

Investment Industry

Financial Liability Insurance

Proposal Form

In completing this Proposal Form, it is very important that you disclose fully and accurately all material facts. A failure to do so may result in any insurance being void.

Material facts are those which may affect Underwriters' assessment of the risk. If you have any doubts as to whether something is a material fact, it is recommended that you provide full details with this Proposal Form.

Please answer all questions, in ink, leaving no blank spaces.

If you have insufficient space to complete any of your answers, please continue on your headed paper.

The particulars and statements contained in this Proposal Form (and any other information submitted) will form the basis of any Policy arranged.

The submission of this Proposal does not bind either the Underwriters or the Company to enter into a binding Contract of Insurance.

The Parties are free to choose the law applicable to the Insurance Contract. Unless specifically agreed to the contrary, this insurance shall be subject to English Law.

Please return this completed form, together with a copy of your latest Report and Accounts (including Funds) to:

Senior Wright Indemnity Ltd
Boundary House
7-17 Jewry Street
London EC3N 2EX
Tel: 0207 680 5789
Fax: 0207 680 5790

Authorised and regulated by the Financial Services Authority

COMPANY INFORMATION

NOTE: This section is to be completed by all applicants

1. Details of Company

1a) Name(s) of all entities to be covered

Company Registration Number: _____ Date established: _____

1b) Head Office Address: _____

_____ Post Code: _____

Telephone Number: _____ Website: _____

Email: _____ Fax Number: _____

Total number of Offices in U.K. _____ Elsewhere : _____

1c) Financial Services Authority Membership Number: _____

2. Senior Management / Control Functions

Please give details of Partners / Directors / Principals

Name	Age	Qualifications	Years Experience
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

3. Total Staff Numbers

Please state total number of: Partners/Directors/Principals _____ Admin / Other Staff _____
 Qualified Staff _____ Consultants _____

4. Scope of Insurance

4a) Please indicate which of the following is required:

- i) Professional indemnity insurance for the Investment Manager Yes / No
- ii) Directors' and Officers' Liability for the Investment Manager Yes / No
- iii) Professional indemnity and Directors' and Officers' Liability for the Fund(s) or Trust(s) Yes / No
- iv) Comprehensive Crime Insurance Yes / No

4b) Are you currently insured for: (P.I. = Professional Indemnity. D & O = Directors' & Officers' Liability)

	P.I. for the Manager	D & O for the Manager	P.I. and D & O for the Fund / Trust(s)	Crime or Fidelity for the Manager
	Yes / No	Yes / No	Yes / No	Yes / No
Policy Limit				
Excess				
Retroactive Date				
Premium				
Insurer				
Renewal Date				

PROFESSIONAL INDEMNITY SECTION FOR INVESTMENT MANAGERS

NOTE: Only complete this Section if you require this Cover

5. Fees and Funds Under Management

5a) Please state your total gross Fees (including any Performance Bonus) for

Last Year	Previous Year	Estimate for This Year	Financial Year Ending
£ _____	£ _____	£ _____	Day ____ Month ____

5b) Please state the total Funds Under Management for:

Last Year	Previous Year	Estimate for This Year
£ _____	£ _____	£ _____

5c) Please provide a percentage breakdown of your Fees and FUM in respect of the last Year:

	Fees	Funds Under Management
Full discretionary advisory	_____ %	_____ %
Non- discretionary	_____ %	_____ %
Active investment strategy	_____ %	_____ %
Passive investment strategy	_____ %	_____ %
Quantitative investment module	_____ %	_____ %
Traditional investment module	_____ %	_____ %
Assets managed in Funds	_____ %	_____ %
Assets managed in pooled funds	_____ %	_____ %
	<u>100%</u>	<u>100%</u>

5d) What is the percentage breakdown of your Funds Under Management **by Sector**?

Institutional Clients _____% Retail Clients _____% Other _____%

Do you market, advertise or promote funds directly to the Public? Yes / No

5e) What is the percentage breakdown of your Funds Under Management **by Investment Strategy**?

