a) Names and details of all Persons responsible for the information given in the Prospectus.</p> <p>(b) If some Persons are responsible for only certain parts of the Prospectus (e.g. Experts), an indication of the relevant parts for which they are responsible.</p>
1.2	A statement from the Persons referred to in 1.1 that, having taken due care to ensure that such is the case, the information included in the Prospectus (or the part of the Prospectus for which the Person is responsible) is, to the best of their knowledge, accurate, and contains no material omissions likely to impact on the accuracy of the information in the Prospectus (or the relevant part).
1.3	<p>A prominent statement in the front page of the Prospectus as follows:</p> <p>“This Prospectus relates to a DIFC Fund in accordance with the Collective Investment Law 2010 and Rules of the Dubai Financial Services Authority (“DFSA”).</p> <p>The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this Domestic Fund. Accordingly, the DFSA has not approved this Prospectus or any other associated documents, nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it.</p>
1.4	<p>The Units to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Units offered should conduct their own due diligence on the Units.</p> <p>If you do not understand the contents of this document you should consult an authorised financial adviser.”</p>
2	Document Status
2.1	<p>A prominent statement that:</p> <p>(a) the document is the Prospectus of the Public Fund;</p> <p>(b) it contains information valid as at the date of the signing of the Prospectus by the Persons referred to in 1.1; and</p> <p>(c) no Units will be issued on the basis of the Prospectus after the expiry date specified in the Prospectus.</p>
2.2	The location where a copy of the Prospectus is available free of charge.
3	Summary Document
3.1	<p>The information required are:</p> <p>(a) information to clearly identify the Fund and its classification;</p> <p>(b) a short description of the Fund's investment objectives and investment policy for achieving those objectives;</p> <p>(c) past performance presentation or, where relevant, performance scenarios;</p> <p>(d) costs and associated charges; and</p> <p>(e) risk/reward profile of the investment, including appropriate guidance and warnings in relation to the risks associated with investments, in the relevant Fund</p>
4	The name and description of the Fund

15th International conference on Research in Islamic Capital Markets (Developing Islamic Capital Market to Converge Ummah)

26th-27th of November 2023

Tehran, Iran

Mandatory disclosure for Umbrella funds	
4.1	<p>(a) The name of the Fund and whether the Fund is a Public Fund established in the DIFC or an External Fund.</p> <p>(b) If the Fund is a specialist class of Fund, the relevant specialist class of the Fund.</p> <p>(c) The legal form of the Fund (whether it is an Investment Company, Investment Partnership or Investment Trust) and, if not attached to the Prospectus, where the Fund's Constitution and any amending instrument to it may be inspected and copies of them may be obtained.</p> <p>(d) Whether the Fund is an Open-ended or Closed-ended Fund.</p> <p>(e) The base currency of the Fund and, where relevant, the maximum and minimum sizes of the Fund's capital.</p>
4.2	<p>(a) The effective date of commencement of the Fund's operations.</p> <p>(b) If the duration of the Fund is limited, that duration.</p> <p>(c) The circumstances in which the Fund may be wound up under the Law and the Rules in this module and a summary of the procedure for, and the rights of Unitholders under, such a winding up</p>
4.3	<p>(a) The basis upon which Persons are eligible to participate in the Fund and, where applicable, the minimum initial investment.</p> <p>(b) A statement that the Unitholders are not liable for the debts of the Fund unless the applicable legislation prescribes otherwise and, if so, a statement specifying those circumstances.</p>
5	Investment objectives and policy of the Fund
5.1	<p>Sufficient information to enable a Unitholder or potential Unitholder to understand the investment objectives of the Fund and its investment policy for achieving those investment objectives, including:</p> <p>(a) the general nature of the portfolio assets and any intended specialisation;</p> <p>(b) the policy for the spreading of risk in the Fund Property including an explanation of any potential risks identified;</p> <p>(c) the Fund's policy in relation to the exercise of borrowing powers;</p> <p>(d) the Fund's policy in relation to the use of Derivatives for speculation or hedging purposes; and</p> <p>(e) whether the Fund's policy envisages remaining not fully invested at all times – and a description of such circumstances</p>
5.2	A description of how the investment objectives and policy stated under 5.1 may be varied, and the circumstances in which such variation requires the approval of Unitholders
5.3	<p>If the Fund Property is to be invested in Units in Funds which are managed by the Fund Manager or an Associate of the Fund Manager, a statement of:</p> <p>(a) the maximum amount of investments in each Fund;</p> <p>(b) the basis and amount of the charges in respect of the transactions referred to in (a), if not already disclosed under any other section of the Prospectus; and</p> <p>(c) the extent to which such charges will be reimbursed to the Fund</p>
5.4	The profile of a typical investor for whom the Fund is designed.
6	Investment restrictions

