



REGISTERED INVESTMENT ADVISORS PROFESSIONAL LIABILITY POLICY

MASTER POLICY FORM

NOTICE:

THIS IS A CLAIMS-MADE AND REPORTED MASTER POLICY AND, SUBJECT TO ITS PROVISIONS, APPLIES ONLY TO ANY CLAIM FIRST MADE AGAINST AN INSURED AND REPORTED TO THE INSURER IN ACCORDANCE WITH SECTION VIII, NOTICE. NO COVERAGE EXISTS FOR CLAIMS FIRST MADE AFTER THE END OF THE INSURED'S CERTIFICATE PERIOD UNLESS, AND TO THE EXTENT THAT, THE EXTENDED REPORTING PERIOD APPLIES. DEFENSE COSTS REDUCE THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTION. PLEASE REVIEW THE MASTER POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

The Insurer and the **Policyholder** agree as follows, in consideration of the payment of the premium and in reliance upon all statements made in the **Application** furnished to the Insurer designated in the Declarations, a stock insurance corporation, hereafter called the "Insurer".

I. INSURING AGREEMENT

PROFESSIONAL LIABILITY

The Insurer shall pay on behalf of the **Insureds**, excess of the applicable Retention and within the Limits of Liability as stated in the applicable **Certificate of Insurance** that **Loss** which the **Insureds** become legally obligated to pay resulting from a **Claim** for a **Wrongful Act** solely in rendering or failing to render **Professional Services** provided that:

1. the **Wrongful Act** giving rise to such **Claim** occurred on or after the **Prior Acts Date**; and
2. the **Claim** is first made against any **Insured** during the current **Certificate Period**, or any Extended Reporting Period, if applicable, and reported to the Insurer in accordance with Section **VIII. NOTICE**; and
3. prior to the date of the **Insured's** initial enrollment under this Master Policy, or under any other policy issued by the Insurer (or its affiliated insurers) of which this Master Policy is a renewal (whether successive or not) or replacement, whichever is earlier, no **Insured** knew of, or could have reasonably foreseen that any such **Wrongful Act** could result in a **Claim**; and
4. no **Insured** gave notice under any prior policy of any such **Wrongful Act** or any **Interrelated Wrongful Acts**; and
5. there is no other policy issued by the Insurer, or any affiliate of such Insurer, that provides coverage for such **Claim**.

II. APPLICATION

The Insurer has relied on the accuracy and completeness of the statements, information and representations contained in each **Named Insured's Application**. All such statements, information and representations are the basis of this Policy and are to be considered as incorporated into and constituting a part of this Policy.

If the statements, information or representations in the **Named Insured's Application** were not accurate and complete and such inaccuracy or incomplete disclosure materially affected either the acceptance of the risk or the hazard assumed by the Insurer, then the Insurer shall have the right to void coverage with respect to each such **Named Insured**.

III. DEFENSE

A. Defense of **Claims**

1. If a **Claim** is made against the **Insured** within the United States of America, its territories or possessions or Canada, the Insurer shall have the right and duty to defend such **Claim**, even if any of the allegations of the **Claim** are groundless, false or fraudulent. The Insurer may make such investigation and negotiate settlement of any **Claim** it deems expedient, but the Insurer shall not be obligated to pay any **Loss** to defend or continue to defend any **Claim** after the applicable limit of the Insurer's liability has been exhausted by payment of **Loss**.
2. If a **Claim** is made against the **Insured** outside of the United States of America, its territories or possessions or Canada, the Insurer shall indemnify the **Insured** pursuant to the terms, conditions, provisions and exclusions of the Master Policy, but shall not have the duty to defend the **Insured**. The Insurer shall instead reimburse **Defense Costs** incurred by the **Insured** in defending such **Claims**. In connection with such **Claims**, the **Insured** shall obtain the Insurer's consent to the selection of counsel, including counsel rates, and ensure that counsel complies with CNA's *Defense Counsel Guidelines*. CNA shall have the right, but not the duty, to associate with the **Insured** in the defense of any such **Claim**.

B. Insurer's Consent

The **Insured** shall not admit liability, consent to any judgment, agree to any settlement, make any settlement offer, assume any obligation or incur any default judgment or award without the Insurer's prior consent, which consent shall not be unreasonably withheld. The Insurer shall not be liable for any **Loss** incurred by the **Insured** to the extent the **Loss** results from such **Insured** admitting liability, consenting to any judgment, agreeing to any settlement, making any settlement offer or incurring expenses without the Insurer's prior consent. The **Insureds** agree that they shall not knowingly take any action which increases the Insurer's exposure for **Loss** under this Master Policy resulting from any **Claim**.

C. Arbitration

The **Insured** shall not demand or agree to arbitration of any **Claim** made against the **Insured** without the written consent of the Insurer, except with respect to arbitration between an **Insured** and a **Client**. In the event any **Claim** is submitted to arbitration, the Insurer, as soon as practicable, shall notify the **Insured** of the date of the arbitration hearing. The Insurer shall be entitled to exercise all of the **Insureds'** rights in the choice of arbitrators and in the conduct of any arbitration proceeding involving a **Claim** covered by this Master Policy.

IV. DEFINITIONS

Wherever appearing in bold print in this Master Policy:

Accredited Investor shall mean the most recent definition provided by the Securities and Exchange Commission at the time the **Wrongful Act** giving rise to a **Claim** occurred.

Administration of Employee Benefit Plans means consultation with participants in an employee benefit plan in order to explain the provisions of such plan and handling day-to-day ministerial functions required by such plan, including without limitation enrollment, record keeping and filing reports with government agencies. **Administration of Employee Benefit Plans** also includes third party claims administration.

Agent or General Agent, whether used separately or together, means a natural person:

- A. who, at the time of the **Wrongful Act** giving rise to the **Claim**, had a life agent contract with an Insurance Company rated A- or better; and
- B. who has elected to enroll for coverage under this Master Policy or any policy issued by the Insurer of which this Master Policy is a renewal; and
- C. whose enrollment is on file with the **Policyholder**.

Agent or General Agent also includes any corporation, partnership, or other business entity owned or controlled by such natural person referred to in A. B. or C. of this definition, but solely with respect to the liability of such entity as it arises out of the rendering of or failing to render **Professional Services** by an **Agent or General Agent**, as defined in A. B. or C. of this definition.

Application means all signed applications for this Master Policy and for any policy in an uninterrupted series of policies issued by the Insurer or any affiliate of the Insurer of which this Master Policy is a renewal or replacement. An "affiliate of the Insurer" means an insurer controlling, controlled by or under common control with the Insurer.

Broker/Dealer means any securities broker or dealer as those terms are defined in the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, or the Investment Advisors Act of 1940, as amended.

Certificate of Insurance means the document issued to the **Named Insured** or **Insured Investment Advisor Representative** evidencing the terms, limits, premium and endorsements provided to the **Insureds** thereunder.

Certificate Period means the period of time between the inception date shown on the **Certificate of Insurance** and the effective date of termination, expiration or cancellation of the **Certificate of Insurance** issued to the **Named Insured** or **Insured Investment Advisor Representative**.

Claim means:

- A. a written demand for monetary damages; or
- B. a civil adjudicatory or arbitration proceeding for monetary damages,

against an **Insured** for a **Wrongful Act**, including any appeal thereof, brought by or on behalf of or for the benefit of any **Client**.

Claim also includes a **Client Network Damage Claim**.

Class Action Claim means a **Claim** under which one party, or a group of parties, sues as a representative of a larger class. Such **Claims**, when brought in federal court, are governed by Federal Rule of Civil Procedure 23.

Client means a natural person to whom, or entity to which, **Professional Services** are rendered by an **Insured**. **Client** does not include any Insurance Company, Insurance Agent or **Broker/Dealer**.

Client Network Damage Claim means a written demand for monetary damages against an **Insured** for a **Wrongful Act** and alleging that a **Security Breach** or **Electronic Infection** caused **Network Damage** to a client's **Network** in the rendering of **Professional Services**.

Computer Virus means unauthorized computer code that is designed and intended to transmit, infect and propagate itself over one or more **Networks**, and cause:

- 1. a computer code or programs to perform in an unintended manner;

2. the deletion or corruption of electronic data or software; or
3. the disruption or suspension of a **Network**.

Corporate Registered Investment Advisor means a corporation registered as an investment Advisor under the Investment Advisors Act of 1940.

Denial of Service Attack means an attack executed over one or more **Networks** or the Internet that is specifically designed and intended to disrupt the operation of a **Network** and render a **Network** inaccessible to authorized users.

Defense Costs means reasonable and necessary fees and expenses incurred by or at the direction of the Insurer in defense of any **Claim**, and costs of appeal, attachment or similar bonds. The Insurer has no obligation to provide such bonds. **Defense Costs** shall not include salaries, wages, fees, overhead or benefit expenses associated with the directors, officers and employees of the **Insured**, or fees and expenses of independent adjusters.

Domestic Partner means any person qualifying as such under any federal, state or local laws or under any **Insured** entity's employee benefit plans.

Due Diligence Services means services in connection with an independent investigation of representations made by an issuer of securities approved by a **Broker/Dealer**, in order to determine (i) the accuracy of such representations in connection with the purchase or sale of such securities; or (ii) the advisability of purchasing such securities.

Electronic Infection means the transmission of a **Computer Virus** to a **Network**, including without limitation, such transmission to or from the **Policyholder's Network**.

Electronic Information Damage means the destruction, deletion or alteration of any information residing on the **Network** of any third party.

