



In consideration of payment of the premium and subject to the terms and conditions of this policy, the Company agrees to pay the **Insured** for:

1. Insuring Clauses

Employee Dishonesty Coverage

- A. Direct loss of **Money, Securities or Property** sustained by an **Insured** resulting directly from the dishonest or fraudulent acts of any **Employee**, committed alone or in collusion with others, which result in improper personal financial gain either to such **Employee** or to others, or which were committed with the intent to cause the **Insured** to sustain such loss, which loss was **Discovered** during the **Policy Period**.

For the purpose of this Insuring Clause, improper personal financial gain shall not include wages, wage increases, salary, salary increases, commissions, fees, bonuses, promotions, awards, profit sharing, incentive plans, business entertainment expense accounts or superannuation.

Client Coverage

- B. Direct loss of **Money, Securities or Property** sustained by a **Client** resulting directly from dishonest or fraudulent acts of any **Employee** not in collusion with such **Client's** directors or employees, including, for the avoidance of doubt, temporary staff or agents of the **Insured**, which were committed with the intent to cause the **Client** such loss and which result in improper personal financial gain to the **Employee**, which loss is **Discovered** during the **Policy Period**.

Computer Fraud Coverage

- C. Direct loss sustained by an **Insured** resulting from **Computer Fraud** committed by a **Third Party** which **Computer Fraud** is **Discovered** during the **Policy Period**.

Expense Coverage

- D. (a) **Audit Expenses**;
(b) **Investigative Costs** resulting from any direct loss covered under Insuring Clauses A. and B.; or
(c) **Computer Violation Expenses** resulting from any direct loss covered under Insuring Clause C.

Audit Expenses, Investigative Costs and Computer Violation Expenses shall be part of and not in addition to the Limit of Liability applicable to such direct loss. **Investigative Costs** shall not include expenses incurred by any client.

Defence Costs Coverage

- E. **Defence Costs**:
(a) incurred on behalf of the **Insured** if the Company elects to defend; or
(b) incurred and paid by the **Insured** if the Company elects not to defend,
any claim, suit, arbitration or legal proceeding with respect to which the **Insured** would be entitled to recovery under this **Coverage Section** in excess of the applicable Deductible Amount, whether or not successful, whether or not fully litigated on the merits and whether or not settled.

Defence Costs are part of and not in addition to the Limit of Liability available under this **Coverage Section**.



2. DEFINITIONS

When used in bold type in this **Coverage Section**:

Audit Expenses means reasonable costs and expenses, (other than regular or overtime wages, salaries or fees of the company directors, officers or employees of an **Insured** or office overheads, travel costs unrelated to a loss or other administration costs) incurred by an **Insured**, with the Company's prior written consent, due to audits or examinations required by any regulatory or self-regulatory authority to be conducted by such authority or independent accountants by reason of the **Discovery** of loss sustained by the **Insured** and covered by this **Coverage Section**.

Client means a customer of an **Insured** to whom such **Insured** provides economic, financial or investment advice or investment management services.

Computer Fraud means the unlawful taking or fraudulently induced transfer of **Money, Securities or Property** resulting from a **Computer Violation**.

Computer System means any computer and all input, output, processing, storage, off-line media libraries, and communication facilities which are connected to such computer and facilities provided that such computer and facilities are owned and operated or leased and operated by an **Insured**.

Computer Violation means the fraudulent:

- (a) entry of **Data** into or deletion of **Data** from a **Computer System**;
- (b) change of **Data** elements or program logic which is kept in a machine readable format of a **Computer System**; or
- (c) introduction of instructions, programmatic or otherwise, which propagate themselves through a **Computer System**.

Computer Violation Expenses means reasonable expenses, (other than regular or overtime wages, salaries or fees of the company directors, officers or employees of an **Insured** or office overheads, travel costs unrelated to a loss covered under this **Coverage Section** or other administration costs) incurred by an **Insured**, with the Company's prior written consent, to reproduce or duplicate damaged or destroyed **Data** or computer programs. If such **Data** or computer programs cannot be duplicated from other **Data** or computer programs, then **Computer Violation Expenses** shall also include reasonable costs incurred for the time taken for computer programmers, technical experts or consultants to restore such **Data** or computer programs to substantially the same level or operational capability existing immediately before the covered loss. **Computer Violation Expenses** shall not include expenses incurred by any **Client**.