15th International conference on Research in Islamic Capital Markets (Developing Islamic Capital Market to Converge Ummah)

26th-27th of November 2023

Tehran, Iran

Mandatory disclosure for Umbrella funds	
6.1	<p>(a) A statement of any investment restrictions applicable to the Fund.</p> <p>(b) An indication of how the Unitholders in the Fund will be informed of the actions taken by the Fund Manager in the event of a breach of the investment restriction</p>
7	Information about the rights attached to Units of the Fund
7.1	<p>Information about:</p> <p>(a) the nature/characteristics of the Units in the Fund (i.e. shares, partnership interest or beneficial ownership) and the rights attaching to the Units (e.g. relating to voting and participation in distributions);</p> <p>(b) how Unitholders may exercise their voting rights and what they are; and</p> <p>(c) the circumstances where a mandatory redemption, cancellation or conversion of a Unit from one class to another is required.</p>
7.2	<p>If the Fund issues different classes of Units:</p> <p>(a) the names of the relevant classes of Units; and</p> <p>(b) how the rights attaching to one class of Units differ from the rights attaching to other classes of Units</p>
7.3	How Units are held (e.g. in certificated or dematerialised form).
8	The Register of Unitholders
8.1	Address in the DIFC where the register of Unitholders of the Fund is kept and can be inspected by Unitholders of the Fund
9	Information about distribution and accounting period
9.1	<p>Details of the accounting and distribution periods and a description of the procedures:</p> <p>(a) for determining and applying income (including how any distributable income is paid); and</p> <p>(b) for dealing with unclaimed distribution</p>
10	Information about the Fund Manager

15th International conference on Research in Islamic Capital Markets (Developing Islamic Capital Market to Converge Ummah)

26th-27th of November 2023

Tehran, Iran

Mandatory disclosure for Umbrella funds	
10.1	<p>(a) The Fund Manager's:</p> <p>(i) name (and, if different, its business name), place of incorporation and date of incorporation;</p> <p>(ii) if the Fund Manager is an External Fund Manager, that fact and the details of the Appointed Fund Administrator or Custody Provider to the Fund under Rule 6.1.3(a); and</p> <p>(iii) address and, if applicable, that of the Appointed Fund Administrator or Custody Provider, as the case may be, and the registered office in the DIFC.</p> <p>(b) If the Fund Manager is a member of a Group, the name of its ultimate Holding Company and the country or territory in which that Holding Company is incorporated.</p> <p>(c) The amount of the Fund Manager's issued share capital and how much of it is paid up.</p> <p>(d) A summary of the material provisions of the contract between the Fund and its Fund Manager which may be relevant to Unitholders, including provisions relating to termination, compensation on termination and indemnity</p>
10.2	<p>(a) In the case of an Investment Company:</p> <p>(i) the names and positions held by the Directors of the Investment Company (other than those who are the Directors of the Fund Manager); and</p> <p>(ii) if the Fund Manager is its Corporate Director, that fact, and the names of the individual Directors of the Corporate Director.</p> <p>(b) In the case of an Investment Partnership, the names of any General Partners who do not take part in the day-to-day management of the Fund.</p> <p>(c) The manner, amount and calculation of any remuneration of the Persons referred to in (a) or (b), as applicable.</p>
11	Information about the Trustee of the Fund
11.1	If the Fund is an Investment Trust, the following information relating to its
11.2	<p>Trustee:</p> <p>(a) the name (and, if different, the business name) of the Trustee;</p> <p>(b) the names and addresses of the individuals who are Directors of the Trustee;</p> <p>(c) the place and date of incorporation of the Trustee and its registered place of business in the DIFC;</p> <p>(d) whether the Trustee is to undertake any functions in addition to the custody of the Fund Property (e.g. Fund Administration, independent oversight function); and</p> <p>(e) a summary of the material provisions in the trust deed between the Fund Manager and the Trustee which may be relevant to Unitholders, including provisions relating to the Trustee's remuneration, terms upon which the appointment as Trustee can be terminated, and compensation on termination and indemnity.</p>