Insured means the **Named Insured** and:

1. an **Investment Advisor Representative**, however, with respect to **Investment Advisor Representative**:
 - a. no coverage is afforded for **Wrongful Acts** occurring at any time when the **Investment Advisor Representative** of the **Named Insured Registered Investment Advisor**:
 - i. was not an **Investment Advisor Representative** of the **Named Insured Registered Investment Advisor**; or
 - ii. was selling products or services not offered by or not listed on the securities platform of the **Broker Dealer** with whom the **Insured Registered Investment Advisor** or **Investment Advisor Representative** has a contract;
 - and
 - b. no coverage is afforded for any person or entity listed in a. above who, on the date he or she signed the application, did not meet the underwriting criteria contained in the application.
2. any natural person who is a former or current secretarial, clerical or administrative employee, of such **Named Insured** or any **Insured** as set forth in paragraph 1. above, but solely for services performed within his or her capacity as such and on behalf of such **Insured**, provided such natural person did not receive any commission income pursuant to an agent, broker, registered representative, registered investment Advisor or investment Advisor representative contract with any insurance company or **Broker/Dealer** as a result of providing **Professional Services** offered by such **Insured**.

Interrelated Wrongful Acts means any **Wrongful Acts** which are logically or causally connected by reason of any common fact, circumstance, situation, transaction or event.

Investment Advisor Representative means a natural person who, at the time of a **Wrongful Act**, held a valid Series 65 or 66 securities license, pursuant to the Investment Advisors Act of 1940, as amended; was supervised by a **Registered Investment Advisor** who solicits, meets or communicates with **Clients** of such **Registered Investment Advisor** on a regular basis and provides investment advice on behalf of and under the control of such **Registered Investment Advisor** and, who, at the time of the **Wrongful Act** giving rise to the **Claim**, had the appropriate license in both the **Client's** resident state or jurisdiction and the state or jurisdiction in which the business was conducted.

Investment Advisory Services means advisory services provided by a **Registered Investment Advisor** or **Investment Advisor Representative** with respect to securities approved by any **Broker Dealer** as long as such securities are listed on the securities platform of the **Broker Dealer** and approved in writing. **Investment Advisory Services** does not include the sale or attempted sale or servicing of securities that are sold independent of a written **Registered Investment Advisor** contract to provide **Investment Advisory Services** to a **Client**. **Investment Advisory Services** also means those services provided by a **Registered Investment Advisor** or **Investment Advisor Representative** when acting in the capacity as an **Agent or General Agent**.

Loss means monetary settlements or monetary judgments (including any award of pre-judgment and post-judgment interest) and **Defense Costs** for which the **Insured** is legally obligated to pay on account of a covered **Claim**.

However, **Loss** shall not include:

- A. criminal or civil fines or penalties imposed by law or taxes. However, **Loss** shall include any taxes, fines, and penalties incurred by a third party and included in such third party's **Claims** against the **Insured**;
- B. any amounts for which there are no legal recourse against the **Insureds**;
- C. punitive or exemplary damages or the amount of any multiplied damage award which is in excess of the damage award so multiplied;
- D. costs incurred as a result of any injunctive relief;
- E. the return of commissions, fees or charges for services rendered by an **Insured**; or
- F. matters which are uninsurable under the law pursuant to which this Master Policy shall be construed.

Named Insured means: the **Registered Investment Advisor** named in the **Certificate of Insurance**.

Network means a party's local or wide area **Network** owned or operated by or on behalf of or for the benefit of that party; provided, however, **Network** shall not include the Internet, telephone company networks, or other public infrastructure network.

Network Damage means:

- 1. the unscheduled and unplanned inability of an authorized user to gain access to a **Network**;
- 2. **Electronic Information Damage**; or
- 3. the suspension or interruption of any **Network**;

Personal Injury means injury or damage sustained by any person or organization caused by or arising out of:

- A. false arrest, detention or imprisonment, or malicious prosecution;
- B. libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy; or
- C. wrongful entry or eviction, or other invasion of the right of private occupancy.

Policy Period means the period from the effective date of this Master Policy as specified in the Declarations to the date the Master Policy is terminated as set forth in Section IX. **Termination of Master Policy.**

Policyholder means the natural person or organization specified in Item 1a. of the Declarations.

Pollutants mean any substance exhibiting hazardous characteristics as or may be defined or identified on any list of hazardous substances issued by the United States Environmental Protection Agency or any state or local or foreign counterpart. **Pollutants** also means, without limitation, any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed), as well as any air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos, or asbestos products or any noise.

Prior Acts Date means: the date the **Insured** became continuously insured without interruption under any claims made professional liability policy (subject to written proof of such coverage at the time the **Insured** gives written notice to the Insurer of a **Claim** under this Master Policy);

Private Placement means a security which is exempt from registration with the Securities and Exchange Commission as promulgated under Regulation D of the Securities Act of 1933, as amended, and meets all rules and conditions set forth under Regulation D;

Professional Services means only the following services to the extent they are provided in the **Insured's** capacity as a **Registered Investment Advisor** or **Investment Advisor Representative** and only to the extent that the **Registered Investment Advisor**, or **Investment Advisor Representative** has the appropriate license in both the **Client's** resident state or jurisdiction and the state or jurisdiction in which the business is conducted:

1. the sale, attempted sale or servicing of variable annuities, variable life insurance (that requires a securities license) and mutual funds that are registered with the Securities Exchange Commission, if required, through a **Broker/Dealer** that is a member of the Financial Industry Regulatory Authority; but only if such coverage is purchased and shown on **Certificate of Insurance**;
2. **Investment Advisory Services**;
3. the sale or attempted sale or servicing of securities (other than variable annuities, variable life insurance and mutual funds) approved by and offered on the securities platform of the **Broker/Dealer** with whom the **Registered Investment Advisor** or **Investment Advisor Representative** has a contract;
4. **Administration of Employee Benefit Plans**;
5. financial planning activities in conjunction with services described in paragraphs 1. through 4. of this definition, whether or not a separate fee is charged;
6. Services performed as a Fiduciary Advisor as defined in the Pension Protection Act of 2006, or the Department of Labor's Conflict of Interest provisions as they relate to retirement advice, as amended;
7. Only the following services as a natural person **Agent** or **General Agent**, to the extent they are provided in the course and scope of the **Insured's** business as an **Agent** or **General Agent** and such **Agent** or **General Agent** has the appropriate license in both the **Client's** resident state or jurisdiction

and the state or jurisdiction in which the business is conducted but only if such coverage is purchased and shown on **Certificate of Insurance**:

- a. the sale, attempted sale or servicing of life insurance, accident and health insurance, or managed health care organization contracts (that does not require a securities license);
 - b. the sale, attempted sale or servicing of disability income insurance;
 - c. the sale, attempted sale or servicing of indexed/fixed annuities;
 - d. the sale, attempted sale or servicing of Medicare Advantage or Medicare Supplemental Insurance;
 - e. financial planning activities in conjunction with services described in paragraphs 1. through 4. of this definition, whether or not a separate fee is charged;
 - f. the supervision, management and training of an **Agent** by a **General Agent** with respect to activities otherwise covered by this Master Policy;
8. services performed as a Notary Public; or
9. the use of **Social Media** in conjunction with services described in paragraphs 1. through 8. of this definition.

Registered Investment Advisor means:

1. a natural person, or any corporation, partnership or other business entity owned or controlled by such individual providing **Investment Advisory Services** in its capacity as an Investment Advisor registered as such under the Investment Advisors Act of 1940, as amended;
2. who, at the time of the **Wrongful Act** giving rise to the **Claim**, had the appropriate license in both the **Client's** resident state or jurisdiction and the state or jurisdiction in which the business was conducted; and
3. whose enrollment is on file with the **Policyholder**.

Social Media means a form of internet marketing which seeks to achieve the marketing and communications goals of an Insured's business as an **Agent** or **General Agent** or **Registered Representative** through the participation in various internet social media networks.

Security Breach means the failure of the **Policyholder's Network** hardware, software, firmware, the function or purpose of which is to:

1. identify and authenticate parties prior to accessing the **Policyholder's Network**;
2. control access to the **Policyholder's Network** and monitor and audit such access;
3. protect against **Computer Viruses**;
4. defend against **Denial of Service Attacks** upon the **Insured** or unauthorized use of the **Insured's Network** to perpetrate a **Denial of Service Attack**; or,
5. ensure confidentiality, integrity and authenticity of information on the **Insured's Network**.

Wrongful Act means any negligent act, error or omission of, or **Personal Injury** caused by, the **Insureds** in rendering or failing to render **Professional Services**.

V. EXTENDED REPORTING PERIOD

- A. If during the **Certificate Period** a **Registered Investment Advisor** or **Investment Advisor Representative** ceases their status as such with the **Policyholder**, such **Registered Investment Advisor** or **Investment Advisor Representative** shall have a one year Automatic Extended Reporting Period, beginning on his/her date of termination and terminating 12 months thereafter,

during which time coverage for such **Registered Investment Advisor** or **Investment Advisor Representative** shall continue in accordance with the terms and conditions of this Master Policy, but only with respects to **Wrongful Acts**: (i) committed after the **Prior Acts Date** as defined in the Master Policy; (ii) committed before his/her termination date; and (iii) which are **Wrongful Acts** otherwise covered under the terms and conditions of this Master Policy.

