

Pembroke

SYNDICATE 4000

Financial Institutions Crime

Policy

THE SCHEDULE

1. Policy No: {Response}

2. Name of Insured:

{Response}

3. Principal Address:

{Response}

4. Policy Period:

From: {Response}

To: {Response}

both days at 12.01 a.m. Local Standard Time at the Principal Address

5. Retroactive Date:

{Response}

6. The Premium:

{Response}

7. Proposal Form Dated:

{Response}

8. Limit of Liability:

{Response} in the aggregate

9. Deductible:

{Response} each and every loss

10. Losses to be notified to:

{Response}

11. Persons Nominated to accept Service of Process:

{Response}

12. Territorial Limits:

{Response}

13. Amendatory Endorsements applicable at inception:

{Response}

14. Dated in London: {Response}

Pembroke

In consideration of the payment of the Premium stated in the Schedule Underwriters and the **Insured** agree as follows:

INSURING CLAUSES

Underwriters will indemnify the **Insured** for **Loss** first **Discovered** by them during the **Policy Period**:

Insuring Clause 1: Internal Crime – Employee Fraud

Arising as a direct result of:

any dishonest act, any fraudulent act, or any malicious act committed by an **Employee** either acting alone or in collusion with others.

Any **Loss** arising as a result of any transaction or transactions in the nature of a **Loan** or **Trading** shall only be covered by Insuring Clause 1 if such **Loss** directly occurs because of a dishonest or fraudulent act committed by an **Employee** with the motive to obtain an improper financial gain for:

- (a) such **Employee**, or
- (b) any person in collusion with such **Employee** provided the **Insured** establishes that such **Employee** intended to participate in such improper financial gain.

Improper financial gain does not include salary, fees, commissions, bonuses, profit sharing and other emoluments or benefits .

Insuring Clause 2: External Crime

2.1 Documentary Fraud

Arising as a direct result of the **Insured** or a **Financial Organisation** acting on its behalf having in good faith and in the ordinary course of business acted or relied upon any:

- (a) **Security, Document** or **Instruction** which has been **Forged** or **Fraudulently Altered**, or is **Counterfeit**; or
- (b) **Security** which has been lost or stolen; or
- (c) **Counterfeit** currency or coin issued or purporting to have been issued as legal tender in any country.

The **Insured**, its correspondent bank or other authorised representative must have actual physical possession of the **Security** at the time of acting or relying on it.

Any **Security, Document, or Instruction** must be in a script with which the person acting upon such instrument is conversant. Mechanically reproduced facsimile signatures shall be treated the same as handwritten signatures.

2.2 Cyber Fraud

Arising as a direct result of

- (a) the **Insured** or a **Financial Organisation** acting on its behalf having acted or relied upon any fraudulent, dishonest, malicious or criminal input, alteration, corruption, extraction, manipulation, destruction or deletion of **Electronic Data**; or
- (b) any fraudulent, dishonest, malicious or criminal preparation, creation, input, modification, corruption or deletion of **Computer Programs**;
- (c) the **Insured** or a **Financial Organisation** acting on its behalf having acted or relied upon any **Electronic Communications** which have been **Tested**; or
- (d) the introduction or activation of **Malicious Code** in or into any **Computer System**.

2.3 Cyber Extortion

Arising as a direct result of the **Insured** having transferred funds or **Property** as a result of a threat to:

- (a) cause damage to or destroy **Electronic Media, Computer Programs, Electronic Data** or **Computer System**; or
- (b) to sell or disclose confidential security codes, **Computer Programs**, or **Electronic Data** to another person or party;
- (c) to deny access to a **Computer System** or to a payments system,

provided that prior to the transfer of funds or **Property** the person receiving the threat has made a reasonable effort to report the extortionist's demand to a director or officer of the **Insured** and to the relevant law enforcement authorities and that the threat was believed to be credible and technologically feasible.

Insuring Clause 3: Physical Loss

Arising as a direct result of:

- (a) **Crime** committed by any natural person physically present on the **Premises**; or
- (b) mysterious or unexplainable disappearance of **Property** on the **Premises**; or
- (c) **Property** being damaged, destroyed or misplaced while on the **Premises**; or
- (d) any of the perils specified in (a), (b) or (c) of Insuring Clause 3 with respect to **Property** in the possession of a customer of the **Insured**, or any representative of such customer, while on the **Premises**; or
- (e) **Property** being lost or damaged from any cause while in transit anywhere; or
- (f) destruction of, or damage to, **Office Contents**, or damage to an office of the

Insured caused by criminal activity, vandalism; or malicious mischief, or

(g) **Loss of Security Rights.**

EXTENSIONS

The following extensions are subject to all terms and conditions of this policy.