15th International conference on Research in Islamic Capital Markets (Developing Islamic Capital Market to Converge Ummah)

26th-27th of November 2023

Tehran, Iran

Mandatory disclosure for Umbrella funds	
12	Information about the Auditor
12.1	<p>(a) The name and address of the Fund's appointed Registered Auditor.</p> <p>(b) The name and address of the Audit Principal responsible for the audit of the Fund.</p> <p>(c) If the Prospectus includes any financial reports of the Fund for a period where the Registered Auditor was different, the details referred to in (a) and (b) above relating to that Auditor</p>
13	Information about the independent oversight provider
13.1	The Persons appointed under Rule 10.3.1 to provide the oversight function (i.e. an Oversight Committee, Eligible Custodian or Trustee of the Fund).
13.2	In the case of an Oversight Committee, the names and addresses of the individuals appointed to that Committee and their remuneration.
14	Information about the Eligible Custodian
14.1	<p>(a) The name and address of the Eligible Custodian.</p> <p>(b) If the Eligible Custodian is the Trustee of the Fund, a statement to that effect.</p> <p>(c) The regulated status of the Eligible Custodian and the relevant regulator.</p>
14.2	If the Fund Manager does not appoint an Eligible Custodian under circumstances permitted in CIR, a statement to that effect.
15	Information relating to other Service Providers
15.1	<p>If a Fund Manager delegates or outsources any of its activities or functions relating to the Fund to a Service Provider:</p> <p>(a) its name;</p> <p>(b) the service or function delegated or outsourced to that Person;</p> <p>(c) by whom the Service Provider is regulated; and</p> <p>(d) the details of the arrangements, including fees and other remuneration payable to the Service Provider.</p>
15.2	<p>If an investment adviser is retained in connection with the business of the Fund:</p> <p>(a) its name;</p> <p>(b) by whom it is regulated; and</p> <p>(c) its remuneration.</p>
15.3	If applicable, names and addresses of the banker, lawyer, registrar and any other Person undertaking any significant activities in relation to the Fund.
16	Financial information and reports

15th International conference on Research in Islamic Capital Markets (Developing Islamic Capital Market to Converge Ummah)