- B. A **Registered Investment Advisor** or **Investment Advisor Representative** shall not be entitled to such Automatic Extended Reporting Period if he or she, at the time any **Claim** is made, is enrolled in any broker, dealer, life agent, registered representative, registered investment Advisor, financial planning or professional liability policy, other than this Master Policy, whether or not that policy actually affords coverage for the **Claim** in question.
- C. A **Registered Investment Advisor** or **Investment Advisor Representative** shall not be entitled to such Automatic Extended Reporting Period if the Insurer has cancelled such **Registered Investment Advisor's** or **Investment Advisor Representative's Certificate of Insurance** for non payment of premium when due.

VI. ESTATES, LEGAL REPRESENTATIVES AND SPOUSES

The estates, heirs, legal representatives, assigns spouses or **Domestic Partners** of **Insureds** shall be considered **Insureds** under this Master Policy; provided however, that coverage is afforded to such estates, heirs, legal representatives, assigns, spouses or **Domestic Partners** only for a **Claim** arising solely out of their status as such and, in the case of a spouse or **Domestic Partner**, where such **Claim** seeks damages from marital community property, jointly-held property or property transferred from the **Insured** to the spouse or **Domestic Partner**. No coverage is provided for any **Wrongful Act** of an estate, heir, legal representative, assign spouse or **Domestic Partner**. All terms and conditions of this Master Policy, including without limitation the retention applicable to **Loss** incurred by the **Insured** shall also apply to **Loss** incurred by such estates, heirs, legal representatives, assigns, spouses or **Domestic Partners**.

VII. LIMIT OF LIABILITY, RETENTION AND ALLOCATION

- A. Each **Claim** and Aggregate per **Certificate of Insurance**

The Limit of Liability set forth in each **Certificate of Insurance** shall apply as follows:

- 1. Each **Claim**- per **Certificate of Insurance**

Subject to paragraph 2. below, the Limit of Liability of the Insurer for **Loss** for each covered **Claim** shall not exceed the amount stated in such **Named Insured's Certificate of Insurance**.

- 2. Aggregate – per **Certificate of Insurance**

The Limit of Liability of the Insurer for **Loss** for all **Claims** in the aggregate shall not exceed the amount stated in such **Named Insured's Certificate of Insurance**.

- B. Multiple **Insureds**

The Limits of Liability, shown in each **Certificate of Insurance**, shall be the Insurer's maximum Limit of Liability for all **Insureds** thereunder, regardless of the number of **Insureds**, **Claims** made or persons or entities making **Claims**.

- C. Exhaustion of Limit of Liability

The Insurer's obligations under each **Certificate of Insurance** shall be deemed completely fulfilled and extinguished if the Limit of Liability thereunder is exhausted by payment of **Loss**.

D. Retention

Subject to the applicable Limit of Liability, the Insurer shall pay all covered **Loss** excess of all applicable Retentions, if any, set forth in the **Named Insured's Certificate of Insurance**. If more than one Retention is applicable to any single **Claim**, the maximum aggregate Retention for such **Claim** shall be the largest of such Retentions.

If the Insurer, in the exercise of its discretion and without any obligation to do so, pays any amount within the amount of the applicable Retention, the **Insured** shall be liable to the Insurer for any and all such amounts and, upon demand, shall pay such amounts to the Insurer.

E. **Interrelated Wrongful Acts**

More than one **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be considered as one **Claim** which shall be deemed to have been made on the earlier of:

1. the date on which the earliest such **Claim** was first made; or
2. the first date valid notice was given by an **Insured** and received by the Insurer under this Master Policy of any **Wrongful Act** or under any prior policy of any **Wrongful Act** or any fact, circumstance, situation, event or transaction which underlies any such **Claim**.

F. Allocation

If a **Claim** made against the **Insureds** includes both covered and uncovered matters or if a **Claim** is made against **Insureds** who are extended coverage under this Master Policy and others who are not extended coverage therefor under this Master Policy, the **Insureds** agree that there must be an allocation between insured and uninsured **Loss** (other than that part of **Loss** attributable to **Defense Costs**). The **Insureds** and the Insurer shall exert their best efforts to agree upon a fair and proper allocation between such insured and uninsured **Loss** based upon the relative legal exposures of the parties to such matters.

VIII. NOTICE

- A. If a **Claim** is made against any **Insured**, the **Insured** shall, as soon as practicable, notify the Insurer during the current **Certificate Period** and forward to the Insurer every demand, notice, summons, or other process received. The limits of insurance for the **Certificate Period** in effect on the date the **Claim** is reported to the Insurer shall apply.

In addition, in the event of cancellation or non-renewal of the **Certificate of Insurance**, the **Insured**, may report **Claims** made against the **Insured** during the **Certificate Period** or within 30 days immediately following the cancellation or non-renewal of such **Certificate of Insurance**.

In no event, however, shall the Insurer be responsible to pay any **Loss** in connection with any default judgment entered against an **Insured** prior to notice to the Insurer or as a result of untimely notice to the Insurer nor shall the Insurer be responsible to pay any **Loss** in connection with any **Claim** in which the Insurer's interests have been prejudiced because of the **Insured's** failure to supply timely notice to the Insurer.

- B. If, during the **Certificate Period** the **Insured** first becomes aware of specific **Wrongful Acts** which may reasonably give rise to a future **Claim** and during such period give written notice to the Insurer of:
1. the names of the potential claimants and a description of the specific **Wrongful Act** which forms the basis of their potential **Claim**;

2. the identity of the specific **Insureds** allegedly responsible for such specific **Wrongful Act**;
3. the consequences which have resulted or may result from such specific **Wrongful Act**;
4. the nature of the potential monetary damages or non-monetary relief which may be sought in consequence of such specific **Wrongful Act**; and
5. the circumstances by which the **Insureds** first became aware of such specific **Wrongful Act**,

then any **Claim** otherwise covered under this Master Policy which is subsequently made against the **Insureds** and which arises out of such **Wrongful Act** shall be deemed to have been first made at the time such written notice was received by the Insurer. No coverage is provided for a **Claim** resulting from such **Wrongful Act** until such time as such **Claim** is reported to the Insurer in accordance with paragraph A. above.

- C. Except as provided in paragraph B. above, a **Claim** shall be deemed to be made
1. in the case of a civil proceeding or arbitration, on the earliest of the date of service upon or other receipt by any **Insured** of a complaint or similar document against the **Insured** in such proceeding or arbitration; or
 2. in the case of a written demand for monetary damages, on the **Insured's** receipt of notice of such demand.
- D. The **Insureds** shall give written notice to the Insurer at the address specified of the **Certificate of Insurance**, which shall be effective upon receipt.
- E. The **Insureds** shall furnish the Insurer with copies of reports, investigations, pleadings, and all related papers and such other information, assistance and cooperation as the Insurer may reasonably request. The **Insureds** agree to cooperate with the Insurer, and provide all assistance and information reasonably requested by the Insurer. When requested by the Insurer, the **Insureds** shall submit to examination by a representative of the Insurer, under oath if required, and shall attend hearings, depositions, and trials and shall assist in the conduct of **Claims** including but not limited to effecting settlement, securing and giving evidence, obtaining the attendance of witnesses, giving written statements to the Insurer's representatives and meeting with such representatives for the purpose of investigation or defense, all of the above without charge to the Insurer.

IX. TERMINATION OF MASTER POLICY

Termination of Master Policy

This Master Policy shall remain continuously in effect until canceled by the Insurer or by the **Policyholder** as follows:

1. The Insurer may cancel this Master Policy for any reason by providing to **Policyholder** written notice stating when, not less than 60 days thereafter, such cancellation shall be effective.
2. This Master Policy may be canceled by the **Policyholder** by surrender of this Master Policy to the Insurer or by giving written notice to the Insurer stating when thereafter such cancellation shall be effective. The making of such notice by registered, certified or other first class mail, to the Insurer at the address shown in the **Certificates of Insurance**, shall be sufficient proof of notice and this Master Policy shall terminate at the date and hour specified in such notice.

Certificates of Insurance in effect at the time of cancellation of the Master Policy shall remain in effect until the expiration date of the **Certificate of Insurance** as set forth in the **Certificate of Insurance** and **Claims**

submitted under such **Certificates of Insurance** shall be otherwise governed by this Master Policy. In such event, each **Named Insured or Insured Investment Advisor Representative** will be notified of non-renewal pursuant to the requirements of the Cancellation/Nonrenewal Endorsement attached to such **Certificate of Insurance**.

X. OTHER INSURANCE

If any **Loss** resulting from any **Claim** is insured under any other policies, this Master Policy shall apply only to the extent the **Loss** exceeds the Limit of Liability under such other insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over this Master Policy.

XI. SUBROGATION AND RECOVERY

In the event of any payment under this Master Policy, the Insurer shall be subrogated to all the **Insured's** rights of recovery therefore against any person or organization, and the **Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Insured** shall do nothing to prejudice such rights. Any amount recovered in excess of the Insurer's total payment shall be restored to the **Insured**, less the cost to the Insurer of recovery.

XII. CHANGES

Notice to any agent or knowledge possessed by an agent or by any other person shall not affect a waiver or a change in any part of this Master Policy, or stop the Insurer from asserting any right under the provisions of this Master Policy. The provisions of this Master Policy shall not be waived, changed or modified except by endorsement issued to form a part of this Master Policy.