1. Loss of Interest

Cover is extended to include any interest that would have been receivable on any **Loan** that is the subject of a covered **Loss** under this policy, or interest payable on deposits which are the subject of a covered **Loss** provided that:

- (a) it is calculated by applying the average of the Bank of England base rate in force between the time of sustaining such **Loss** and when it is **Discovered**; and
- (b) it is limited to fifteen percent (15%) of the Limit of Liability specified in the Schedule and it is part of and not in addition to the Limit of Liability; and
- (c) there is no cover for any loss of interest after such **Loss** is **Discovered**.

2. Extended Reporting Period

If Underwriters decline to offer renewal terms the **Insured** is entitled to purchase an extension of the **Policy Period** of twelve months during which time written notice may be given to the Underwriters of any **Loss** which is **Discovered** during such period and which is caused by an act which occurred before expiry of the **Policy Period**.

3. Legal Defence Costs

Underwriters shall indemnify the **Insured** against reasonable legal fees and legal expenses incurred and paid by the **Insured** with the prior approval of Underwriters in the defence of any suit or legal proceeding brought against the **Insured**, with respect to which the **Insured** establishes that the act or acts which have been committed, or the events which have occurred, would entitle the **Insured** to recover under this policy.

Legal fees and legal expenses paid by Underwriters in defending any suit or legal proceeding shall be applied to the reduction of the aggregate Limit of Liability and the sub-limit for the applicable Insuring Clause.

4. Data Breach Response Costs

Following a **Loss** payable under this policy Underwriters will indemnify the **Insured** for **Data Breach Costs** incurred by the **Insured** as a direct result of a legal obligation to comply with applicable data protection laws to notify the **Insured's** natural person customers of an unauthorised appropriation or disclosure of their personal or confidential information held by the **Insured** in either physical or electronic form.

The Data Breach Costs:

- (a) must be incurred within ninety (90) days from the date of **Discovery** of the unauthorised appropriation or disclosure of the personal or confidential information, and
- (b) are sub-limited to GBP 250,000 in total, which sum is part of the aggregate Limit of Liability specified in the Schedule and not in addition to it.

It is a condition of this extension that the **Insured** installs available software product updates and releases and applies security-related software patches.

DEFINITIONS

Whenever used in this policy:

Acceptance means a **Bill of Exchange** upon which is signified by the drawee his assent to the order of the drawer.

Bill of Exchange means an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand or at a fixed or determinable future time a sum certain in money to or to the order of a specified person, or to the bearer.

Central Depository means any clearing organisation where, as the direct result of an electronic clearing and transfer mechanism, entries are made on the books reducing the account to the transferor, pledgor or pledgee and increasing the account of the transferee, pledgor or pledgee, or by reducing and increasing the amount of the obligation or the number of shares or rights transferred, pledged or released.

Certificate of Deposit means a written acknowledgement by a **Financial Organisation** of a deposit of funds with a promise to pay such deposit of funds to the depositor, or to some other person, or to his order.

Cheque means a **Bill of Exchange** drawn on a **Financial Organisation** directing it to pay the sum specified on demand.

Computer Programs means a collection of instructions that describes a task or set of tasks to be carried out by a **Computer System**.

Computer System means a computer suitable for multi-use applications that is capable of directing hardware, software and data resources according to **Computer Programs** formulated and introduced to the computer's operating system by the user. All input, output, processing, storage and communication facilities including related communication or open systems networks which are physically connected to such a device, as well as the device's off-line media libraries, are deemed to be part of such computer system.

Crime means the loss of **Property** by means of theft, larceny, false pretences, burglary, robbery or hold-up.

Counterfeit means an imitation such that the **Insured** is deceived on the basis of the quality of the imitation so as to believe that such imitation is the authentic original instrument. Fictitious instruments which merely contain fraudulent misrepresentations of fact are not counterfeit.

Custodian means a person or organisation with which the **Insured** has a written agreement for the provision of purchasing services, safe-keeping, registration and entitlement records for the **Insured** in connection with **Securities**.

Data Breach Costs means the costs of:

- (a) retaining appropriate experts or investigators to determine the existence and cause of an unauthorised appropriation of personal or confidential information;
- (b) notifying the **Insured's** natural person customers who have been affected by an unauthorised appropriation or disclosure of personal or confidential information;
- (c) retaining external lawyers to determine the mandatory actions required;
- (d) credit monitoring services for natural person customers affected by the unauthorised appropriation or disclosure of personal or confidential information; and
- (e) establishing and running call centre services.

Discovered or **Discovery** means the time at which the **Responsible Person** becomes aware of facts which would cause a reasonable person to believe that a **Loss** of the kind covered by this policy has been or will be incurred, notwithstanding the fact that full details of such **Loss** and the amount involved are not known at that time.

Document means any **Cheque, Bill of Exchange, Draft, Acceptance, Certificate of Deposit, Letter of Credit, Promissory Note**, withdrawal order or receipt for the withdrawal of funds or **Property**, money order, orders upon public treasuries or any similar instruments of value serving the same purpose.

Draft means a **Bill of Exchange** payable on demand drawn by or on behalf of a **Financial Organisation** upon itself.