Data means a representation of information, knowledge, facts, concepts or instructions which are processed and stored in a **Computer System**.

Defence Costs means reasonable expenses, legal fees, court costs and disbursements (other than regular or overtime wages, salaries or fees of the company directors, officers or employees of an **Insured** or office overheads, travel costs unrelated to a loss covered under this **Coverage Section** or other administration costs) incurred in the investigation and defence of a claim, suit, arbitration or legal proceeding, including any appeals and the premium for any attachment, appeal or similar bonds.

Defence Costs does not mean any expenses, legal fees, court costs or disbursements incurred in connection with an affirmative claim by the **Insured** or on the **Insured's** behalf, including counterclaims, cross-claims or third-party claims except for contribution or indemnity asserted with the Company's consent.



Discovery or **Discovered** means the knowledge of an **Executive Officer** or **Insurance Representative** of an **Insured** of facts which would cause a reasonable person to believe that a loss of the type covered by this **Coverage Section** has occurred or acts have taken place which may subsequently result in such a loss. This includes loss sustained prior to the inception date of this **Coverage Section**; which does not exceed the Deductible Amount set forth in the Schedule; or the exact amount or details of which are unknown. **Discovery** or **Discovered** shall not include knowledge acquired or possessed by an **Executive Officer** or **Insurance Representative**, whether acting alone or in collusion with another **Employee** or any other person, who is a participant in the loss.

Employee means a natural person:

- (a) while in the regular service of an **Insured** in the ordinary course of such **Insured's** business whom such **Insured** has the right to govern and direct in the performance of such service and which the **Insured** compensates by salary, wages and/or commissions, including part-time and casual employees;
- (b) who is an **Executive Officer**;
- (c) duly elected or appointed as a company director, or equivalent in any jurisdiction, of an **Insured** while performing acts coming within the scope of the usual duties of an employee as described in paragraph (a) of this definition;
- (d) assigned to perform duties within the scope of the usual duties of an employee, as described in paragraph (a) of this definition, within **Premises** for an **Insured** by any agency furnishing temporary personnel on a contingent or part-time basis. However, this **Coverage Section** does not cover any loss caused by any such person if such loss is also covered by any insurance or sureties held by the agency furnishing such temporary personnel to an **Insured**;
- (e) who is a guest student pursuing studies or duties within any **Premises**;
- (f) who is a solicitor retained by the **Insured** and an employee of such solicitor while either is performing legal services for the **Insured**;
- (g) who is a consultant retained by the **Insured** and an employee of such consultant while either is performing consulting services for the **Insured** pursuant to a written contract;
- (h) who is an employee of an institution merged or consolidated with the **Insured** prior to the effective date of this **Coverage Section**;
- (i) who is a member of a compliance committee, advisory board or any other board committee; or
- (j) who is an employee of a parent or related company of the **Insured** solely whilst performing duties on behalf of the **Insured**.

Each employer of persons as set forth in (d), (f) and (g) above and the partners, officers and other employees of such employers shall collectively be deemed to be one person and in the event of payment under this **Coverage Section**, the Company shall be subrogated to the **Insured's** rights of recovery against any such employer.

Employee shall not include any agent, broker, factor, commission merchant, consignee, contractor not specified in (d),(f) or (g), subcontractor or similar representative

Executive Officer means a natural person, by whatever name called and whether or not a company director of an **Insured**, who is concerned or takes part in such **Insured's** management; who makes, or participates in making, decisions that affect the whole, or a substantial part of the business of such **Insured**; or who has the capacity to significantly affect such **Insured's** financial standing.

Insurance Representative means an employee designated to represent an **Insured** for the purpose of effecting and maintaining insurance.

Investigative Costs means reasonable expenses, (other than regular or overtime wages, salaries or fees of the company directors, officers or employees of an **Insured** or office overheads, travel costs unrelated to a loss or other administration costs) incurred by an **Insured**, with the Company's prior written consent, to establish the existence and amount of any direct loss covered by this **Coverage Section** which is excess of the Deductible Amount applicable to such loss. **Investigative Costs** shall not include expenses incurred by any **Client**.



Money means currency, coin, bank notes and bullion.