Listed Equities	_____ %	Commodities	_____ %
Unlisted Equities	_____ %	Derivatives-hedging	_____ %
Debt	_____ %	Derivatives-speculative	_____ %
Property/Real Estate	_____ %	Limited Partnerships	_____ %
Split Capital Investment trusts	_____ %	Other	_____ %

(Total must equal 100%)

5f) What is the Asset Value of your largest Account? £ _____

6. Territory

6a) What is the percentage breakdown for the following **investment areas**?

United Kingdom	_____ %	South America	_____ %
Europe	_____ %	Australia	_____ %
Far East and Asia	_____ %	North America	_____ %
Other	_____ %	(Total must equal 100%)	

6b) Does the Company (or any Subsidiary) act as an investment advisor in North America and/or is any group company registered with the S.E.C. under the Investment Advisors Act 1990? Yes / No

6c) What is the percentage of the total Fees which are received from North American clients or investors? _____%

6d) Are your Contracts/Agreements/Engagement Letters with North American clients/investors subject to USA/Canadian jurisdiction? Yes / No

If "No", which other Jurisdiction applies (*i.e. English law for example*) _____

7. Manager's Procedures

Does the Company have procedures in place to ensure that:

- decisions/executions of transactions are made when account manager is absent
- any unauthorised or trading errors are identified, monitored, and where necessary, rectified
- any breaches of pre-agreed investment restrictions are recognised and rectified
- a formalised due diligence process is followed when assessing any given investment or investment strategy
- suitable financial advice is given and recommendations made according to investors' objectives
- regulatory requirements, provisions, rules, principles and codes are adhered to by all relevant employees

Yes / No? (to all questions)

If "No", please give details of a separate sheet of Headed paper

DIRECTORS' AND OFFICERS' LIABILITY FOR INVESTMENT MANAGERS

Please enclose a copy of your latest Report and Accounts, together with any Interims

NOTE: Only complete this Section if you require this Cover

8. *Type of Company*

Private company	Yes / No
Publicly owned	Yes / No
Listed on the UK Stock Exchange	Yes / No
Listed on AIM or OFEX	Yes / No
Listed on foreign Stock Exchange	Yes / No
Traded in any other way	Yes / No

Is the name of the Company declared in Question 1 the Parent or Holding company of the Group?

Yes / No

If no, please state the name of the Ultimate Holding Company _____

9. *Shareholdings*

Total number of shareholders: _____

Total number of shares issued: _____

Total number of shares held by Directors and Officers (direct or indirect) : _____

Please list any Shareholder representing more than 15%:

Name	Director/Officer?	Percentage Held
_____	Yes / No	_____
_____	Yes / No	_____
_____	Yes / No	_____

10. *Changes to the Company*

10a) During the past 5 years:

Has the name of the Parent Company changed?	Yes / No
Have any acquisitions or mergers occurred?	Yes / No
Have any Subsidiary Companies been sold or ceased trading?	Yes / No
Has the capital structure of the Parent Company changed?	Yes / No

10b) Has the Company any acquisition, tender offer or merger pending or under active consideration?

Yes / No

Is the Company intending a new public offering of securities within the UK or elsewhere?

Yes / No

Is the Company aware of any proposal relating to its acquisition by another company

Yes / No

If "Yes", please give details of a separate sheet of Headed paper

NOTE: Any information provided will be treated in strictest confidence

11. *USA and Canada*

Does the Company or Subsidiary hold any assets or have any stock, shares or debentures issued in the USA or Canada?

Yes / No

If "Yes", please complete the attached Questionnaire

PROFESSIONAL INDEMNITY AND DIRECTORS' AND OFFICERS' LIABILITY FOR THE FUND(S) OR TRUST(S)

NOTE: Only complete this Section if you require this Cover. It is only suitable where the Fund or Investment Trust is a separate legal entity. This cover may only be purchased in conjunction with PI for the Investment Manager.