XIII. NO ACTION AGAINST INSURER

No action shall be taken against the Insurer unless, as a condition precedent thereto, the **Insured** shall have fully complied with all terms of this Master Policy, or until the amount of the **Policyholder's** obligation to pay shall have been finally determined either by judgment against the **Insured** after actual trial or by written agreement of the **Insured**, the claimant and the Insurer. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Master Policy to the extent of the insurance afforded by this Master Policy. Nothing contained in this Master Policy shall give any person or organization any right to join the Insurer in any action against the **Insured** to determine the **Insured's** liability, nor shall the Insurer be impleaded by the **Insured** or their legal representative in any such **Claim**.

XIV. ASSIGNMENT OF INTEREST

Assignment of interest under this Master Policy shall not bind the Insurer unless its consent is endorsed to this Master Policy.

XV. TERRITORY

Except as provided in Section **III. DEFENSE**, Paragraph A.2., this Master Policy applies to **Wrongful Acts** which happen anywhere in the world, but only with respect to **Claims** made or suits brought against the **Insured** in the United States of America, its territories or possessions, or Canada.

XVI. ENTIRE AGREEMENT

The **Policyholder** agrees that this Master Policy, including the **Application**, any materials submitted or required to be submitted therewith, and any written endorsements attached, constitute the entire contract existing between **Insureds** and the Insurer or any of its agents relating to this insurance.

XVII. EXCLUSIONS

The Insurer shall not be liable to pay any **Loss** in connection with any **Claim**:

A. **Prior Litigation**

based upon, directly or indirectly arising out of, or in any way involving facts alleged in any litigation against the **Insured** pending on or prior to the inception date of such **Named Insured's Certificate of Insurance**;

B. **Wrongful Acts of Broker/Dealers**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged **Wrongful Acts** or **Interrelated Wrongful Acts** by, or liability of, any **Broker/Dealer**;

C. **Claims by Specified Persons or Entities**

by or on behalf of, or for the benefit of, whether directly or indirectly,

1. any parent, spouse, **Domestic Partner**, or child of the **Insured**
2. an entity in which one or more **Insureds**, at the time of the **Wrongful Act** giving rise to a **Claim**:
 - i. had a total of ten percent (10%) or more equity interest, or
 - ii. operated, controlled, or managed;
3. an individual or entity which has, or did have at the time of the **Wrongful Act**, a total of ten percent (10%) or more equity interest in an entity **Insured** or operates, controls or manages an entity **Insured**;
4. any past or present **Insured**, whether it be an individual, class or derivative action, except and to the extent that such **Claim** is by an **Insured** in his or her capacity as a **Client**;
5. any clearing agency or arising out of any function of any **Insured** as a clearing agency;
6. any **Broker/Dealer** other than one which buys, sells or trades in securities exclusively as a principal for its own account;
7. any governmental or quasi-governmental official or agency, including but not limited to any state or federal securities or insurance commission or agency, in any capacity;
8. any self-regulatory organization including, but not limited to, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Securities Investor Protection Corporation, in any capacity,

provided, however, that paragraphs 7. and 8. above shall not apply to any **Claim** by an official of such agency or organization if such official is bringing the **Claim** in his or her capacity as a direct **Client** of an **Insured** and not as an official of such agency or organization;

D. **Intentional Acts**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged dishonest, fraudulent, criminal, malicious, purposeful or intentional act, error or omission, or any actual or alleged willful violation of any statute or law as determined in fact by any trial court verdict,

court ruling, regulatory ruling or legal admission. However, the **Wrongful Act** of any **Insured** individual shall not be imputed to any other **Insured** individual, and only the **Wrongful Act** of any executive officer shall be imputed to the **Insured Broker/Dealer** or the **Policyholder**;

E. Bodily Injury/Property Damage

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged bodily injury, sickness, disease, emotional distress, mental anguish or death of any person, or damage to or destruction of any tangible property, including loss of use thereof;

F. Contractual Liability/Promises/Guarantees

based upon, directly or indirectly arising out of, or in any way involving actual or alleged

1. liability of others assumed by an **Insured** under any contract or agreement; provided, however, that this paragraph shall not apply to the extent that the liability would attach to an **Insured** in the absence of such contract or agreement; or
2. making or stating of any promises or guarantees as to interest rates or fluctuations in interest rates, the market value of any investment or insurance product, or future premium payments;

G. Specified Services

based upon, directly or indirectly arising out of, or in any way involving actual or alleged:

1. performance of or failure to perform services by the **Insured** as:
 - a. an actuary, accountant, attorney, property or casualty agent, real estate agent, or third party administrator; or
 - b. a market maker or specialist in any securities; or
2. tax advice provided by the **Insured** except to the extent that such tax advice is an incidental part of the **Professional Services** being rendered;

H. Premium/claim/tax monies

based upon, directly or indirectly arising out of, or in any way involving:

1. the **Insured's** inability or refusal to pay or collect premium, claim or tax monies; or
2. a dispute over fees, commissions or charges, including without limitation the structure of fees or excessive fees; however, this paragraph 2. shall not apply to surrender charges; furthermore, this paragraph 2. shall not apply to **Claims** involving an **Insured's** alleged breach of the Department of Labor's Conflict of Interest provisions as they relate to retirement investment advice, as amended.

I. Commingling/Illegal Profit

based upon, directly or indirectly arising out of, or in any way involving:

1. any actual or alleged commingling or use of **Client** funds; or
2. any actual or alleged profit, remuneration or pecuniary advantage gained by any **Insured**, to which the **Insured** was not legally entitled;

J. **Insolvency**

based upon, directly or indirectly arising out of, or in any way involving the insolvency, receivership, conservatorship, liquidation, bankruptcy or inability to pay of a natural person, entity, benefit plan, insurance company, managed health care organization, reinsurer, risk retention group or captive (or any self insurance plan or trust by whatsoever name), or limited partnership in which the **Insured** has placed business or obtained insurance coverage, or placed or recommended placement of the funds of a **Client**;

K. **Employee Benefit Plans**

based upon, directly or indirectly arising out of, or in any way involving:

1. any actual or alleged pension, profit sharing, health and welfare or other employee benefit plan or trust sponsored by the **Insured** or any entity owned or controlled by the **Insured** or in which the **Insured** is a participant, trustee or named fiduciary, as defined under the Employee Retirement Income Security Act of 1974, as amended, or any similar common or statutory law; or
2. the actual or alleged design of any employee benefit plan;

L. **Sale or Servicing of Certain Products**

based upon, directly or indirectly arising out of, or in any way involving the actual or alleged sale, attempted sale or servicing of any:

1. coverage, alleged coverage or plan placed with any form of Multiple Employer Welfare Arrangement as defined by the Employee Retirement Income Security Act of 1974, as amended, or any employee benefits plan involving self funding in whole or in part, by any employer, union, or employment related entity;
2. products or services not approved by a **Broker/Dealer**;
3. commodities, commodities futures contracts, or any type of option contract with the exception of covered call writing;
4. promissory notes;
5. ETS pay phone investments or other similar type investments;
6. viatical settlements, viatical insurance benefits, viatical investment pools or any security backed by viatical settlements;
7. "Stranger Originated Life Insurance (STOLI)" or "Speculator Initiated Life Insurance (SPINLIFE)."
8. Structured products, including but not limited to, structured settlements, structured notes, principal protected notes or reverse convertibles notes;
9. Life Settlements; Reverse mortgages or similar transactions in which the present value of a conditional contract is exchanged or sold;
10. issuer callable certificates of deposit and/or equipment sale-lease-buy-back transactions of any kind;

11. Leveraged or Inverse Products, including but not limited to Exchange Traded Funds or Mutual Funds, or Exchange Traded Notes;
12. any life insurance policy in which the premium was paid for, in whole or in part, by or through any premium finance mechanism or any premium finance company.

M. **Discretionary Authority**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged activities in connection with the exercise of discretionary authority with regard to the management or disposition of assets (whether for individuals, groups, employee benefit plans, or other entities of whatever legal form or character); however, this exclusion shall not apply to the activities of the **Insured** when exercising discretionary authority as a **Registered Investment Advisor**;

N. **Nuclear/Pollution**

based upon, directly or indirectly arising out of, or in any way involving:

1. any nuclear reaction, radiation or contamination; or
2. any actual, alleged or threatened discharge, release, escape, or disposal of, or exposure to, **Pollutants**; any request, direction or order that any of the **Insureds** test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effect of **Pollutants** or nuclear reaction, radiation or contamination, or any voluntary decision to do so; or any actual or alleged property damage, or bodily injury, sickness, disease or death of any person, or financial loss to the **Insureds**, their security holders, or their creditors resulting from any of the aforementioned matters;

O. **Anti-trust**

based upon, directly or indirectly arising out of, or in any way involving actual or alleged price fixing, price discrimination, predatory pricing, restraint of trade, antitrust, monopolization, unfair trade, or unfair anti-competitive conduct; however, the knowledge of any such act by any **Insured** individual shall not be imputed to any other **Insured** individual; and only such knowledge of an executive officer shall be imputed to an **Insured** entity;

P. **Confidential or non-public information**

based upon, directly or indirectly arising out of or in any way involving the actual or alleged use, misuse or disclosure of:

1. confidential information, including but not limited to such use for the purpose of replacement of coverage; or
2. non-public information in a manner prohibited by the laws of the United States, including, but not limited to, the Insider Trading and Securities Fraud Enforcement Act of 1988, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, any similar laws of any other jurisdiction, or any rules or regulations promulgated under any of the foregoing, all as amended;