Principal Organisation means the organisation designated in Item 1 of the Schedule.

Premises means the interior of any building occupied by an **Insured** in conducting its business.

Property means tangible personal property other than **Money** and **Securities**.

Related Act means any act, casualty or event; any series of related acts, casualties or events; or any act or series of acts committed by the same person or in which the same person is concerned or implicated, regardless of whether such act, casualty or event or series of acts, casualties or events was committed or occurred before or during the **Policy Period**.

Securities means negotiable and non-negotiable instruments representing a share, participation or other interest in the property or enterprise of an entity, such as company stock or bonds.

Subsidiary means any organisation in which the **Principal Organisation**:

- (a) controls the composition of the organisation's board;
- (b) is in a position to cast, or control the casting of, more than fifty percent (50%) of the maximum number of votes that might be cast at a general meeting of the organisation; or
- (c) holds more than fifty percent (50%) of the issued share capital of the organisation (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

Superannuation Fund means any superannuation fund established by a **Principal Organisation** or any of its **Subsidiaries** for the sole benefit of employees of such **Principal Organisation** or any of its **Subsidiaries**.

Third Party means a natural person other than an **Employee**.

3. Exclusions

A. Exclusions Applicable to All Insuring Clauses

This Coverage Section does not directly or indirectly cover:

- (i) loss or damage due to declared or undeclared war; civil war; insurrection; rebellion or revolution; military, naval or usurped power; governmental intervention, expropriation or nationalisation; or any act or condition incident to any of the foregoing;
- (ii) loss of income or profit by an **Insured** or any client;
- (iii) damages of any type for which the **Insured** is legally liable, except direct compensatory damages arising from a loss covered under this **Coverage Section**;
- (iv) indirect or consequential loss or damage of any kind;
- (v) costs, fees and expenses incurred by an **Insured** in establishing the existence or amount of loss under this **Coverage Section**, provided that this exclusion shall not apply to otherwise covered **Audit Expenses**, **Investigative Costs** and **Computer Violation Expenses**;
- (vi) loss sustained by one **Insured** to the advantage of any other **Insured**;



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- (vii) fees, costs or expenses incurred or paid:
 - (a) as a result of the reconstitution of **Data** if an **Insured** knowingly used illegal copies of programs;
 - (b) to render the **Data** usable by replacement processing equipment;
 - (c) to design, update or improve software or programs or to perfect their operation or performance; or
 - (d) as a result of an alteration in **Data** held on magnetic media due to the effect of magnetic fields, their incorrect use or the obsolescence of the computer or its facilities;
 - (viii) loss resulting from dishonest acts by any member of the Board of Directors of the **Insured** who is not an **Employee**, whether acting alone or in collusion with others; or
 - (ix) loss of confidential information of any kind.
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B. Exclusions Applicable to Insuring Clause C.

Insuring Clause C. of this **Coverage Section** does not directly or indirectly cover:

- (i) loss caused by an **Employee**;
 - (ii) loss through the surrender of property away from premises of the **Insured** as a result of a threat:
 - (a) to do bodily harm to any natural person, except loss of **Property, Money or Securities** in transit in the custody of any natural person acting as messenger of the **Insured**, provided that when such transit was initiated there was no knowledge by the **Insured** of any such threat; or
 - (b) to do damage to the **Premises** or **Property** of the **Insured**; or
 - (iii) loss resulting from mechanical failure, faulty construction, error in design, latent defect, wear and tear, gradual deterioration, electrical disturbance, media failure or breakdown or any malfunction or error in programming or error or omission in processing.
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Limit of Liability

9. The Company's maximum liability for each loss shall not exceed the Insuring Clause Limit of Liability as set forth in Item 2 of the Schedule.

If a direct loss is covered under more than one Insuring Clause, the maximum amount payable under this **Coverage Section** shall not exceed the largest applicable Limit of Liability of any such Insuring Clause.

All loss resulting from any **Related Act** will be treated as a single loss.

Discovery

10. It is a condition of coverage hereunder that, upon **Discovery**, the **Principal Organisation** will give written notice to the Company as soon as practicable and, in any event, no later than ninety (90) days after the expiration of the **Policy Period**.

Knowledge possessed by an **Insured** or **Discovery** made shall be deemed knowledge possessed or discovery made by all **Insureds**.