26th-27th of November 2023

Tehran, Iran

Mandatory disclosure for Umbrella funds	
16.1	<p>Details as to:</p> <p>(a) when the Fund's annual and interim reports will be published; and</p> <p>(b) the address in the DIFC where the most recent annual and interim reports may be inspected and their copies obtained.</p>
16.2	If the Fund has been in operation since its establishment, the historical financial information (and where copies can be obtained) and, if not, a statement to that effect.
16.3	A comprehensive and meaningful analysis of the Fund's portfolio of investments and, if unaudited, a statement to that effect.
16.4	If there is a profit forecast or estimate, information relating to the basis of such forecast or estimate
17	Remuneration, fees and other charges payable out of the Fund Property
17.1	<p>Clear and concise information in an understandable manner relating to remuneration, fees and other charges to be paid out of the Fund Property payable to:</p> <p>(a) the Fund Manager;</p> <p>(b) the Trustee of the Fund, if applicable;</p> <p>(c) any Service Providers to the Fund; and (d) any other Person not covered under (a), (b) or (c).</p>
17.2	In respect of each category of remuneration, fees and other charges referred to in 17.1, details relating to: (a) the current rates or amounts; (b) the manner of calculation; and (c) when they will accrue and be paid
17.3	<p>(a) Whether the Fund Manager has the discretion to amend the current remuneration, fees and other charges referred to in 17.1.</p> <p>(b) If so, a description of:</p> <p>(i) the changes to be made (e.g. the introduction of a new category of charges or a change to the basis of an existing charge);</p> <p>(ii) the circumstances in which such a change will be made;</p> <p>(iii) the procedures for making such a change (including the advance notice period to be given to Unitholders of the proposed change); and</p> <p>(iv) if the change is to be made, when it is intended to take effect.</p>
17.4	If all or any part of the remuneration, fees or other charges referred to in 17.1 are to be treated as a capital charge, a statement to that effect and the basis on which it may be so treated.
18	Valuation of the Fund Property

15th International conference on Research in Islamic Capital Markets (Developing Islamic Capital Market to Converge Ummah)

26th-27th of November 2023

Tehran, Iran

Mandatory disclosure for Umbrella funds	
18.1	<p>Details of:</p> <p>(a) the frequency and times of valuation of the Fund Property, and a description of any circumstances in which Fund Property may be specially valued;</p> <p>(b) the valuation principles and method applied for the establishment of the Net Asset Value (NAV) of the Fund Property;</p> <p>(c) any circumstances in which the valuation of the Fund Property referred to in (a) may be suspended; and</p> <p>(d) how the NAV and any suspension of valuation will be communicated to Unitholders or prospective Unitholders</p>
18.2	<p>Details of:</p> <p>(a) how the single price of Units of the Fund, and if there are different classes of Units in the Fund, the single price of each class of Units, will be determined, including whether a forward or historic price basis is to be applied; and</p> <p>(b) details as to how the prices of Units will be published following each valuation.</p>
19	Redemption and resale of Units in Open-ended Funds
19.1	<p>In the case of an Open-ended Fund, details of:</p> <p>(a) the dealing days and the times in the dealing day on which the Fund Manager will receive requests for redemption and resale of Units;</p> <p>(b) the procedures for carrying out:</p> <p>(i) redemption, reissue and resale of Units; and</p> <p>(ii) the settlement of transactions;</p> <p>(c) the steps required to be taken by a Unitholder in redeeming Units before he can receive the proceeds, including any relevant notice periods, and the circumstances and periods in which a deferral of payment may be applied;</p> <p>(d) the circumstances in which the redemption of Units may be suspended;</p> <p>(e) if applicable, details of the minimum number or value of each type of Unit in the Fund which:</p> <p>(i) any one Person may hold; and</p> <p>(ii) may be the subject of any one transaction of issue, resale or redemption by the Fund Manager;</p> <p>(f) the circumstances and procedures if the Fund Manager may carry out inspecie redemptions; and</p> <p>(g) the circumstances in which the further issue of Units in any particular class may be limited and the procedures relating to this.</p>
19.2	<p>If the Fund Manager makes any charges on sale or redemption of Units, details of the charging structure and how notice will be provided to Unitholders of any change in the relevant charge.</p>

15th International conference on Research in Islamic Capital Markets (Developing Islamic Capital Market to Converge Ummah)