Q. **Unlicensed entity**

based upon, directly or indirectly, arising out of or in any way involving the placement of a **Client's** coverage or funds directly or indirectly with any organization, entity or vehicle of any kind, nature or structure which is not licensed to do business in the state or jurisdiction with authority to regulate such business; however, this Exclusion shall not apply to any **Claim** arising from or contributed to by the

placement of a **Client's** coverage or funds directly or indirectly with such organization, entity or vehicle which is an eligible surplus lines insurer in the state or jurisdiction with authority to regulate such business;

R. **Investment Banking Activities**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged underwriting, syndicating, or investment banking work, or associated counseling or investment activities, including but not limited to, any aspect of any actual, attempted or threatened mergers, acquisitions, divestitures, tender offers, proxy contests, leveraged buy-outs, going private transactions, reorganizations, capital restructuring, recapitalization, spin-offs, primary or secondary offerings of securities (regardless of whether the offering is a public offering or a **Private Placement**), other efforts to raise or furnish capital or financing for any enterprise or entity or any disclosure requirements in connection with any of the foregoing; provided, however, that this exclusion shall not apply to **Claims** arising from sales by an **Insured** of securities in connection with an offering thereof where such **Claims** relate solely to conduct by the **Insured** detrimentally relied upon by particular clients of the **Insured Broker/Dealer** and do not arise from facts or circumstances affecting the offering generally such as, but not limited to, actual or alleged misrepresentations or omissions in the formal written offering materials, including registration statements, offering memoranda and circulars;

S. **Securities below Minimum Capitalization Levels**

based upon, directly or indirectly arising out of, or in any way involving any security issued by an entity unable to meet the minimum capitalization and other standards for listing and maintenance on the NASDAQ SmallCap Market;

T. **Owned funds or investment products**

based upon, directly or indirectly arising out of, or in any way involving any proprietary fund or investment products in which an **Agent or General Agent or Registered Representative** has any ownership interest;

U. **Investment in Specified Securities or Funds**

based upon, directly or indirectly arising out of, or in any way involving the use of or investment in:

1. any security that is not registered with the Securities and Exchange Commission; however, this Exclusion shall not apply to securities which are both exempt from registration with the Securities and Exchange Commission and approved by a **Broker/Dealer**; or
2. any hedge fund, whether it is registered or not with the Securities and Exchange Commission, unless specifically endorsed onto the Master Policy;

V. **Limited Partnerships, REITS**

based upon, directly or indirectly arising out of, or in any way involving the use of or investment in any Limited Partnership, **Private Placements**, 1031 Exchanges, Tennant in Common Investments (pursuant to Section 1031 of the Internal Revenue Code), Real Estate Investment Trusts (REIT's), issuer callable certificates of deposit, equipment sale-lease-buy-back transactions of any kind and/or any security that is not registered with the Securities and Exchange Commission;

W. **Fiduciary Services**

based upon, directly or indirectly arising out of, or in any way involving investment advice provided by a Fiduciary Advisor if such investment advice is not provided pursuant to and in accordance with all of

the requirements of the Pension Protection Act of 2006 as it may be amended, or the Department of Labor's Conflict of Interest provisions as they relate to retirement investment advice, as amended;

X. **Wrongful Employment Practices**

based upon, directly or indirectly arising out of, or in any way involving employment practices including but not limited to discrimination or termination of employment;

Y. **Class Action Claim**

that is a **Class Action Claim**;

Z. **Short Sales**

based upon, directly or indirectly arising out of, or in any way involving actual or alleged short selling of any security;

AA. **Social Media Coverage**

based upon or arising out of or in any way involving any regulatory proceeding brought by any governmental or quasi-governmental official or agency, including but not limited to any state or federal securities or insurance commission or agency or any self-regulatory agency, in any capacity based upon or arising out of the **Agent** or **General Agent** or **Registered Representative's** use of **Social Media** provided, however, that this exclusion shall not apply to any **Claim** by an official of such agency or organization if such official is bringing the **Claim** in his or her capacity as a direct **Client** of an **Insured** and not as an official of such agency or organization;

AB. **412/419 Plans**

based upon directly or indirectly arising out of, or in any way involving

1. the sale, attempted sale or servicing of any plans created under sections 412 or 419 of the internal revenue code;
2. any actual or alleged sale or servicing of any insurance sold as part of or to be used in conjunction with or to fund any plan created under sections 412 or 419 of the internal revenue code;

AC. **Unsolicited Communications**

based on or arising out of:

1. any actual or alleged violation of any federal anti-spam statute or regulation, including the CAN-SPAM Act of 2003;
2. any actual or alleged violation of any federal statute or regulation prohibiting the dissemination of unsolicited communications, including any violation of the Telephone Consumer Protection Act of 2001; or
3. any actual or alleged violation of any federal, state or local anti-spam statute, ordinance or other regulation that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information including any statute or regulation prohibiting the dissemination of unsolicited communications;

AD. **Churning**

based upon, directly or indirectly arising out of, any actual or alleged churning or excessive trading by an **Agent, General Agent or Registered Investment Advisor**; or

AE. Transfer of Pension Benefit

based upon, directly or indirectly arising out of, or in any way involving the actual or alleged sale, assignment or purchase of:

1. any stream of income or benefits originally payable to another person or entity, including but not limited to retirement, pension, disability, insurance or annuity benefits;
2. any product, benefit, investment or stream of income where the sale or assignment of such product, benefit, investment or stream of income is not permitted, whether by law or by the terms of the product, benefit or investment;
3. any product, benefit, investment or stream of income where the sale or assignment of such product, benefit, investment or stream of income is prohibited by federal, state or local law.

XVIII. ACTIVE MILITARY SERVICE

If a **Registered Investment Adviser** or **Investment Adviser Representative** is activated for military service and is established by the **Policyholder** to be so activated, such **Registered Investment Adviser** or **Investment Adviser Representative** premium for coverage pursuant to this Policy will be waived as follows:

1. waiver of the first monthly premium debit will occur in the month following the month in which activation of military service occurs; and
2. premiums will be waived only during the months in which the **Registered Investment Adviser** or **Investment Adviser Representative** is on active duty.

XIX. TRADE EMBARGOES AND SANCTIONS

This Master Policy does not provide coverage for **Insureds**, transactions or that part of **Loss** that is uninsurable under the laws or regulations of the United States concerning trade or economic sanctions.

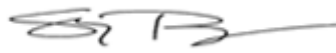
XX. HEADINGS AND NUMBER

The descriptions in the headings of this Master Policy are solely for convenience, and form no part of the terms and conditions of coverage. Defined terms in the singular also include the plural and defined terms in the plural also include the singular.

IN WITNESS WHEREOF, the Insurer has caused this Master Policy to be executed by its Chairman and Secretary, but this Master Policy shall not be binding upon us unless completed by the attachment of the Declarations.

Chairman

Secretary





**MASTER POLICY
PROFESSIONAL LIABILITY AGGREGATE ENDORSEMENT**

It is agreed that solely with respect to those **Insureds** who are not residents of or practice in New York State, the Policy is amended as follows:

I. Aggregate Limits

Policy Year Aggregate Limit of Liability: \$15,000,000

II. The section entitled **DEFINITIONS** is amended to add a new definition as follows:

Policy Year means the period of one year following the effective date of the **Policy Period** or any subsequent one-year anniversary thereof.

III. The following new paragraphs are added to the section entitled **LIMIT OF LIABILITY, RETENTION AND ALLOCATION** as follows:

- Policy Aggregate:

The amount set forth as the **Policy Year** Aggregate Limit of Liability in paragraph I. of this Endorsement shall be the maximum Aggregate Limit of Liability of the Insurer for each **Policy Year**, regardless of the number of **Insureds**, **Claims** made, or persons or entities bringing such **Claims**. The **Policy Year** Aggregate Limit in effect at the time a **Certificate of Insurance** is issued shall be the applicable **Policy Year** Aggregate Limit for such **Certificate of Insurance** regardless of when such **Certificate of Insurance** expires.

- Per **Claim** Aggregate:

Each **Insured's** applicable Limit of Liability shall be the maximum Limit of Liability of the Insurer for such **Insured**, regardless of the number of **Insureds**, **Certificates of Insurance**, **Claims** made, or persons or entities bringing such **Claims**. The per **Claim** Aggregate Limit in effect at the time a **Certificate of Insurance** is issued shall be the applicable **Policy Year** Aggregate Limit for such **Certificate of Insurance** regardless of when such **Certificate of Insurance** expires. Further, where two or more **Insureds** are involved in a **Claim**, the maximum aggregate Limit of Liability of the Insurer for all such **Insureds** shall be the largest single Limit of Liability applicable to any one of such **Insureds**.

IV. The section entitled **EXCLUSIONS** is amended to delete the exclusion entitled **Class Action Claim**.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



RETENTIONS ENDORSEMENT

In consideration of the premium paid for this Policy, it is understood and agreed that the section entitled **LIMIT OF LIABILITY, RETENTION AND ALLOCATION**, the paragraph entitled Retention is amended to add the following:

Solely with respect to **Investment Advisory Services**, the following retention amounts are applicable to each **Claim**:

1. \$5,000 for any **Claim** arising out of **Investment Advisory Services** rendered during the **Registered Investment Advisor's** first and second **Certificate Period** in this program.
2. \$4,000 for any **Claim** arising out of **Investment Advisory Services** rendered during the **Registered Investment Advisor's** third **Certificate Period** and future **Certificate Periods** in this program as long as the **Registered Investment Advisor** has been enrolled in this Master Policy for three years with no **Claims** reported. This retention does not apply to **Claims** involving securities.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



COST OF CORRECTIONS SUPPLEMENTAL BENEFIT ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that the Policy is amended as follows:

I. The section entitled **DEFINITIONS** is amended to add the following definition:

Cost of Corrections Demand means a demand by a **Named Insured** for reimbursement of the cost incurred by the **Named Insured** in indemnifying a **Client** of such **Named Insured** for **Loss** incurred as a result of a **Wrongful Act**.