12. Name of Fund(s) or Trust(s)

Fund	Date of Listing	Original Funds Raised	Location Traded

13. Fund(s) or Trust(s) Information

Fund name	Investors holding > 15% (Please list %)	Able to leverage Fund > 25% (Please ✓)		Able to take control over an investee company or appoint a director to the investee company board
		Yes	No	

14. Fund(s) or Trust(s) - General

14a) Is the Prospectus or Offer Memorandum for each Fund

- i) Reviewed by internal/external legal counsel Yes / No
- ii) Offered with a detailed approved risk disclosure Yes / No
- iii) Offered without the provision of guarantees or warranties Yes / No

If "No" to any of the above please give details of a separate sheet of Headed paper

14b) Have there been any changes or modifications in the investment restrictions or limitations of any Fund within the last 2 years? Yes / No

If "Yes", please give details of a separate sheet of Headed paper

14c) Have there been any material changes in the administrative procedures or in the investment policies of any Fund within the last 2 years? Yes / No

If "Yes", please give details of a separate sheet of Headed paper

14d) Do any of the Funds own more than 50% of the Investment Manager (or vice versa)? Yes / No

If "Yes", please give details of a separate sheet of Headed paper

14e) Do the Fund's Directors, Officers, Partners or Trustees have procedures in place to ensure that the investment manager's performance and investments selected are acceptable and within the parameters of the investment management agreement? Yes / No

If "No", please give details of a separate sheet of Headed paper

14f) Has any Fund for which cover is required ever: -

- i) Been subject to a regulatory review? Yes / No
- ii) Had a drop in the Net Asset Value during any given 12 months exceeding 50% of its original Net Asset Value? Yes / No
- iii) Been restructured or is likely to be liquidated or restructured over the next 12 months? Yes / No

If "Yes" to any of the above please give details of a separate sheet of Headed paper

COMPREHENSIVE CRIME INSURANCE

NOTE: Only complete this Section if you require this Cover

15. Staff Numbers of Manager and Funds:

15a) Total Number of employees and directors of the Investment Manager/ Advisor and the Funds? _____

16. Funds & Transfers

16a) What is the total annual volume of funds transferred? _____

16b) What is the average size of each transfer? _____

16c) Are all fund transfers handled by financial Institutions? Yes / No

If 'Yes' do you have procedures to ensure the following are done with the proper authority?

- | | |
|-----------------------------------|----------|
| i) Transfer of funds | Yes / No |
| ii) Request changes in procedures | Yes / No |
| iii) Obtaining of records | Yes / No |

If 'No' do you have facilities to transfer funds without involving third parties? Yes / No

16d) Are all banks required to confirm fund transfer transactions within 24 hours? Yes / No

17. Internal Controls

17a) Do you have adequate internal controls to ensure that fraudulent instructions are not given to any financial institution by any employee or any other person who does not have authority to give genuine instructions?
Yes / No

17b) Do you have adequate internal controls to ensure that telephone instructions are confirmed in writing?
Yes / No

17c) Do you have an internal audit team, which periodically perform independent checks on: -

- | | |
|---|----------|
| i) Segregation of duties? | Yes / No |
| ii) Accuracy of records? | Yes / No |
| iii) Reporting to management and/or clients? | Yes / No |
| iv) Management and supervisory procedures? | Yes / No |
| v) Physical and non-physical internal controls? | Yes / No |

17d) Have all material recommendations made by the internal and external auditors in the last annual audit been implemented?
Yes / No

If 'No' please provide details on a separate sheet of Headed Paper

18. Crime - General

Are you able to confirm that: -

18a) Management has defined and communicated formal trading policies and dealing limits to all applicable employees?
Yes / No

18b) Trading transactions and positions are reviewed for conformity with formal trading and authority lines?
Yes / No

18c) Accounts or trades that exceed set limits are identified and rectified or referred to senior management for immediate action?
Yes / No

18d) Deals are only permitted to be made via approved counter parties? Yes / No

18e) The book of investments is periodically substantiated and evaluated against recorded values independently of the dealers and fund managers?
Yes / No

