



APPLICATION FOR INSURANCE
FINANCIAL INSTITUTION BOND, FORM NO. 14
(For use by Stock Broker, Securities Dealers, Mutual Fund Dealers)

ATTACH TO THIS APPLICATION:

- MOST RECENT ANNUAL REPORT INCLUDING FINANCIAL STATEMENTS
- LATEST EXTERNAL AUDITOR'S LETTER TO MANAGEMENT ON INTERNAL CONTROLS AND MANAGEMENT'S RESPONSE OR A LETTER DIRECTLY FROM YOUR AUDITOR STATING ONE WAS NOT ISSUED.

Complete Addendum Page(s) as Required

ALL QUESTIONS MUST BE ANSWERED. Do not leave any blank or answer any as N/A.

Application is hereby made by:

(List **ALL INSUREDS** to be covered, including Employee Benefit Plans)
(Do **Not** use general phrases such as all subsidiary, or owned, or managed, or controlled, or affiliated or associated, and so on)

Principal Address: _____
(Street)

(City, Province, Postal Code)

(herein called Insured) for a **Primary** ; **Excess** ; **Financial Institution Bond, Form No. 14**, to become effective as of 12:01 a.m. on _____ to 12:01 a.m. on _____

in the Aggregate Limit of Liability of \$ _____

Date Insured was established: _____

Name of prior carrier: _____

1. Insured is a (check the appropriate box):

- | | |
|---|---|
| <input type="checkbox"/> Stock Broker, | <input type="checkbox"/> Investment Trust (not Small Business Investment) |
| <input type="checkbox"/> Investment Banker, | <input type="checkbox"/> Company or Real Estate Investment Trust), |
| <input type="checkbox"/> Dealer in Securities (not Dealer in Mortgages or | <input type="checkbox"/> Mutual Fund, |
| <input type="checkbox"/> Commercial Paper), | <input type="checkbox"/> Foundation, |
| <input type="checkbox"/> Mutual Fund Dealer, | |
| <input type="checkbox"/> Endowment Fund, | |
| <input type="checkbox"/> Commodity Broker, (if Stock Exchange Member) | |
| <input type="checkbox"/> Other _____ | |



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2. Insured is a (check the appropriate box): Sole Proprietorship ; Partnership ; Corporation .

3. List exchanges or self-regulatory organizations of which the Insured is a member:

_____	_____
_____	_____
_____	_____

4. (i) Are you a member of the Investment Dealers Association? Yes No
 National Association of Securities Dealers, Inc.? Yes No
 (ii) Are accounts insured by the Securities Investors Protection Corporation? Yes No

5. What is the percentage of business in:
 Canada? _____ United States? _____ Other? (Please specify country) _____

6. For all Insureds, show the total number of:

		<u>No. of</u>
(a) Officers and employees, retained attorneys and persons provided by employment contractors:	within Canada	_____
	U.S., Puerto Rico and Virgin Islands	_____
	Other	_____

(b) Agents other than included in (a) above (if coverage on your Agents is desired, please complete the attached Supplemental Application):	within Canada	_____
	U.S., Puerto Rico and Virgin Islands	_____
	Other	_____

(c) Locations (other than the Home Office of the Insured first named):	within Canada	_____
	in the U.S., Puerto Rico and Virgin Islands	_____
	Other	_____

(d) Locations outside of Canada, the U.S., Puerto Rico and Virgin Islands, list below:

<u>Location</u>	<u>Location</u>
_____	_____
_____	_____
_____	_____
_____	_____



7. Complete the following for Forms and Amounts of coverage desired:

ACTUAL AMOUNT TO BE PROVIDED MAY BE DIFFERENT THAN REQUESTED AND WILL BE INDICATED IN THE DECLARATIONS OF THE BOND

<u>Basic Form of Coverage</u>		<u>Single Loss Limit</u>	
(a)	(i) Basic Bond Coverage:	(1)	\$ _____
	(ii) Deductible Options:	(2)	\$ _____

Optional Forms of Coverage

- | | | | | |
|-----|---|------------------------------|-----------------------------|----------|
| (b) | Is Insuring agreement D - Forgery or Alteration Coverage desired? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | \$ _____ |
| (c) | Is Insuring agreement E - Securities Coverage desired? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | \$ _____ |
| (d) | Is Extortion - Threats to Persons Coverage desired? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | \$ _____ |
| (e) | Is Extortion - Threats to Property Coverage desired? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | \$ _____ |
| (f) | Is Agents Coverage desired? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | \$ _____ |
| (g) | Is Computer Systems Fraud Coverage desired? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | \$ _____ |

If "Yes", complete the following:

(1) Insured's Computer System(s)
 For the Computer System(s) you operate, whether owned or leased, complete the following:

- (a) Number of independent software contractors authorized to design, implement or service programs for your System(s): _____
- (b) Is access to your System(s) by customers or outside parties permitted? Yes No

(2) Other Computer Systems
 List below other Computer System(s) for which coverage is desired:

Computer Systems(s)



(h) Is coverage desired on businesses engaged in the data processing of your cheques or other accounting records? Yes No

If "Yes", list below the name and location of each data processor:

<u>Name & Location</u>	<u>Name & Location</u>
_____	_____
_____	_____
_____	_____
_____	_____

8. Are you a direct participant in a depository for the central handling of securities? Yes No
 If "Yes", list below the name and location of each such depository:

<u>Name & Location</u>	<u>Name & Location</u>
_____	_____
_____	_____

9. If coverage is being written on an excess basis, show names of other Insurers, bond amounts, premium and deductible:

10. AUDIT PROCEDURES:

External Audit

(a) (i) Is there an annual , semi-annual , audit by an independent CPA/C.A.? Yes No

(ii) If "Yes", is it a complete audit made in accordance with generally accepted auditing standards and so certified? Yes No

(iii) If the answer to (a)(ii) is "No", explain the scope of the CPA's/C.A.'s examination.

(b) Is the audit report rendered directly to all partners if a partnership or to the Board of Directors if a corporation? Yes No

(c) Name and location of CPA/C.A. _____

(d) Date of completion of the last audit by CPA/C.A. _____



- (e) Has there been any change in outside auditing firm in the last 3 years? Yes No
 If yes, please explain _____
- (f) Are money and securities physically counted and verified? Yes No
- (g) Are the ledger balances to the credit of customers verified? Yes No
- (h) (i) Is there an Internal Audit Department? Yes No
 Number of Employees ____, Position reported to _____
- (ii) If "Yes", are monthly reports rendered directly to all partners if a partnership or to the Board of Directors if a corporation? Yes No

11. INTERNAL CONTROLS (OTHER THAN AUDIT PROCEDURES):

- (a) Is there countersignature of cheques? Yes No
 If "No", please explain: _____
- (b) How are cheques guarded to avoid loss or misplacement? _____
- (c) Is the sequence of cheque numbers carefully observed to ensure proper accountability? Yes No
- (d) If cheque-signing machines are used, describe control over signature plates: _____
- (e) Are all incoming cheques and drafts immediately endorsed "for deposit only"? Yes No
- (f) Are bank reconciliations completed by person(s) not authorized to deposit or withdraw? Yes No
 If "No", please explain _____

12. CUSTOMER ACCOUNTS:

- (a) Are monthly statements (whether or not there was activity in the account) mailed directly to all customers? Yes No
 If "No", please explain _____
- (b) Does an officer or partner reconcile differences reported by customers? Yes No



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- (c) (i) Is there a separate general ledger account for inactive accounts? Yes No
- (ii) Are inactive accounts checked periodically by someone other than the customers' registered representatives? Yes No
- (d) Are registered owners of stocks or bonds required to sign such instruments in the presence of a partner, officer, employee or notary public before the instruments are accepted for transfer? Yes No
- (e) Are customers required to pay their accounts directly to the cashier or someone other than employees directly involved with the customers in the purchase or sale of securities? Yes No
- (f) (i) Are transactions of a customer buying on margin registered in the account books independently of the handling of the order by a margin clerk? Yes No
- (ii) Is this system so designed that there is no sole dependence on the margin clerk's reports to discover cases of non-payment by customers? Yes No
- (g) (i) Are discretionary accounts carried? Yes No
- (ii) Is prior approval required from an officer or partner before such an account is serviced by an employee? Yes No
- (iii) Are all orders on such accounts initialled by a partner or officer prior to being given to the order room? Yes No
- (iv) Does a partner, officer or other designated responsible employee who has no other duties in connection with the account review each account frequently, checking for excessive or improper activity? Yes No

13. SECURITIES:

- (a) (i) Total dollar-value of securities kept in the vault on your premises? \$ _____
- (ii) How much is in negotiable form? Stocks \$ _____ Bonds \$ _____
- (b) Has any employee sole authority to withdraw or deposit securities in the vault on your premises? Yes No
- (c) How often are securities in safekeeping and in segregation physically counted and verified with your stock record? _____
- (d) How often are pledgable or active box securities physically counted and verified with your stock record? _____
- (e) (i) Is access to the cage area limited strictly to persons regularly employed in the cage? Yes No
- (ii) Is the cage physically separated? Yes No