II. The following new section is added to the policy:

Cost of Corrections

A. Provided that the **Professional Services** are provided by or through a **Named Insured**, the Insurer shall reimburse **Named Insured** for a **Cost of Corrections Demand**, up to the Limits of Liability set forth below and subject to the **Named Insured's Cost of Corrections Demand Retention**, provided that such **Cost of Corrections Demand** involves one or more of the following acts, errors or omissions:

1. The failure of the **Insured** to follow directions from a **Client** in connection with a non-discretionary investment;
2. Mechanical or computer error in processing transactions that were implemented to follow directions from a **Client** in connection with a non-discretionary investment;
3. Human error related to discretionary transactions implemented by the **Insured**, to the extent such transactions are otherwise covered by this Policy;
4. Mechanical or computer error in processing discretionary transactions implemented by the **Insured**, to the extent such transactions are otherwise covered by this Policy, including when performed by a back office employee of the **Named Insured**; However, there shall be no Supplemental Benefit for **Cost of Corrections Demands** arising from such errors unless:
 - a. the **Insured** has the ability to correct the error or prevent it from increasing; and
 - b. if not immediately corrected, the error will continue to increase in monetary value or impact; and
 - c. the **Insured** incurs a measurable monetary cost in correcting the error; and
 - d. the **Insured** notifies the Insurer of the correction as soon as practicable, and provides the Insurer proper documentation of the error, the resulting damages and the correction thereof.

B. This Supplemental Benefit is granted under the strict reservation by the Insurer to reimburse the **Named Insured** for the mutually agreed upon portion of such cost that is attributable to such acts, errors or omissions of an **Insured**, or any employee of the **Named Insured** as are described in A.4.a. through d. above. The Insurer shall not be responsible for any portion attributable to the conduct of any other party, including the claimant, the **Policyholder** or a **Broker/Dealer**.

C. The **Named Insured** shall be liable for the payment of any Retention for a **Cost of Corrections Demand**.

D. For the purposes of the application of the Limits of Liability and Exclusions Sections only, a **Cost of Corrections Demand** will be deemed to be a **Claim**.

III. Solely with respect to the coverage provided by this endorsement, the section entitled **LIMIT OF LIABILITY, RETENTION AND ALLOCATION** is amended to include the following new language:

A. The Paragraph entitled Each **Claim** and Aggregate per **Certificate of Insurance** is amended to add the following:

The Insurer's maximum limit of liability for each **Cost of Correction Demand** shall be \$5,000. The Insurer's maximum limit of liability for all **Cost of Correction Demands** for each **Named Insured** shall be



\$250,000. These amounts are sublimits which are part of and not in addition to each **Named Insured's** limit of liability set forth on the **Named Insured's Certificate of Insurance** and are subject to the Policy Aggregate Limit of Liability.

B. The paragraph entitled Retention is amended to add the following:

Notwithstanding anything to the contrary set forth on each **Named Insured's Certificate of Insurance**, the retention amount applicable for each **Cost of Correction Demand** shall be \$500.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



SUBPOENA EXPENSES COVERAGE ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that the Policy the section entitled **LIMIT OF LIABILITY, RETENTION AND ALLOCATION** is amended to add the following new paragraph:

- Subpoena Assistance

In the event the **Insured** receives a subpoena for documents or sworn testimony, during the applicable **Certificate Period**, arising out of **Professional Services** rendered by such **Insured**, the **Insured** may provide the Insurer with a copy of the subpoena and the Insurer, at its sole discretion, may retain an attorney to provide advice regarding the production of documents, to prepare the **Insured** for sworn testimony, and to represent the **Insured** at the **Insured's** depositions, provided that:

- a. the subpoena arises out of a lawsuit to which the **Insured** is not a party; and
- b. the **Insured** has not been engaged to provide advice or sworn testimony in connection with the lawsuit, nor has the **Insured** provided such advice or sworn testimony in the past.

If such criteria are met, the Insurer will pay such attorney's legal fees excluding any disbursements up to the amount of \$15,000 (fifteen thousand dollars) for each **Insured**. While not **Loss**, such fees incurred under this provision are part of and not in addition to the Aggregate Limit of Liability set forth in each **Named Insured's Certificate of Insurance**. Any notice the **Insured** gives the Insurer of such subpoena shall be deemed notification of a potential **Claim** under Section VIII.B. of this Policy.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



PRE-CLAIM ASSISTANCE ENDORSEMENT

In consideration of the premium paid for this Policy, it is agreed that the Policy, Section entitled **LIMIT OF LIABILITY, RETENTION AND ALLOCATION** is amended to add the following new paragraph:

Pre-Claim Assistance

Until the date a **Claim** is made, the Insurer may pay, at its sole discretion, up to \$15,000 (fifteen thousand dollars), for all reasonable and necessary fees and expenses it incurs as a result of investigating a potential **Claim** that the **Insured** reports to the Insurer in accordance with the section entitled **NOTICE**, paragraph B. Should a potential **Claim** be investigated pursuant to this paragraph, and that potential **Claim** later becomes a covered **Claim** under this Policy, then the Limits of Liability and the Retention applicable to such **Claim** shall apply to such **Claim**. While not **Loss**, this amount is part of and not in addition to the Aggregate Limit of Liability set forth in each **Named Insured's Certificate of Insurance**.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



REGULATORY ACTION ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that the section entitled **EXCLUSIONS**, the exclusion entitled **Claims by Specified Persons or Entities**, sub-sections 7. and 8. are deleted in their entirety and replaced with the following:

7. any governmental or quasi-governmental official or agency, including but not limited to any state or federal securities or insurance commission or agency, in any capacity; however, this exclusion shall not apply subject to the Insurer's maximum Limit of Liability of \$15,000 for all **Loss** for all such **Claims** made against an **Insured**, which amount shall be part of and not in addition to the amount set forth in each **Named Insured's Certificate of Insurance**. Notwithstanding anything in the Policy to the contrary, the applicable retention amount for all such **Claims** shall be \$0;
8. any self-regulatory organization including, but not limited to, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Securities Investor Protection Corporation, in any capacity; however, this exclusion shall not apply subject to the Insurer's maximum Limit of Liability of \$15,000 for all **Loss** for all such **Claims** made against an **Insured**, which amount shall be part of and not in addition to the amount set forth in each **Named Insured's Certificate of Insurance**. Notwithstanding anything in the Policy to the contrary, the applicable retention amount for all such **Claims** shall be \$0;

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



PRIVACY PROTECTION ENDORSEMENT

If this coverage is purchased, it is understood and agreed that solely with respect to those **Named Insureds** or **Investment Advisor Representatives** that purchased this coverage, the Policy is amended as follows:

I. The section entitled **INSURING AGREEMENT** is amended to add the following new Insuring Agreements:

A. PRIVACY INJURY COVERAGE AGREEMENTS

If this Insuring Agreement has been purchased, as indicated on the **Certificate of Insurance**, the Insurer shall pay on behalf of the **Named Insured** or **Investment Advisor Representative**, excess of the applicable Retention and within the Limits of Liability as stated on the **Certificate of Insurance**, that **Loss** which the **Named Insured** or **Investment Advisor Representative** become legally obligated to pay:

1. Privacy Injury Liability

as **Loss** resulting from any **Claim** first made against a **Named Insured** or **Investment Advisor Representative** during the **Certificate Period**, or any extended reporting period, if applicable, alleging **Wrongful Acts** by a **Named Insured** or **Investment Advisor Representative** or by someone (including a **Rogue Employee** or **Third-Party Custodian**) for whose **Wrongful Acts** the **Named Insured** or **Investment Advisor Representative** is legally liable;

2. Privacy Regulation Proceeding

as **Loss** (including **Privacy Regulation Fines**) resulting from any **Claim** first made against a **Named Insured** or **Investment Advisor Representative** during the **Certificate Period**, or any extended reporting period, if applicable, alleging **Wrongful Acts** by a **Named Insured** or **Investment Advisor Representative** or by someone (including a **Rogue Employee** or **Third-Party Custodian**) for whose **Wrongful Acts** the **Named Insured** or **Investment Advisor Representative** is legally liable;

Provided that:

- a. prior to the date of the **Insured's** initial enrollment under this Policy, or under any other policy issued by the Insurer (or its affiliated insurers) of which this Policy is a renewal (whether successive or not) or replacement, whichever is earlier;
 1. the **Named Insured** or **Investment Advisor Representative** did not know or should not have known that any such **Wrongful Act**, or **Interrelated Wrongful Act**, might result in such **Claim**;
 2. such **Wrongful Act** has not been the subject of any notice given under any prior policy;
- b. such **Wrongful Act** occurred on or after the applicable **Prior Acts Date** and prior to the end of the **Certificate Period**; and,
- c. the **Claim** is reported to the Insurer in accordance with the section entitled **Notice of Claims or Circumstances** of this endorsement;
- d. such **Claim** is not covered under any other Insuring Agreement of this Policy or any other coverage issued by the Insurer, or any affiliate of the Insurer.