Electronic Communications means orders in electronic (including telephonic) or digital form that authorise the transfer, payment, delivery or receipt of funds or **Property** and which purport to be, but are not from:

- (a) a customer of the **Insured** or another office or department of the **Insured**, or another **Financial Organisation**; or
- (b) the **Insured** or any **Financial Organisation** acting on its behalf.

Electronic Data means facts or information converted to a form usable in a **Computer System**.

Electronic Media means the physical materials on which **Electronic Data** or **Computer Programs** are recorded and shall include the **Electronic Data** or **Computer Programs** recorded thereon.

Employee means any:

- (a) natural person engaged by the **Insured** under a contract of employment, or as a guest student or secondee, while performing acts which come within the scope of the usual duties of such employment;
- (b) natural person working under the direct supervision and control of the **Insured**;
- (c) a director of the **Insured** (other than one who is employed as a salaried officer or **Employee**) but only when performing acts which come within the scope of the usual duties of an **Employee** or while acting as a member of a committee duly elected or appointed by resolution of the board of directors of the **Insured** to perform specific, as distinguished from general, directorial acts on behalf of the **Insured**;
- (d) natural person, as described in (a), (b) or (c) of this definition who cannot be identified by name, whose act(s) has caused a **Loss** covered under this policy, provided that the **Insured** proves to Underwriters' satisfaction that such **Loss** was due as a result of the act(s) of such unnamed person.
- (e) trustee, fiduciary, administrator, or officer of any pension, employee benefit, welfare benefit, share saver or share option plan or charitable fund or foundation, existing on or before the inception date of this policy, and maintained by the **Insured** for the benefit of former, current and future employees or their respective beneficiaries.
- (f) former employee for a period not exceeding 60 days following the termination of their employment with the **Insured** except when termination is a result of conduct covered under Insuring Clause 1 of this policy.

Facsimile means a system of transmitting written documents by an electronic signal over telephone lines to equipment maintained by the **Insured** within a secure environment for the purpose of reproducing a copy of such document.

Financial Organisation means:

- (a) any bank, credit institution, financial institution, undertaking for collective investment in securities, investment firm or similar entity; or
- (b) a **Central Depository** in connection with the purchase, sale, transfer or pledge of an **Uncertificated Security**; or
- (c) any **Custodian**.

Forged or **Forgery** means the handwritten signing or endorsing of the name of another genuine person, without authority, and with intent to deceive. It does not include the signing or endorsing (either wholly or partially) by the signor or endorser of his own name, which is made with or without authority in any capacity, for any purpose.

Fraudulently Altered means a material alteration to an instrument for a fraudulent purpose by a person other than the person who was authorised to prepare such instrument.

Instruction means any written instruction or advice, or **Tested Facsimile**, directed to the **Insured** and authorising or acknowledging the transfer, payment, delivery or receipt of funds or **Property**.

Insured means any entity specified in the Schedule and any **Subsidiary** thereof at inception of the **Policy Period**.

Letter of Credit means an engagement in writing by a **Financial Organisation** made at the request of a customer that the issuer will honour a **Draft** or other demand for payment upon compliance with the conditions specified in such **Letter of Credit**.

Loan means:

- (a) any loan or transaction in the nature of, or amounting to, a loan or extension of credit, including a lease, made by or obtained by or from the **Insured**; or
- (b) any note, account, invoice, agreement or other evidence of debt, assigned or sold by or to, or discounted or otherwise acquired by the **Insured**; or
- (c) any payments made or withdrawals from a customer's account involving an uncollected item and any similar transaction.

Loss means the direct financial loss sustained by the **Insured**.

Loss of Security Rights means loss of subscription, redemption, conversion or deposit privileges through the misplacement, loss of or damage to, any **Security** or **Electronic Data** representing a **Security**, or **Electronic Media** upon which such **Electronic Data** is stored or recorded.

Malicious Code means any unauthorised, corrupting or harmful software code including any computer virus, spyware, adware, keystroke logger, Trojan horse, worm or logic bomb.

Office Contents means furnishings, fixtures, equipment (other than computers, **Computer Systems**, computer networks and peripheral equipment, **Computer Programs** and other computer related equipment), alarms, stationery, record books, supplies or safes and vaults, either owned by the **Insured** or for which the **Insured** is liable or the personal property of **Employees** or customers while on the **Insured's Premises**.

Policy Period means the period specified in Item 4 of the Schedule hereto.

Premises means any building from which the **Insured** conducts its business or any recognised place of safe deposit worldwide excluding warehouses.

Promissory Note means an unconditional promise in writing made by one person to another signed by the maker, engaging to pay, on demand or at a fixed or determinable future time, a sum certain in money to, or to the order of, a specified person or to bearer.