- (f) Are securities for shipment, delivery, substitution, transfer, etc., requisitioned from your cashier? Yes No
- (g) Are securities received checked for negotiability? Yes No
- (h) Where are bearer bonds (government bonds, treasury bills, municipals, corporates, etc.) held during business hours? _____
- (i) If held in a vault on your premises, are they within a locked metal container under dual control? Yes No
- (ii) If held in a bank, are they under a custody account or in a safe deposit box? _____
- (iii) If in a safe deposit box, are they under dual control? Yes No
- (i) What is the maximum exposure of securities at the main Depository? \$ _____
Depository's name and address: _____
- (j) Does your firm use facsimile signatures to sign securities and/or stock powers? Yes No
If "Yes", is the facsimile plate physically guarded, so it is accessible only to employees authorized to use it? Yes No
- (k) Are duties segregated so that no individual acting alone can prepare both sides of an entry to the securities records other than an adjusting entry which is approved by supervisory personnel? Yes No
- (l) Are certificate numbers recorded or certificates microfilmed for all securities received or delivered? Yes No
- (m) Is each shipment logged out and delivery verified by examination of receipt? Yes No
- (n) How are deliveries of outgoing securities transported? _____
- (o) Are the services of an armoured motor vehicle company used? Yes No
If "Yes", please state the name(s) of the company(ies): _____
- Under the terms of the contract, is the armoured motor vehicle company liable for all property in its custody? Yes No
If "No", please explain: _____



- (p) What is the maximum dollar exposure per delivery of securities:
- (i) by employee(s) ? \$ _____
 - (ii) by messenger? \$ _____
 - (iii) by Transportation Company via armoured motor vehicle? \$ _____
 - (iv) by Transportation Company via a conveyance other than an armoured motor vehicle? \$ _____
 - (v) other? (please describe) _____ \$ _____

14. VAULTS, SAFES AND ALARMS:

VAULTS

- | | <u>Head Office</u> | <u>Branches</u> |
|--|--|--|
| (a) Are there vaults on the premises? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| (b) Are they equipped with:
dual combination lock? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| time lock? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| lockable day gate? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| (c) Are walls, floors and ceilings of reinforced concrete and lined steel? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| (d) What is the U.L. (Underwriters Laboratories) rating? | _____ | _____ |

SAFES

- | | | |
|---|--|--|
| (a) Are there safes on the premises? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| (b) Are they equipped with a dual combination lock with a relocking device that will effectively lock the door if the safe is attacked? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| (c) Are safes anchored to the floor or alternatively do they weigh not less than 680 kgs (1500 lbs) empty? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| (d) What is the U.L. (Underwriters Laboratories) rating? | _____ | _____ |

ALARMS

- | | | | |
|--------------------------------------|-----------|--|--|
| (a) Are there alarm systems against: | Burglary? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| | Robbery? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |



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(b) Are they connected to: Central Station? Yes No Yes No
 Police Station? Yes No Yes No
 Elsewhere? (describe) _____

(c) What is the U.L. (Underwriters Laboratories) rating? _____

OTHER PROTECTION

Head Office

Branches

(a) Please specify other protection devices such as camera systems, security services, or other security measures not mentioned herein: _____

15. PERSONNEL:

(a) Do you require annual vacations of at least two consecutive weeks for all personnel? Yes No
 If "No", please explain: _____

(b) Do you verify the business history of each prospective employee for the last five years preceding his/her employment with your firm? Yes No

(c) Are employee's accounts allowed? Yes No
 Are ledger cards of such accounts segregated and frequently reviewed by an officer? Yes No

(d) Are the major shareholders working full-time in the firm? Yes No

16. Has there been any change in controlling ownership or management within the past three years? Yes No
 If "Yes", explain: _____

17. Has any insurance similar to the type being requested in this application been declined or cancelled during the past six years? Yes No
 If "Yes", explain: _____



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18. (a) List all claims that have occurred during the past six years (whether reimbursed or not), and
- (b) list all losses or situations, similar in type to claims which could fall within the scope of the bond being applied for in this application, that have occurred during the past six years (whether reimbursed or not.)
- CHECK IF NONE

Date of Loss	Type of Loss	Amount of Loss	Amount Recovered from Insurance	Amount from other than Insurance	Amount of Loss Pending	Location
		\$	\$		\$	
		\$	\$	\$	\$	
		\$	\$	\$	\$	
		\$	\$	\$	\$	
		\$	\$	\$	\$	

19. Is your firm or anyone in your firm, expected to be, currently is, or within the past three years, been under any increased, special or non standard reporting or licensing requirements or control of any sort, to any regulatory or governing bodies? Yes No

If the answer is yes, please give complete details

<u>Special Conditions</u>	<u>Reason</u>
_____	_____
_____	_____
_____	_____



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20. Please complete attached ADDENDUM and Appendix pages, as required.

All provisions contained in the various forms issued under this contract shall be deemed to be contained in the present application for insurance. Completion of this application does not bind the Underwriter to provide the insurance requested.