26th-27th of November 2023

Tehran, Iran

Mandatory disclosure for Umbrella funds	
19.3	If the Fund Manager makes a dilution levy or dilution adjustment, how such levy or adjustment is calculated and applied to redemptions to ensure fair treatment of outgoing and remaining Unitholders.
19.4	If any class of Unitholders is subject to any limitations relating to further issue of Units of that class, procedures relating to how such restrictions are applied.
20	Liquidity risk management in Open-ended Funds
20.1	Information relating to the powers available to the Fund Manager to address liquidity risks that may arise in the Fund and the procedures, including triggers, for the exercise of such powers.
21	Listing and trading of Fund Units
21.1	Whether the Fund's Units are intended to be listed and traded and, if so, the date and the exchange on which the Units are to be admitted to trading
21.2	Timeframe within which the listing and trading is intended to occur.
22	Special Items
22.1	Whether the Fund is constituted as a Protected Cell Company or is using contractual arrangements to segregate Sub-Funds.
22.2	A statement that Unitholders may exchange Units of one Sub-Fund for Units in another Sub-Fund of the Umbrella Fund.
22.3	Whether an exchange of Units in one Sub-Fund for Units in another Sub-Fund is treated as a redemption of Units, and resale or reissue of Units in the relevant Sub-Fund, and costs and fees associated with such redemption, resale or reissue.
22.4	Policy for allocating between Sub-Funds any assets of, or costs, charges and expenses payable out of, the Fund Property which are not attributable to any particular Sub-Fund.
22.5	Information relating to any cross-liability that may occur between Sub-Funds if the Fund is not using the PCC structure.
22.6	In respect of each Sub-Fund, if the currency is not the base currency of the Umbrella Fund, the currency in which the Fund Property allocated to it will be valued and the price of Units calculated and payments made.

Table (2) describes the thematic analysis result of UAE collective investment rules umbrella funds for umbrella funds.

15th International conference on Research in Islamic Capital Markets (Developing Islamic Capital Market to Converge Ummah)

26th-27th of November 2023

Tehran, Iran

Table 2 Thematical Analysis Result for Umbrella Fund in UAE (Reference: Research Findings)

Global Theme	Organizing Theme	Basic Theme
Umbrella Fund in UAE	Definition and setting up	Protected Cell company
		Sub-Funds
		Open-Ended
	Pillars	Fund Manager
		Auditor
		Trustee
		Custodian
	Reporting	Annual report
		Interim report
		Language is English
		Authorized by DFSA
		Investment strategies
		Fund Details
		Major changes to last report
		Any information helps investor to judge the fund
	Prospectus	Responsible Persons
		Documents Status
		Name and description of the Fund
		Investment objectives and strategies
		Investment Restriction
		Right of unitholders
		Fund Manager information
		Trustee Information
		Auditor Information
		Custodian Information
		Financial Reports process
		Fees and Charges
		Valuation
		Redemption and Subscription
		Risk Profile
		Special Items