B. PRIVACY EVENT EXPENSE



If this Insuring Agreement has been purchased, as indicated above, the Insurer will reimburse the **Named Insured** or **Investment Advisor Representative** for **Privacy Event Expenses**, up to the **Privacy Event Expenses** Limit of Liability provided that:

1. the **Privacy Event** is first discovered during the **Certificate Period**;
2. the **Privacy Event Expenses** were incurred within twelve months after the date that the **Named Insured** or **Investment Advisor Representative** reports the **Privacy Event**, in accordance with the section entitled **Notice of Claims or Circumstances** of this endorsement and such amounts are consented to in writing by the Insurer, such consent may not to be unreasonably withheld; and,
3. there is no other coverage issued by the Insurer, or any affiliate of the Insurer, that provides coverage for such **Privacy Event**.

- II. Solely with respect to the coverage provided by this endorsement, the section entitled **LIMIT OF LIABILITY, RETENTION AND ALLOCATION** is amended to add the following new paragraphs:

The Insurer's maximum Limit of Liability for all **Loss** under the coverage provided by this endorsement shall be the amount listed as the Privacy Protection Aggregate Limit of Liability on the **Named Insured's** or **Investment Advisor Representative's Certificate of Insurance**. This amount is a sublimit which part of, and not in addition to, the each **Claim** Limit of Liability and the in the Aggregate Limit of Liability set forth on each **Named Insured's** or **Investment Advisor Representative's Certificate of Insurance**.

- III. Solely with respect to the coverage provided by this endorsement, the section entitled **DEFINITIONS** is amended to add the following new terms:

Confidential Health Information means information pertaining to a **Client** that has been received or created by the **Named Insured** or **Investment Advisor Representative** or provided by the **Named Insured** or **Investment Advisor Representative** to another, subject to protection pursuant to "HIPAA", including an individual's health, or healthcare treatment information, including the fact that any such individual has been treated by any provider.

Privacy Event means any act, error or omission which, in the reasonable opinion of the **Named Insured** or **Investment Advisor Representative** did cause or is reasonably likely to result in the unauthorized disclosure or the unauthorized use of **Nonpublic Personal Information**.

Privacy Event Expenses means all reasonable and necessary fees, costs and expenses incurred by the **Insured** and consented to by the Insurer:

- A. to directly affect compliance with a **Security Breach Notice Law** including notification to individuals or entities who are required to be notified;
- B. to provide voluntary notification to individuals or entities whose **Nonpublic Personal Information** may have been subject to a **Privacy Event**;
- C. to hire a computer forensics firm to investigate the existence and cause of a **Privacy Event** and to determine the extent such **Nonpublic Personal Information** has been or may have been disclosed;
- D. to hire an attorney or expert to determine the applicability of and the actions necessary to comply with **Security Breach Notice Laws**;
- E. to minimize harm to the **Named Insured's** or **Investment Advisor Representative's** reputation from a **Privacy Event**, including but not limited to the costs to set up a call center or provide a credit monitoring service for those impacted by a **Privacy Event**.



However, **Privacy Event Expenses** do not include the costs, fees and expenses necessary to remediate any deficiencies that gave rise to the **Privacy Event**.

Privacy Injury means:

- A. unauthorized collection, disclosure, use, access, destruction or modification of **Nonpublic Personal Information**;
- B. failure to implement, maintain, or comply with policies and procedures stating the **Named Insured's** or **Investment Advisor Representative's** obligations with regard to **Nonpublic Personal Information**.

Privacy Regulation Fines means civil fines, sanctions or penalties insurable under applicable law and imposed under any **Privacy Regulation Proceeding** for a violation of any **Security Breach Notice Law** or any law, statute or regulation governing **Nonpublic Personal Information**.

Privacy Regulation Proceeding means a civil, administrative or regulatory proceeding by a federal, state, local or foreign governmental authority, including a complaint, investigation or hearing instituted against a **Named Insured** or **Investment Advisor Representative** by the Department of Health and Human Services or its designee alleging a violation of responsibilities or duties imposed upon a **Named Insured** or **Investment Advisor Representative** under the Health Insurance Portability and Accountability Act ("HIPAA") or any rules or regulations promulgated thereunder, with respect to the management of **Nonpublic Personal Information** alleging a **Wrongful Act** as defined in paragraph B. of the definition of **Wrongful Act**.

Nonpublic Personal Information means two or more elements of information not available to the general public from which an individual may be identified, including without limitation, an individual's name, address, telephone number, social security number, account relationships, account numbers, account balances, and account histories. **Nonpublic Personal Information** shall also include **Confidential Health Information**.

Related Claims mean all **Claims** based upon or arising out of a single **Wrongful Act** or any **Interrelated Wrongful Acts**.

Rogue Employee means a past, present or future employee of the **Named Insured** or **Investment Advisor Representative** who acts outside of his or her scope of employment.

Security Breach Notice Law means any statute or regulation that requires an entity that maintains **Protected Information** to provide notice to specified individuals of any actual or potential unauthorized disclosure or potential disclosure of such **Nonpublic Personal Information**.

Third-Party Custodian means any third party to whom the **Named Insured** or **Investment Advisor Representative** entrusts **Nonpublic Personal Information**.

- IV. Solely with respect to the coverage provided by this endorsement, the following definitions are deleted in their entirety and replaced as follows:

Claim means:

- A. a written demand for monetary damages or non-monetary relief, including a demand for injunctive or declaratory relief;
- B. a civil proceeding in a court of law or equity or any alternative dispute resolution proceeding;
- C. a **Privacy Regulation Proceeding**,

against a **Named Insured** or **Investment Advisor Representative**, alleging a **Wrongful Act** including any appeal therefrom. **Claim** also means a written request received by the **Named Insured** or **Investment Advisor**



Representative to toll or waive a statute of limitations in connection with a **Claim** as defined by paragraphs **B.** and **C.** above.

However, a **Claim** does not include any criminal proceeding or criminal or civil investigation. Nor does a **Claim** include any regulatory proceeding except if the regulatory proceeding is a **Privacy Regulation Proceeding**.

Defense Costs mean:

- A.** fees charged by attorneys designated by the Insurer;
- B.** all other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a **Claim** if incurred by the **Named Insured** or **Investment Advisor Representative** including, but not limited to, premiums for any appeal bond, attachment bond or similar bond but without any obligation of the **Named Insured** or **Investment Advisor Representative** to apply for or furnish any such bond.

In the event the **Named Insured** or **Investment Advisor Representative** is entitled by law to select independent counsel to defend the **Named Insured** or **Investment Advisor Representative** at the Insurer's expense, **Defense Costs** also include fees the Insurer must pay to such counsel provided that such fees are limited to fees charged in accordance with the rates the Insurer actually pays to counsel that it retains in the ordinary course of business in the defense of similar **Claims** in the community where the **Claim** is being defended;

However, **Defense Costs** do not include fees and expenses of independent adjusters or salaries of the Insurer's officials or employees.

Loss means settlements, judgments (including any award of pre-judgment and post-judgment interest on a covered judgment), or other amounts for which the **Named Insured** or **Investment Advisor Representative** is legally obligated to pay on account of a covered **Claim**. However, **Loss** does not include:

1. civil or criminal fines, penalties, taxes, sanctions or forfeitures, imposed on the **Named Insured** or **Investment Advisor Representative**, except that this does not apply to **Privacy Regulation Fines**;
2. fees, costs and expenses paid or incurred or charged by the **Named Insured** or **Investment Advisor Representative**, no matter whether claimed as restitution of specific funds, financial loss, mitigation expenses, set-off amounts or payments in the form of service credits or coupons or other non-cash consideration;
3. liquidated damages pursuant to a written contract or agreement in excess of the **Named Insured's** or **Investment Advisor Representative's** liability caused by the **Wrongful Act**;
4. the **Named Insured's** or **Investment Advisor Representative's** production costs, or the **Named Insured's** or **Investment Advisor Representative's** cost of reprinting, recalling, recovering, shipping, mailing, correcting, reprocessing, restoring, repairing, replacing, or reproducing erroneous, damaged or lost tangible property;
5. any amount attributable to the cost of any non-monetary relief, including without limitation any costs associated with compliance with any injunctive relief of any kind or nature;
6. funds, monies, or securities that the **Named Insured** or **Investment Advisor Representative** transferred or failed to transfer;
7. any loss of investment income;
8. any amounts assessed as royalty fees or payments;



9. any amount for which the **Named Insured** or **Investment Advisor Representative** is absolved from payment by reason of any covenant, agreement or court order;
10. punitive and exemplary damages and the multiplied portion of multiplied award;
11. plaintiff's attorney fees or expenses associated with items 1. through 10. above.

Loss also includes **Defense Costs** and **Privacy Event Expenses**.

Network means a party's local or wide area network owned or operated by or on behalf of or for the benefit of that party; provided, however, **Network** shall not include the internet, telephone company networks, or other public infrastructure network (collectively "public infrastructure network") unless such public infrastructure network is operated and controlled exclusively by the **Named Insured** or **Investment Advisor Representative**.

Prior Acts Date means the effective date of the first **Certificate Period** to which this endorsement is attached and that is in a continuous series to the current policy effective date.

Wrongful Act means:

- A. with respect to Insuring Agreement **A.1.** only, **Wrongful Act** means any **Privacy Injury**;
- B. with respect to Insuring Agreement **A.2.** only, **Wrongful Act** means any actual or alleged act, error or omission that results in a violation of any statute or regulation governing **Nonpublic Personal Information** or any violation of a **Security Breach Notice Law**.