**Legal Proceedings
Against Insured-Election
to Defend**

11. The **Insured** shall notify the Company at the earliest practical moment, not to exceed ninety (90) days after the **Insured** receives notice, of any suit or legal proceeding brought to determine the **Insured's** liability for any loss, claim or damage which if established, would constitute a loss covered under this **Coverage Section**. At the request of the Company, the **Insured** shall furnish copies of all pleadings and pertinent papers to the Company. The Company may, at its sole option, elect to conduct the defence of all or part of such legal proceeding. The defence by the Company shall be in the name of the **Insured** through lawyers selected by the **Company**. The **Insured** shall provide all reasonable information and assistance as required by the Company for such defence.

If the Company declines to defend the **Insured**, no settlement without the prior written consent of the Company or judgment against the **Insured** shall determine the existence, extent or amount of coverage under this **Coverage Section**.

If the amount demanded in any such suit of legal proceeding is within the Deductible Amount, if any, the Company shall have no liability for **Defence Costs** incurred in defending all or part of such suit of legal proceeding.

Proof of Loss

12. It is a condition of coverage hereunder that, upon **Discovery**, the **Principal Organisation** shall:
- (a) furnish an affirmative proof of loss with full particulars to the Company at the earliest practicable moment and in no event later than six (6) months of such **Discovery**;
 - (b) submit to examination under oath at the Company's request;
 - (c) produce all pertinent records at such reasonable times and places as the Company designates; and
 - (d) fully co-operate with the Company in all matters pertaining to a loss of claim.

Valuation

13. The Company shall pay on the bases of valuation set out below in respect of the following categories of covered loss:
- A. **BOOKS OF ACCOUNT OR OTHER RECORDS:** the cost of blank books, pages, CD Roms or discs or other blank materials to replace lost or damaged books of account or other records plus the cost of labour paid by the Insured for the actual transcription or copying of data to reproduce such books of account or other records.
 - B. **OTHER PROPERTY:** the actual cash value of the property, or the cost of repairing or replacing property with property of like quality and value, whichever is less, at the time the **Principal Organisation** furnishes proof of loss in compliance with Section 12 hereof.



- C. **SECURITIES:** the least of (1) the actual market value of such **Securities** at the closing price of such **Securities** on the business day immediately preceding the day on which the loss is **Discovered**; or (2) the cost of replacing such **Securities**, with the consent of the Company and prior to the settlement of any claim for them.

In the case of a loss of interim certificates, warrants, rights or other **Securities**, the production of which is necessary to the exercise of subscription, conversion, redemption or deposit privileges, the value of them shall be the actual market value of such privileges immediately preceding their expiration if said loss is not **Discovered** until after their expiration. If no market price is quoted for such **Securities** or for such privileges, the value shall be fixed by agreement of the parties.

- D. **SET-OFF**

Any loss covered under Insuring Clause A. shall be reduced by a set-off consisting of the amount owed to the **Employee** causing the loss, whether or not assigned to another.

Recoveries

14. Recoveries with respect to any loss, whether effected by the Company or by the **Insured**, less the cost of recovery, shall be distributed as follows:
- first, to the **Insured** for the amount of such loss, otherwise covered, in excess of the Limit of Liability;
 - second, to the Company for the amount of such loss paid to the **Insured** as covered loss;
 - third, to the **Insured** for the Deductible Amount applicable to such loss; and
 - fourth, to the **Insured** for the amount of such loss excluded under this **Coverage Section**.

Recovery by the Company from reinsurance or indemnity shall not be deemed a recovery hereunder.

Termination as to any Employee

15. This **Coverage Section** terminates as to any **Employee**:
- immediately on the **Insured**, or any of its company directors or **Executive Officers**, not acting in collusion with such **Employee**, learning of any dishonest or fraudulent act committed by such **Employee** at any time, whether in the employment of the **Insured** or otherwise, whether or not such act is of the type covered under this **Coverage Section**, and whether against the **Insured** or any other person or entity, or
 - thirty (30) days after the receipt by the **Insured** of a written notice from the Company of its decision to terminate this **Coverage Section** as to any **Employee**.

Termination as to any **Employee** is without prejudice to the loss of any **Money, Securities** or **Property** then in transit in the custody of such **Employee**.