4.5 Financial Instruments in Iran Islamic capital Market

Today, capital markets in the world have created various financing tools to attract more companies to improve the process of new investments and the development of economic enterprises. The problem is that the existence of various financial instruments in the securities market brings more people's motivation and participation in providing financial resources for long-term economic activities. The diversity of financial instruments in terms of the combination of risk and return, the meaning of profit and the way of participation in risk attracts different groups. Despite this, the approach of various financial instruments is not a solution without identifying the types and fields of its application. Sukuk, asset-backed securities and mortgage securities are among the most important new financial instruments. In the meantime, of course, the necessity of identifying new financial instruments in the market and examining them in terms of efficiency and economic interests of countries, especially Islamic countries, as well as compliance with Islamic Sharia laws, is not hidden from anyone. The best form of financing long-term investments is realized from the savings and liquidity of the private sector and through the stock exchange, and this is while the stock exchange is directing small savings to productive investments. Attracting stagnant savings in production, reforming the structure of economic sectors, increasing national income, and increasing government income can play an important role. Of course, achieving these goals requires the expansion of the securities market, which in turn depends on the diversification of financial instruments. The existence of diversity in securities leads to the use of the capital market and the optimal allocation of capital and provides the possibility of the participation of a wide range of members of society in the matter of investment. The stock market is an effective factor in creating demand for the participation of members of the society in the capital market, which in turn leads to the growth, consolidation, and stability of the stock market, and thus the stock market can take a stronger position in the economy. The lack of diversity in securities in the Tehran Stock Exchange is evident from every point of view and is considered as one of the obstacles to its growth. Diversity in the financial instruments of Tehran Stock Exchange, as a way of working, will help the growth and dynamics of the country's capital market, especially the stock exchange. Of course, it is also necessary to mention that the types of securities are divided into different groups in terms of the degree of risk and return, the nature of the interest payment and the way of participation in the risk (Nouri, 2019). In addition to Muslim countries, other countries including the United States, England, Luxembourg, Germany, Russia, Japan, Singapore, and Hong Kong also have an advantage with the establishment and prosperity of their Islamic markets as a wide market based on the religion of Islam. In this way, modern Islamic financial instruments, which started their activity about 4 decades ago, are considered an advanced and prosperous industry, whose continued activity depends on the political, economic, and legal issues of Islamic countries. Islamic financial markets have a good future ahead of them because this industry is still young and full of energy and has countless capacities for investment and with the appetite that is expected in the world for investing in such markets. The growth of this Islamic industry is very tangible. To promote Islamic capital markets, investing in Sharia-based securities is considered a golden opportunity (Nouri, 2019).

4.6 Indications of setting up an umbrella investment fund in Iran's Islamic capital market

During recent years, the capital market has appeared in the proper direction of financial resources to the appropriate areas and ultimately the economic growth of the country. This issue indicates the existence of suitable opportunities for the development of capital market tools and

diversification of these tools. The economy of each country requires its own special structure, and the capital market in each country is also formed in accordance with the economic structure of that country, and there is a need for appropriate tools and institutions. One of the most important goals of using financial instruments in the stock market is to reduce the risk caused by fluctuations. In this regard, experts believe that by knowing different financial instruments, all members of society who are willing to invest can be encouraged to invest in the capital market. The diversity of financial instruments in terms of the combination of risk and return, the meaning of profit and the method of participation in risk, attracts different groups. Despite this approach, the variety of financial instruments is not a solution without identifying the types and fields of their application. The best form of financing for long-term investments is realized from the savings and liquidity of the private sector and through the stock exchange. The stock exchange can play an important role in directing small savings to productive investments, attracting stagnant savings in production, and reforming the structure of economic sectors, increasing national income, increasing government income, which requires achieving these goals. The expansion of the securities market, which in turn depends on the diversification of financial instruments. The existence of various financial instruments in the securities market brings more people's motivation and participation in providing financial resources for long-term economic activities. In addition, the existence of various tools in the stock market is an effective factor in creating demand for the participation of members of society in the capital market. This provides the basis for the growth, consolidation, and stability of the stock market, and thus the stock market can have a strong position in the economy. The lack of diversity in securities in Tehran Stock Exchange is evident from every point of view and is considered as one of the obstacles to its growth. In this regard, creating diversity in the financial instruments of the stock exchange.

Umbrella investment fund due to its simple structure and advantages such as cost reduction, customization according to customers' preference, reduced costs of branding, determination of individual investment goals, non-contagion of risk between sub-funds. and simplification of administrative and management tasks can be placed as the first option among the indirect investment tools in Iran, which not only can somehow solve the problems of the current classic tools, but also by creating a space to attract all kinds of Various investors with their risk aversion level and their desired investment characteristics have increased the investment penetration in the capital market and created a deep market for instruments that still exist, but due to the small volume of transactions. It is not considered by investors.