V. EXCLUSIONS

Solely with respect to the coverage provided by this endorsement, the section entitled **EXCLUSIONS** is amended to add the following new exclusions:

This Policy does not apply to any **Claim**:

- **BODILY INJURY/PROPERTY DAMAGE**

based upon or arising out of any actual or alleged bodily injury (including death), sickness, disease, emotional distress, mental anguish, of any person, or property damage, provided however that this exclusion does not apply to the wrongful infliction of emotional distress or mental anguish arising out of **Privacy Injury**;

- **CLAIMS BY INSUREDS**

by or on behalf of the **Named Insured** or **Investment Advisor Representative** provided, however that this exclusion does not apply to:

1. any **Claim** that is in the form of a crossclaim, third-party claim or otherwise for contribution or indemnity which is part of and results directly from a **Claim** which is not otherwise excluded under this Policy;
2. any **Claim** brought or maintained by or on behalf of a bankruptcy or insolvency trustee, examiner, liquidator, receiver or rehabilitator for the **Named Insured** or **Investment Advisor Representative** or any assignee of such trustee, examiner, liquidator, receiver or rehabilitator;
3. any **Claim** by the **Named Insured** or **Investment Advisor Representative** (other than the **Named Insured** or **Investment Advisor Representative**) that alleges **Privacy Injury**;



- **DISCRIMINATION**

based upon or arising out of any actual or alleged discrimination, humiliation, harassment or misconduct that relate to an individual's race, creed, color, age, sex, national origin, religion, handicap, marital status or sexual preference;

- **GOVERNMENTAL ORDERS**

based upon or arising out of any action or order by any domestic or foreign law enforcement, administrative, regulatory or judicial body or other governmental authority, to ban, limit or restrict access to, or provide access to, or intercept, confiscate, monitor or analyze, the **Network** or any data, software or other information stored or processed on, or transmitted to or from, the **Network**, whether authorized by the **Named Insured** or **Investment Advisor Representative** or not, including without limitation, interception, monitoring, or analysis by the NSA, CIA or FBI, or under the Foreign Intelligence Surveillance Act, the USA Patriot Act or any other domestic or foreign law, regulation or order;

- **OWNED ENTITY**

made against the **Named Insured** or **Investment Advisor Representative** by any entity, if at the time of the **Wrongful Act** giving rise to such **Claim**:

1. the **Named Insured** or **Investment Advisor Representative** controlled, owned, operated or managed such entity;
2. the **Named Insured** or **Investment Advisor Representative** was an owner, partner, director, officer or employee of such entity;

For the purpose of this exclusion, a 5% or more owner of the voting stock of a publicly held corporation or a 40% or more owner of the voting stock of a privately held corporation shall be deemed to own such entity;

- **PATENT INFRINGEMENT**

based upon or arising out of actual or alleged infringement of patent;

- **SECURITIES AND INVESTMENT CLAIMS**

based upon or arising out of any actual or alleged:

1. filing of any registration statement under the Securities Acts of 1933, or the Securities Exchange Act of 1934, any State Blue Sky Law, or any other state or local securities law;
2. violation of the Investment Advisers Act of 1940, the Securities Act of 1933, the Securities and Exchange Act of 1934, rules or regulations of the Securities Exchange Commission under either or both acts, similar securities laws or regulations of state, or any laws of any state relating to any transaction arising out of, involving, or relating to the public offering of securities;

Provided however that this exclusion does not apply to any **Claim** for **Privacy Injury**;

- **TRADE SECRETS**

based upon or arising out of any actual or alleged misappropriation of trade secrets obtained by the **Named Insured** or **Investment Advisor Representative** prior to commencing employment with the **Named Insured** or **Investment Advisor Representative**;



- **UNFAIR COMPETITION/ANTITRUST CLAIMS/RICO CLAIMS**

based upon or arising out of any actual or alleged:

1. unfair competition, dilution, deceptive trade practices, civil actions for consumer fraud or false or deceptive advertising or misrepresentation in advertising;
2. charges of price fixing, monopolization or restraint of trade;
3. violation of:
 - a. the Federal Trade Commission Act;
 - b. the Sherman Act, the Clayton Act, or any federal statutory provision regarding anti-trust, monopoly, price fixing, price discrimination, predatory pricing or restraint of trade;
 - c. the Racketeer Influenced and Corrupt Organizations Act;
 - d. any rules or regulations promulgated under or in connection with the above statutes, or any similar provision of any federal, state, foreign or other law (including common law) or statute,

except that paragraphs 1. and 3.a. do not apply to any **Claim** under the Insuring Agreement entitled **Privacy Regulation Proceeding**.

VI. **NOTICE OF CLAIMS OR CIRCUMSTANCES**

Solely with respect to the coverage provided by this endorsement, the following is added:

1. **Notice of Claim**

The **Named Insured** or **Investment Advisor Representative**, as a condition precedent to the obligations of the Insurer, shall give written notice of any **Claim** or **Privacy Event** to the Insurer as soon as reasonably practicable after the **Named Insured** or **Investment Advisor Representative** learn of such **Claim** but in no event later than ten (10) days after termination or expiration of the **Certificate Period** or extended reporting period, if applicable. All **Claims** arising out of the same **Wrongful Act** will be considered as having been made at the time the first **Claim** is made.

2. **Notice of Circumstances**

If during the **Certificate Period**, the **Named Insured** or **Investment Advisor Representative** first become aware of any facts or circumstances which may reasonably be expected to give rise to a **Claim** and during such **Certificate Period** give written notice to the Insurer of:

1. the allegations anticipated as the basis of the potential **Claim** and the names of any potential claimants;
2. the identity of the specific individual allegedly responsible for such specific facts and circumstances;
3. the consequences which have resulted or may result from such specific facts and circumstances;
4. the amount of the potential monetary damages or the nature of non-monetary relief which may be sought in consequence of such specific facts and circumstances; and



5. the circumstances by which the **Named Insured** or **Investment Advisor Representative** first became aware of such specific facts and circumstances,

then any such covered **Claim** which is subsequently made and which arises out of such facts and circumstances shall be deemed to have been first made against the **Named Insured** or **Investment Advisor Representative** and reported to the Insurer by the **Named Insured** or **Investment Advisor Representative** at the time such written notice was received by the Insurer.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



WIRE TRANSFER CLAIM ENDORSEMENT

In consideration of the premium charged, it is understood and agreed that the Policy is amended as follows:

- I. The section entitled **INSURING AGREEMENT**, the Insuring Agreement entitled **PROFESSIONAL LIABILITY** is amended to add the following new Insuring Agreement:

The Insurer shall pay on behalf of the **Insureds** that **Loss** which the **Insureds** become legally obligated to pay resulting from a **Wire Transfer Claim**.

- II. The section entitled **DEFINITIONS** is amended as follows:

- A. The following new definitions are added:

Wire Transfer Claim means any **Claim** based upon, indirectly or directly arising out of any:

1. transfer of a **Client's** funds by any **Insured** based on a **Communication** purportedly sent by a **Client** to such **Insured**; or
2. transfer of a **Client's** funds by any **Insured** based on instructions from the **Client** that were improperly altered without authorization from the **Client**.

Communication means an electronic, telefacsimile, telephone or written instruction received by an **Insured** that:

1. establishes or changes the method, destination or account for payment or delivery of funds;
2. contains a misrepresentation of material fact; and
3. is relied upon by an **Insured**, believing the material fact to be true.

- B. Solely with respect to the coverage afforded by this Endorsement, the definition of **Claim** is amended to add the following at the end:

Claim also means a written complaint setting forth the circumstances involving the possible improper transfer of **Client** funds that would potentially fall within paragraphs 1. or 2. of the definition of **Wire Transfer Claim** that the **Insured** has investigated and reasonably believes will lead to a valid demand for monetary relief.

- III. Solely with respect to the coverage provided by this endorsement, the section entitled **LIMIT OF LIABILITY, RETENTION AND ALLOCATION**, is amended as follows:

- A. The Paragraph entitled Each **Claim** and Aggregate per **Certificate of Insurance** is amended to add the following:

The Insurer's maximum limit of liability for each **Wire Transfer Claim** shall be \$150,000, the Insurer's maximum limit of liability for all **Wire Transfer Claims** for each **Insured** shall be \$150,000. These amounts are sublimits which are part of and not in addition to each **Insured's** limit of liability set forth on the **Named Insured's Certificate of Insurance** and are subject to the Policy Aggregate Limit of Liability.

- B. The paragraph entitled Retention is amended to add the following:

Notwithstanding anything to the contrary set forth on the **Named Insured's Certificate of Insurance**, the retention amount applicable for each **Wire Transfer Claim** shall be \$5,000.

All other terms and conditions of the Policy remain unchanged.



This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



**AMEND DEFINITION OF CERTIFICATE PERIOD ENDORSEMENT
(GAP COVERAGE)**

It is hereby understood and agreed that, solely for those **Insured's** who are maintaining continuous coverage pursuant to any claims made broker-dealer, life agent, P&C agent, registered representative, registered investment adviser, financial planning or professional liability policy, the section entitled **DEFINITIONS**, the definition of **Certificate Period** is amended to add the following:

Certificate Period also means the period of time between the expiration date shown on the **Named Insured's** previous **Certificate of Insurance** and the inception date shown on the **Named Insured's** current **Certificate of Insurance**. Provided always, in no event shall the expiration date between the **Named Insured's** previous **Certificate of Insurance** and the inception date shown on the current **Certificate of Insurance** be greater than 30 days.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.