Property means cash (i.e. currency, coins and bank notes), bullion, precious metals of all kinds and in whatsoever form and articles made thereof, gems (including uncut gemstones), precious and semi-precious stones, cheques, certificates of stock, bonds, coupons and all other types of certificated and uncertificated securities, bills of lading, warehouse receipts, **Bills of Exchange, Acceptances, Drafts, Certificates of Deposit, Letters of Credit, Promissory Notes**, money orders, orders upon public treasuries, stamps, insurance policies, title deeds, certificates of title and all other negotiable and non-negotiable instruments or contracts representing money or other **Property** (real or personal) or interests therein, and other valuable papers, including books of account and other written records including **Electronic Data** and **Electronic Media** used by the **Insured** in the conduct of their business and in which the **Insured** has an interest, or which are held by the **Insured** for any purpose or in any capacity and whether so held gratuitously or otherwise, and whether the **Insured** is legally liable therefore or not.

Responsible Person means any of the Insured's executive directors, legal department or internal audit department.

Security means:

- (a) stock, shares, scrip, transfers, certificates, debentures, bonds, coupons and all other types of securities (including securities held in book entry form or as a **Statement of Uncertificated Security**), **Promissory Notes, Certificates of Deposit, Letters of Credit**, warrants, title deeds, deeds of trust, bearer instruments, or other similar documents;
- (b) original (including original counterparts) negotiable or non-negotiable agreements in writing, other than as set forth in (c) below, having value, which is in the ordinary course of business, transferable by delivery of such agreements with any necessary endorsement or assignment;
- (c) original corporate, partnership or personal guarantees.

Statement of Uncertificated Security means a written statement of the issuer of an **Uncertificated Security** containing:

- (a) a description of the issue of which the **Uncertificated Security** is a part; and
- (b) the number of shares or units:
 - (i) transferred to the registered owner, or
 - (ii) pledged by the registered owner to the registered pledge, or
 - (iii) released from the pledge by the registered pledge, or
 - (iv) registered in the name of the registered owner on the date of the statement, or
 - (v) subject to pledge on the date of the statement; and
- (c) the name and address of the registered owner and registered pledge; and
- (d) a notation of any liens and restrictions of the issuer and any adverse claims to

which the **Uncertificated Security** is or may be subject or a statement that there are no such liens, restriction or adverse claims; and

(e) the date:

- (i) the transfer of the shares or units to the new registered owner of the share or units is registered; or
- (ii) the pledge of the registered pledge was registered; or
- (iii) of the statement, if it is a periodic or annual statement.

Subsidiary means a **Financial Organisation** of which the **Insured**:

- (a) holds a majority of the voting rights; or
- (b) is a member and has the right to appoint or remove a majority of its board of directors; or
- (c) is a member and controls alone, pursuant to an agreement with the other members, a majority of the voting rights in it.

Terrorism means any act or acts of force or violence (whether threatened or actual) by any person or persons acting alone or on behalf of or in connection with any organisation, which is carried out for political, religious or ideological ends and is either directed towards the over-throwing or influencing of any government de jure or de facto or to put the public or any part of the public in fear.

Tested means a method of authenticating the contents of a communication by:

- (a) affixing thereto a valid test key which has been exchanged between the **Insured** and a customer, or automated clearing house, or **Central Depository**, or another financial institution or between offices of the **Insured**, for the purpose of protecting the integrity of the communication; or
- (b) a call back to an authorised person other than the individual initiating the transmission of a communication.

Trading means trading or other dealings in securities, commodities, futures, options, foreign funds, currencies, foreign exchange and the like.

Uncertificated Security means a share, participation or other interest in property in or an enterprise of the issuer or an obligation of the issuer which:

- (a) is a type commonly dealt in upon securities exchanges or markets; and
- (b) is either one of a class or series or by its terms is divisible into a class or series of shares, participations, interests or obligations; and
- (c)
 - (i) is not represented by any instrument, or
 - (ii) is part of a master or global certificate, or
 - (iii) represents a paper certificate that has been surrendered by a **Financial Organisation** and which paper certificate has been

combined into a master depository note and the paper certificates are immobilised;

and such security is shown as an electronic entry on the account of the transferor, pledgor or pledgee on the books of a **Central Depository**.

CONDITIONS

1. Limit of Liability

- (a) The maximum liability of Underwriters for any **Loss Discovered** during the **Policy Period** shall not exceed the aggregate limit stated in Item 8 of the Schedule hereto;
- (b) the aggregate limit shall be reduced by the amount of any payments made under this policy. Upon exhaustion of the aggregate limit Underwriters shall have no further liability under this policy;
- (c) the sub-limit of any applicable Insuring Clause is part of and not in addition to the aggregate limit. The maximum liability of Underwriters in relation to any insuring clause with a sub-limit is the amount of such sub-limit, irrespective of the total amount of such **Loss**;
- (d) the sub-limit of any applicable insuring clause shall be reduced by the amount of any payments made thereunder. Upon exhaustion of such sub-limit Underwriters shall have no further liability in respect of such sub-limit;
- (e) if the aggregate limit is reduced to an amount which is less than any sub-limit then any such sub-limit will be limited to the amount remaining of such aggregate limit;
- (f) if any **Loss** is covered under more than one Insuring Clause, the maximum amount payable by Underwriters shall not exceed the largest amount remaining available under any one such applicable Insuring Clause;
- (g) regardless of the number of years this insurance has been in force or may continue to be in force and of the premiums paid or payable in respect thereof, the liability of Underwriters shall not be cumulative in amount from year to year or from period to period and in no case shall exceed the aggregate limit sum stated in Item 8 of the Schedule hereto.