4.7 The proposed structure for launching umbrella fund in Iran.

According to the technical structure presented for the umbrella investment fund in Iran and according to the current structure of funds in the Iran Islamic capital market, these funds can be designed like the current multi-nav market making funds. This structure will be such that a fund with a single entity is formed and introduced as the main fund. Under this fund, a series of sub-funds are formed which are currently in market management funds as a sub-nav of a special share. In this type of structure, each sub-fund has its own balance sheet, income statement, and cash flow statement, and the liabilities of one sub-fund are not cleared with the assets of another sub-fund. Considering that sub-funds can be traded as tradable sub-funds, assigning a special symbol to each sub-fund seems necessary. The figure shows the general outline of an umbrella investment fund for Iran Islamic capital market. To establish such a fund, the following information must be submitted to the regulator, which is the Securities and Exchange Organization in Iran.

- 1- The Articles of Association for the main fund
- 2- Main fund prospectus
- 3- Establishment application of at least two sub-funds at the beginning of establishment
- 4- Prospectus of sub-funds
- 5- Objectives and investment policies of each sub-fund
- 6- Investment statement for each sub-fund
- 8- Introducing the pillars for the fund

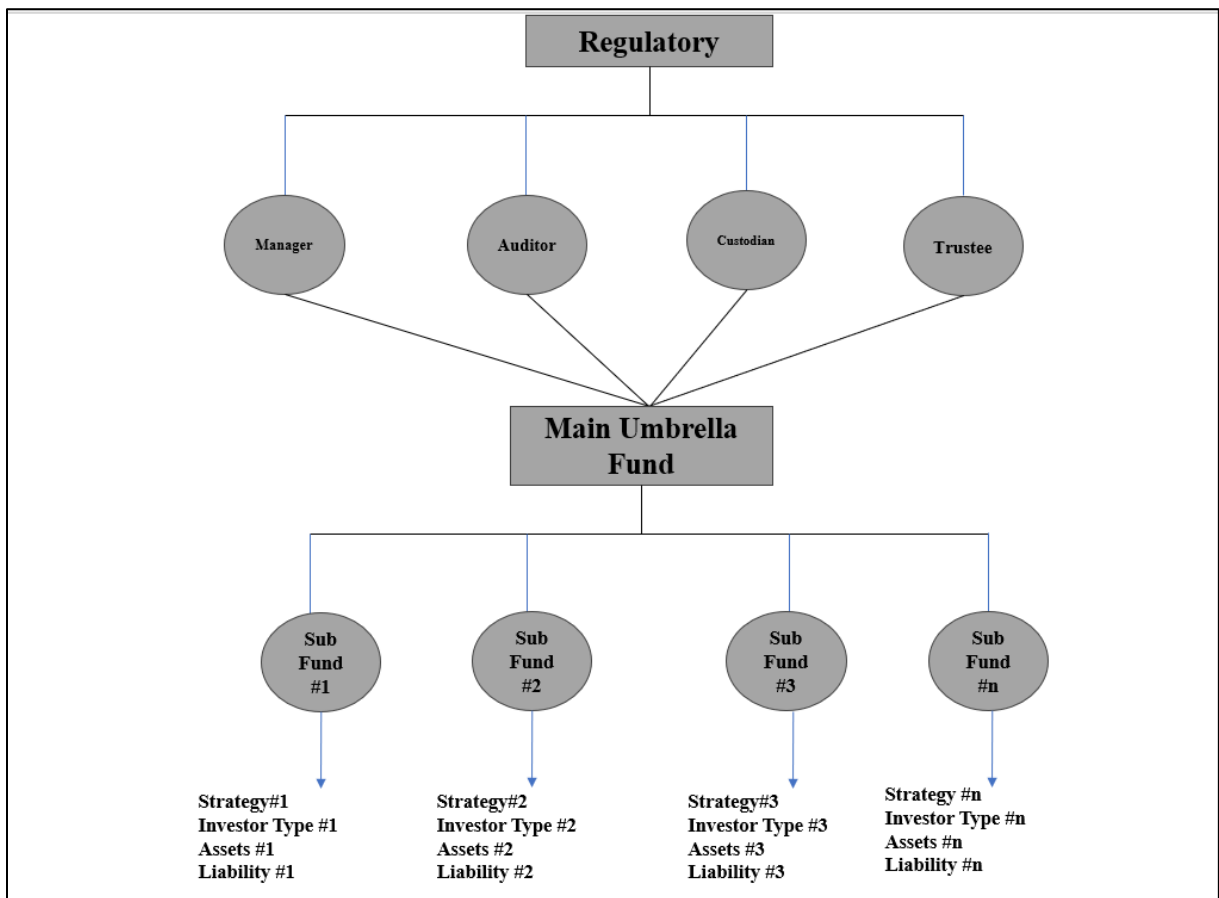


Figure 4 Suggested Umbrella Structure for Iran Islamic Capital Market (Reference: Research Findings)

With the establishment of this in Iran Islamic Capital Market Fund, it will bring benefits such as reduction of pending licenses, flexibility, cost reduction due to scalability. Currently, in the capital market of Iran, there are certain types of investment funds that are classically classified as equity, fixed income, partial, mixed, leveraged and commodity, which can be said to cover all risk tolerance ranges. And they do not cover the investment objectives of investors. By creating an umbrella fund, it seems that it is possible to increase the penetration rate of the capital market, and by designing sub-funds based on different strategies, it is possible to deepen the market of some designed instruments. According to the UAE umbrella fund's prospectus contents, the regulatory proposals which are prescribed for Iran is as table 3.

Table 3 Regulatory prescribed for Umbrella Fund in Iran

Umbrella Fund's Regulatory Prescribed for Iran	
1	Define protected cell company
2	Define the investment policy of each sub-funds
3	Process of changing investment policy and investment objectives
4	None of the sub-funds are allowed to invest in other sub-funds in a same umbrella fund
5	Define the process of changing rights between sub-funds for investors
6	Define process of allocation of fixed costs between sub-funds
7	Valuation of sub-funds unites NAV
8	Non-clearance of assets and liabilities of sub-funds

5 Conclusion