- 18f) The responsibility for investment decisions is segregated from the accounting, back-office and custodial responsibilities? Yes / No
- 18g) The trading systems are adequately controlled to ensure that only authorised personnel are able to trade on the system? Yes / No
- 18h) All key source documents are maintained in a secure environment prior to being entered onto the computer system, in order to prevent unauthorised modifications or inappropriate use of the data? Yes / No

INTERNET

19. *Internet Services and Security*

- 19a) Do you offer 'on-line' Internet securities dealing facilities funds transfer facilities, or other e-commerce related services to third parties? Yes / No

if 'Yes' Please provide details below

Service provided	Percentage of overall Income

- 19b) Please select the method used to verify the identity of the users transacting via the Internet:

- i) Static Password
- ii) One-Time Password
- iii) Public and/or private key encryption
- iv) Digital signatures
- v) Other (please provide details)

- 19c) How is the integrity of any given transaction protected?

- i) 128 bit encryption or greater
- ii) Message authentication
- iii) Receipt confirmation
- iv) Other (please provide details)

- 19d) Which of the following systems are in place to prevent unauthorised access to clients'/investors' main processing systems?

- i) Firewall
- ii) Off-line front-end processing
- iii) On-line front-end filtering
- iv) Other (please provide details)

- 19e) Do you utilise any form of activity tracking device in relation to the Internet facilities? Yes / No

- 19f) Do you have formal terms and conditions for use of your Internet service, which outlines the obligations and responsibilities of the users? Yes / No

- 19g) Are there procedures in place to monitor to whom their services are provided, taking into account any jurisdictional or cross border issues? Yes / No

- 19h) Do you use any anti Virus Software? Yes / No

If 'Yes' is it upgraded on a regular basis? Yes / No

GENERAL INFORMATION

NOTE: This section MUST be completed in all cases

20) **Claims and Circumstances and Complaints**

- 20a) Have any indemnity claims ever been made against by you or the Company, or their predecessors in business, or any of the present or former Partners/Directors/Principals? Yes/No
- 20b) AFTER ENQUIRY, are you or any Partner/Director/Principal aware of any circumstances which may give rise to a claim against the Company, or their predecessors in business, or any of the present or former Partners/Directors/Principals? Yes / No
- 20c) Have all claims, circumstances (*possible claims*) been notified to your previous or existing Insurers? Yes / No
- 20d) Have any complaints ever been upheld by the Financial Ombudsman Service (or a predecessor) Yes / No
- 20e) Have you ever sustained any losses as a result of fraud/dishonesty by an Employee or by a Third Party? Yes / No

If "Yes", please supply full details on a separate sheet of your Headed paper, including the claimant, amount claimed, amount paid and outstanding, and Costs

21) **Other Material Information**

- 21a) To the best of your knowledge, has any proposal for this type of insurance for your Company, or a predecessor, ever been declined, cancelled, or had special terms imposed? Yes / No
- 21b) Are there any other facts you wish to disclose? Yes / No

If 'Yes' Please provide full details on a separate sheet of your headed paper

DECLARATION

I, the undersigned, being a Partner/Director/Principal of the Company referred to in Question 1 of this Proposal, hereby declare that:

- 1) All answers to the questions contained in this Proposal are, AFTER ENQUIRY, true and correct to the best of my knowledge and belief; and
- 2) I have read and understood the Notes at the beginning of this Proposal

Signed: _____ Name: _____

Position: _____ Company: _____

Date: _____

PLEASE TAKE A COPY OF THIS APPLICATION FORM FOR YOUR RECORDS.

SUPPLEMENTARY QUESTIONNAIRE (NORTH AMERICA EXPOSURE)

(attaching to and forming part of the Proposal Form)

- A) Please state Assets in USA - \$
- B) Please state No. of Employees in USA -
- C) Please state Assets in Canada - \$
- D) Please state No. of Employees in Canada -
- E) Name of Subsidiary
- F) Type of Business
- G) The Company's percentage interest - %
- H) On what date was the last offer/tender issue made? Month _____ Year _____
- I) Was the Offer subject to the USA Security Act 1993 and/or Securities Act 1934 – Yes/No. (If Yes, please enclose a copy of the latest 20-F filing)

Signed Dated