2. Deductible

- (a) Underwriters shall only be liable for the amount of **Loss** that is in excess of the Deductible in relation to the applicable Insuring Clause and which is specified in Item 9 of the Schedule hereto;
- (b) If more than one Insuring Clause shall be applicable in relation to any **Loss** covered by this policy then the largest deductible relating to any such Insuring Clause shall apply;
- (c) The Deductible shall apply to each and every **Loss**. A series of related or continuous acts or omissions causing **Loss** shall be considered a single **Loss**.

3. Notification of Loss

The **Insured** shall give written notice to Underwriters of a **Loss** as soon as practicable but in any event not later than 30 (thirty) days after such **Loss** is **Discovered**.

4. Co-operation

The **Insured** shall give Underwriters and their representatives such co-operation as Underwriters may require, including but not limited to, making available all information and documentation for review, and all relevant personnel for interview.

5. Proof of Loss

The **Insured** shall within six months of a **Loss** being **Discovered** provide to Underwriters an affirmative proof of loss, with all relevant details.

6. Basis of Valuation

In determining the amount to be paid under this policy for any **Loss**, deductions shall be made in respect of any property (including **Property**, as defined herein) received from any source whatsoever, including payments and receipt of principal, interest (except as covered under extension 1), dividends, commissions and the like, whenever received, in connection with any matter from which an indemnifiable **Loss** has arisen.

In no event shall Underwriters be liable for more than:

- (a) the actual market value of **Securities**, foreign funds, currencies or precious metals whose value shall be determined by their closing market value on the last business day prior to the date the loss was **Discovered**, or the actual cost of replacing the **Securities**, if less;
- (b) the cost of blank books, blank pages or other materials plus the cost of labour and computer time for the actual transcription or copying of data furnished by the **Insured** in order to reproduce books of accounts and records;
- (c) the cost of blank **Electronic Media** and the cost of labour for the actual transcription or copying of **Electronic Data** furnished by the **Insured**, in order to reproduce such **Electronic Data**. However, if such **Electronic Data** cannot be reproduced and represents **Securities** or other financial instruments of value, then the **Loss** will be valued as indicated in paragraphs (a) and (d) of this general provision;
- (d) the actual cash value of other property at the time of **Loss** or the actual cost of repairing or replacing the property with property or material of like quality or value, whichever is less.

7. Lost Securities

In the event of a claim covered under this policy in respect of loss of **Securities** the **Insured** shall first attempt to replace the lost **Securities** by issuing a letter of indemnity. Underwriters shall, subject to all conditions of this policy, indemnify the **Insured** for such sums which the **Insured** may be required to pay either during the **Policy Period** or any time thereafter by reason of any indemnifying agreement executed by the **Insured**. The Limit of Liability shall be the amount remaining available for the payment of any **Loss** at the time of the execution by the **Insured** of such indemnity agreement.

If the **Insured** is unable to replace the lost **Securities** by use of a letter of indemnity, the **Insured** shall, subject to the Underwriters' prior consent, secure a lost securities bond for the purpose of obtaining duplicate **Securities**. Underwriters shall issue a counter-indemnity to the issuer of the lost instrument bond.

Underwriters shall pay the proportional cost of obtaining the lost instrument bond that its value bears to that sum which would be covered under the Insuring Clauses of this policy and which exceeds the Deductible specified in Item 9 of the Schedule and is within the aggregate Limit of Liability specified in item 8 of the Schedule remaining available for the payment of any **Loss**. The **Insured** shall bear for its own account the proportionate cost of obtaining the lost instrument bond that its value bears to the Deductible stated in Item 9 of the Schedule and any sum in excess of the aggregate Limit of Liability remaining available for the payment of **Loss**.

8. Other Insurance

This policy shall not cover any **Loss** to the extent that such **Loss** is insured, or would but for the existence of this policy be insured, by any other insurance policy (irrespective of the inclusion in such other insurance policy of any similar limitation of coverage), and whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise. Provided, however, that this condition shall not apply to the amount by which any **Loss** exceeds:

- (a) the limit of Underwriters' liability under such other insurance policy and any deductible or retention applicable under such insurance policy; or
- (b) the Deductible in Item 9 of the Schedule herein,

whichever is the greater. If (a) above is applicable by virtue of this provision, the Deductible in Item 9 of the Schedule herein shall not be applied.