The Insured represents that the information furnished in this application is complete, true and correct. Any misrepresentation, omission, concealment or incorrect statement of a material fact, in this application or otherwise, shall be grounds for the rescission of any bond issued in reliance upon such information.

The undersigned acknowledges that any personal information provided in connection with the coverage applied for, including but not limited to the information contained in this application, has been collected in accordance with all applicable privacy legislation. The undersigned confirms that all necessary consents have been obtained for the collection, use, and disclosure of such information for the purposes of assessing the application for insurance, and if applicable, investigating and settling claims, detecting and preventing fraud, and acting as required or authorized by law.

For purposes of the Insurance Companies Act (Canada), this document was issued in the course of Liberty Mutual Insurance Company's insurance business in Canada.

Dated at _____ this _____ day of _____, 20_____.

 (Insured)

Signed by _____

 (Name - Please Print)

 (Title)



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ADDENDUM

(Please add here any additional information)



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Appendix A

Please provide the following information:

(a)	List of Directors	Home address
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____

(b)	List of Officers	Position	Home Address
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

(c)	Name	% Held	Home Address
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____



SUPPLEMENTAL APPLICATION

AGENTS QUESTIONNAIRE

ATTACH TO THIS APPLICATION:

- COPY OF STANDARD AGENT CONTRACT OR AGREEMENT
- COPY OF CUSTOMER APPLICATION FOR PRODUCTS AND/OR SERVICES OFFERED BY THE AGENT(S) ON BEHALF OF THE INSURED

Please note:

Agent means a natural person, firm or corporation engaged or authorized by written agreement with the Insured to (please provide a description of the services(s) to be provided by such Agent(s):

The term Agent shall be deemed to include the partners, officers and employees of such Agent and all such Agent and all such persons shall collectively be deemed to be one person.

1. Explain fully the Insured's control over its Agents:

- (a) Does a contract or agreement exist between you (the Insured) and your Agents? Yes No
 If "No", explain: _____

- (b) Is the customer required to complete an application for products/services being offered through your Agents? Yes No
 If "Yes", does the application specify that all cheques be made payable to the Insured or another Financial Institution? Yes No
- (c) Are there other means of payment? Yes No
 If Yes", explain: _____

- (d) How does the Insured know that it is receiving all first payments on new accounts?

- (e) Does the Insured send a verification statement to its clients on all new business? Yes No
 Do these verification requests contain instructions to report discrepancies to a named Person other than the Agent? Yes No



2. How are commissions paid to Agents?

(a) Deducted by Agents? Yes No

(b) Paid by Insured to Agent? Yes No

3. (a) What investigation is made prior to issuing a contract or agreement to a prospective Agent?

(b) Is the Agent's personal financial information obtained? Yes No

(c) Is there a periodic review of Agents? Yes No
 If Yes", how often? _____

4. Is any Agent expected to be, currently is, or within the past three years, been under any increased, special or non standard reporting or licensing requirement or control of any sort, to any regulatory or governing bodies Yes No

If Yes", please give complete details

<u>Special Conditions</u>	<u>Reason</u>
_____	_____
_____	_____
_____	_____

5. (a) List all claims that have occurred during the past six years (whether reimbursed or not), and

(b) List all losses or situations, similar in type to claims which could fall within the scope of the bond being applied for in this application, that have occurred during the past six years (whether reimbursed or not.)

CHECK IF NONE

Date of Loss	Type of Loss	Amount of Loss	Amount Recovered from Insurance	Amount from other than Insurance	Amount of Loss Pending	Location
		\$	\$	\$	\$	
		\$	\$	\$	\$	
		\$	\$	\$	\$	



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All provisions contained in the various forms issued under this contract shall be deemed to be contained in the present application for insurance. Completion of this application does not bind the Underwriter to provide the insurance requested.

The Insured represents that the information furnished in this application is complete, true and correct. Any misrepresentation, omission, concealment or incorrect statement of a material fact, in this application or otherwise, shall be grounds for the rescission of any bond issued in reliance upon such information.

The undersigned acknowledges that any personal information provided in connection with the coverage applied for, including but not limited to the information contained in this application, has been collected in accordance with all applicable privacy legislation. The undersigned confirms that all necessary consents have been obtained for the collection, use, and disclosure of such information for the purposes of assessing the application for insurance, and if applicable, investigating and settling claims, detecting and preventing fraud, and acting as required or authorized by law.

For purposes of the Insurance Companies Act (Canada), this document was issued in the course of Liberty Mutual Insurance Company's insurance business in Canada.

Dated at _____ this _____ day of _____, 20_____.

 (Insured)

Signed by _____

 (Name - Please Print)

 (Title)