One of the ways to increase the penetration rate of the capital market in society is to create and launch appropriate investment tools to attract the maximum number of people to invest in the capital market. With the expansion of different tools, due to the general and marketing costs that these tools have for asset management companies, asset management companies may not be inclined to create each tool separately. The umbrella investment fund consists of different sub-funds, which can be established and dissolved at any time without special administrative formalities. It has advantages such as cost reduction, customization according to needs. Customers have economies of scale and easier branding. The unique features of these funds include the clarity of the investment goals of each sub-fund, the absence of risk contagion between the sub-funds, predetermined features in relation to each sub-fund, and information transparency. , reducing the number of funds and legal entities created by asset management companies and simplifying administrative and management tasks.

By examining the United Arab Emirates as the largest financial center in the Middle East and as an Islamic country, collective investment laws govern these funds. These funds will be created under a protected cell company, and each sub-fund that is a cell will have its own debt and assets and will prevent the spread of risk between sub-funds. In the United Arab Emirates, these funds must prepare an annual report and an interim report, which are prepared free of charge and in English, and approved by the Dubai Financial Services Center. In this report, information such as fund specifications, fund goals, investment policies, important changes made compared to the previous report and any information that helps investors to judge the fund should be provided.

The prospectus of this fund in the United Arab Emirates includes information such as responsible persons, documentation, goals and policies, investment, investment restrictions, investors' rights, information about the manager, trustee, auditor, and trustee of the fund.

In Iran, because the indirect investment tools are mainly set up in a classic way with predetermined goals and combinations, firstly, they may not cover the entire range of investors' preferences, and secondly, due to the costs that the establishment of each fund creates for asset management companies, the establishment of all these funds may not be economical for asset management companies, the creation and launch of an umbrella investment fund in Iran seems

inevitable, which makes it possible for any investor with any type of goals and strategies to enter the capital market, secondly, the establishment and launch costs, maintenance, branding and marketing costs of that fund could be reduced for the fund manager, and thirdly, with the diversity of the sub-funds, it is possible to deepen the market for the investment tools that have been created now, but their market depth is not high.

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