9. Recoveries

All recoveries from third parties for payments made under this policy, shall be applied (after first deducting the costs and expenses incurred in obtaining such recovery but excluding the overhead of the **Insured**, which includes but is not limited to, the salaries, wages or benefits of any of its directors, officers, **Employees**, in-house lawyers or other in-house professional advisers) in the following order of priority:

- (a) the **Insured** shall first be reimbursed for the amount of its **Loss** which would otherwise have been paid by Underwriters under this policy but only for the fact that it is in excess of the Limit of Liability provided by this policy;

- (b) Underwriters shall then be reimbursed for the amount of their liability under this policy; and
- (c) any remaining sum shall be applied towards reimbursement of the Deductible borne by the **Insured** under this policy.

10. Subrogation

In the event of payment of any **Loss** by Underwriters under this policy, Underwriters shall be subrogated to all rights, title, interests and causes of action of the **Insured** to the extent of such payment. The **Insured** shall do all things necessary to secure such rights, title, interest or causes of action, including all things necessary to enable Underwriters to bring a claim in the **Insured's** name or in their own name, where applicable.

11. Assignment

In the event of payment of any **Loss** by Underwriters under this policy, the **Insured** shall deliver, if so requested by Underwriters, an assignment of such of the **Insured's** rights, title, interests and causes of action as it has against any person or entity to the extent of such payment and Underwriters shall be entitled to retain for their benefit all monies which may be received as a result of the enforcement of such rights, title, interests and causes of action assigned to them.

12. Third Party Rights

It is agreed that:

- (a) this policy is not intended to confer any benefits or rights on any party other than the **Insured** whether or not such other interest is noted on the policy;
- (b) Underwriters and the **Insured** shall be entitled to rescind, cancel or vary this policy in any way without the consent of any other party whether or not an interest of such other party is noted on the policy;
- (c) in the event of a claim (whether proceedings are commenced or not) by a party other than the **Insured** against Underwriters for the enforcement of any term of this policy, Underwriters shall be entitled to raise by way of defence or set-off any matter which could have been raised by them by way of defence or set-off had such claim had been made by the **Insured**.

13. Merger, Purchase or Acquisition

In the event that the **Insured** shall merge with or purchase or otherwise acquire all or any of the undertaking, assets or liabilities of another entity or business this policy shall not afford any coverage of any kind for any third party claim for, arising out of, relating to, or involving, directly or indirectly, all or any of such undertaking, assets or liabilities of the acquired entity or business unless and until the **Insured** shall have obtained Underwriters' agreement in writing to an extension of cover under the policy

in relation to the same and then only upon such terms as may be stipulated by Underwriters after full disclosure of all material facts by the **Insured**.

14. Termination

This policy shall terminate immediately:

- (a) in the event of there being any change in the effective ownership or control of the **Insured** whether financial or otherwise and whether occurring by operation of law, voluntary act on the part of such **Insured** or by merger, purchase or sale of assets of shares or in any other way; or
- (b) as to any **Insured** in the event of there being any change in the effective ownership or control (as set forth in (a) above) of that **Insured**

unless Underwriters, after having been furnished with all relevant particulars have offered revised terms and conditions in writing as to the continuation of cover and such terms and conditions have been accepted by the **Insured**; or

- (c) upon receipt by Underwriters of a written request by the **Insured** to terminate the policy; or
- (d) in the event of the liquidation (voluntary or compulsory) of the **Insured**, or the appointment of a Receiver or Manager, or the entering into of any Scheme of Arrangement or composition with creditors.

Underwriters shall refund any unearned premium computed at pro rata if terminated on the occurrence of any of the events provided for in (a), (b) or (d) above.

Underwriters shall refund any unearned premium computed at short rate (NMA 45) if terminated at the written request of the **Insured** as described in (c) above; or

- (e) upon exhaustion of the Limit of Liability by one or more payments made under this policy in which event the premium is deemed to be fully earned; or
- (f) as to any director or officer or **Employee** of the **Insured**, as soon as any director or officer or **Employee** of the **Insured** not in collusion with said person shall first learn of any dishonest or fraudulent or malicious act on the on the part of the director or officer or **Employee** whenever committed, whether or not such act is of a type covered by Insuring Clause 1 of this policy, but in any event without prejudice to the loss of **Property** in transit in the custody of such person at the time the director or officer or **Employee** of the **Insured** shall so learn of such dishonesty or fraud.

15. Legal Fees and Expenses

The **Insured** shall promptly give notice to Underwriters of the institution of any suit or legal proceeding referred to above and at the request of Underwriters shall furnish them with copies of all pleadings and other papers therein.

If multiple causes of action are alleged in any such suit or legal proceeding some of which causes of action, if established against the **Insured**, would not constitute a collectible **Loss** under this policy, including without limitation claims for punitive, consequential or other non-compensatory damages then the **Insured** shall bear for its own expense the legal fees and legal expenses incurred in the defence of such alleged causes of action.

If the amount of the **Insured's Loss** is greater than the amount recoverable under this policy, or if a Deductible is applicable, or both, the liability of Underwriters under this general condition is limited to the proportion of the legal fees and legal expenses incurred and paid by the **Insured** or by Underwriters that the amount recoverable under this policy bears to the total of such amount and the amount which is not so recoverable. Such pro-rated amount shall be applied in reduction of the aggregate Limit of Liability and the sub-limit for the applicable Insuring Clause.

Underwriters shall not be liable to indemnify the **Insured** for legal fees and legal expenses until after final judgment or settlement of any suit or legal proceeding.

Underwriters may but are not required to conduct the defence of such suit or legal proceeding referred to in the first paragraph of this general condition. At Underwriters' election the **Insured** shall permit Underwriters to conduct the defence of such suit or legal proceeding, in the **Insured's**, name, through legal representatives of Underwriters' choice. The **Insured** shall give all reasonable information and assistance that Underwriters shall deem necessary for the defence of such suit or legal proceeding.

Legal fees and legal expenses paid by Underwriters in defending any suit or legal proceeding shall be applied to the reduction of the aggregate Limit of Liability and any sub-Limit for the applicable Insuring Clause.

If having elected to defend Underwriters pay legal fees and legal expenses in excess of their proportionate share of such fees and expenses, the **Insured** shall promptly reimburse Underwriters for such excess.

The **Insured** shall not unreasonably withhold consent to a settlement by Underwriters of any suit or legal proceeding.

16. Fraudulent Claims

16.1 If the **Insured** makes a fraudulent claim under this policy the Underwriters:

- (a) are not liable to pay the claim; and
- (b) may recover from the **Insured** any sums paid by the Underwriters to the **Insured** in respect of the claim; and
- (c) may by notice to the **Insured** treat the policy as having been terminated with effect from the time of the fraudulent act.

16.2 If the Underwriters exercise their right under clause 16.1(c) above:

- (a) the Underwriters shall not be liable to the **Insured** in respect of a relevant event occurring after the time of the fraudulent act. A relevant event is whatever gives rise to the Underwriters' liability under the policy (such as the occurrence of a loss, the making of a claim, or the notification of a potential claim); and
- (b) the Underwriters need not return any of the premiums paid.

Nothing in this clause is intended to vary the position under the Insurance Act 2015.

17. Policy Dispute Interpretation, Forum and Service of Suit

- (a) The construction, interpretation and meaning of the provisions of this policy shall be determined in accordance with English law and in accordance with the English text as it appears in this policy;
- (b) the **Insured** and Underwriters agree to submit to the exclusive jurisdiction of the English courts in relation to all disputes arising out of, relating to or connected with this policy and/or its negotiation, validity or enforceability;
- (c) any legal proceedings commenced against Underwriters arising out of or relating to this policy may be served upon the person named in Item 11 of the Schedule who are duly authorised to accept service on their behalf;
- (d) any legal proceedings for the recovery of **Loss** under this policy shall not be brought after the expiry of two years from the date when such **Loss** was **Discovered**.
- (e) The descriptions in the headings and any subheading of this policy (including any titles given to any endorsement attached hereto) are inserted solely for convenience and do not constitute any part of the terms or conditions of this policy.

18. Extended Discovery Period

- (a) If the Underwriters decline to renew this policy the **Insured** may request a further period of 12 months immediately following expiry of the **Policy Period** during which written notice may be given to Underwriters of any **Loss Discovered** in respect of any **Loss** sustained prior to the end of the **Policy Period**.
- (b) The **Insured** must request the Extended Discovery Period described in (a) above in writing within 30 days of expiry of the **Policy Period**. The Extended Discovery Period is not cancellable. An additional premium of 100% of the annual premium shown in the Schedule is payable immediately and shall be deemed fully earned on day one of the Extended Discovery Period.

19. Sanction Limited and Exclusion Clause

No Underwriter shall be deemed to provide cover and no Underwriter shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that Underwriter to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

EXCLUSIONS

This Policy does not cover:

1. Act of Director

Any **Loss** resulting wholly or partially from any act or omission of any director of the **Insured** except to the extent that such director is deemed to be an **Employee**.

2. Authorised Access to Computer System

Loss resulting from the input of **Electronic Data** at an authorised electronic terminal by a customer, or another person who had authorised access to the customer's authentication mechanism, unless:

- (a) such customer was accessing the **Insured's Computer System** for a purpose not pre-agreed by the **Insured** and such act was committed with the intent to cause the **Insured** to sustain a **Loss**; or
- (b) such **Loss** is covered under Insuring Clause 1.

3. Claims Preparation Costs

Costs, fees and other expenses incurred by the **Insured** in establishing, or attempting to establish, the existence of or the amount of **Loss** covered by this policy.

4. Credit Risks

- (a) any **Loss** resulting directly or indirectly from the complete or partial non-payment of or default upon any **Loan**, except to the extent that such **Loss** is covered by Insuring Clauses 1 or 2.1;
- (b) any **Loss** resulting wholly or partially from payments or withdrawals involving items received by the **Insured** which are not finally paid for any reason, except to the extent that such **Loss** is covered by Insuring Clause 1.

5. Employee Infidelity

Any **Loss** resulting directly or indirectly from any dishonest, fraudulent or malicious act of any **Employee** except to the extent that such **Loss** is covered by Insuring Clause 1.

6. Errors

Any **Loss** resulting wholly or partially from payments or withdrawals involving funds which have been transferred, paid, delivered or otherwise credited to or by the **Insured** as a result of an error.

7. Extortion and Kidnap

Any **Loss** due as a result of extortion or kidnap and ransom, except to the

extent that such **Loss** is covered by Insuring Clauses 1 or 2.3.

8. Financial / Depository Institution Counterparty Failure

Any **Loss** resulting wholly or partially from the failure of a financial or depository institution (or its receiver or liquidator)

- (a) to pay, return or deliver funds or property held by it in any capacity, or
- (b) to reimburse the **Insured** for any **Loss** for which the financial or depository institution is liable,

except to the extent that such **Loss** is covered by Insuring Clause 1.

9. Fraudulent Features in Computer Programs

Loss resulting from fraudulent features contained in **Computer Programs** developed for sale to, or what were sold to, multiple customers at the time of their acquisition from a vendor or consultant unless:

- (a) at the time of **Loss** such fraudulent features were contained solely on the **Insured's Computer Programs** and not on those sold to any other customer, or
- (b) such fraudulent features were inserted subsequent to the date of purchase by the **Insured**.

10. Indirect Loss

Indirect or consequential **Loss** of any nature including:

- (a) any **Loss** or deprivation of income or profits, including but not limited to, interest, dividends, fees, commissions and the like;
- (b) business interruption (including loss of computer time or use);
- (c) mechanical failure, faulty construction, error in design, latent defect, wear or tear, gradual deterioration, electrical disturbance, **Electronic Media** failure or breakdown or any malfunction or error in programming or errors or omissions in processing;
- (d) **Loss** of or damage to any property whatsoever by reason of wear, tear, gradual deterioration, moth or vermin;
- (e) fines, penalties or damages of any type for which the **Insured** is legally liable, except direct compensatory damages for **Loss** covered under this policy.

11. Insurance / Reinsurance

Loss resulting from the **Insured** having arranged or failed to arrange a contract of insurance or reinsurance, or what purports to be a contract of insurance or reinsurance, or **Loss** arising out of the **Insured's** involvement with, whether as an agent or principal, insurance or reinsurance of any kind, except to the extent that there is a loss of premium payments or the

proceeds of claims payments when such **Loss** is caused by the embezzlement of such payments by an **Employee** and is covered under Insuring Clause 1.

12. Legal Fees

Costs, fees and other expenses incurred by the **Insured** as a party to any proceedings, except to the extent recoverable under Extension 3.

13. Loss not Discovered during the Policy Period or occurring prior to the Retroactive Date

Any **Loss**:

- (a) sustained prior to the Retroactive Date specified in Item 5 of the Schedule, or involving any act, transaction or event, which occurred or commenced prior to the retroactive date, or
- (b) **Discovered** prior to the inception date of the **Policy Period**, or
- (c) **Discovered** subsequent to the termination of this policy, or
- (d) notified to a prior insurer.

14. Natural Perils

any **Loss** of or damage to any office or premises of the **Insured**, whether caused directly or indirectly by typhoon, hurricane, earthquake or subterranean fire or any ensuing **Loss** or damage by fire, flood, or looting.

15. Nuclear

Loss, expense, liability or consequential **Loss** of whatsoever nature arising out of, based upon or attributable to:

- (a) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel, or
- (b) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

16. Plastic Cards

Loss resulting from the use or purported use of any credit, debit, charge, access, convenience, identification or other cards, whether such cards were issued or purport to have been issued, by the **Insured** or by anyone other than the **Insured**, except to the extent that such **Loss** is covered by Insuring Clause 1.

17. Property Damage

Any **Loss** arising as a direct result of damage to or destruction of any

- (a) premises, building or land, howsoever caused; or

(b) Office Contents unless covered by Insuring Clause 3.

18. Property in the Mail

Any loss of **Property** while in the custody of any postal service, other than **Property** sent via registered mail, recorded delivery or courier, unless such **Loss** is covered under Insuring Clause 1.

19. Safety Deposit Boxes

- (a) Any **Loss** of or damage to cash or currency contained in customers' safe deposit boxes, or
- (b) Any **Loss** of or damage to any item (including **Property**) held by the **Insured** in safe custody on behalf of customers other than identifiable **Securities** actually held by the **Insured** for said customers, except to the extent that such **Loss** or damage is covered by Insuring Clause 1.

20. Trading

Any **Loss** resulting directly or indirectly from **Trading**, except to the extent that such **Loss** is covered by Insuring Clauses 1 or 3.

21. Travellers Cheques, Bills of Lading and Similar Documents

Any **Loss** resulting directly or indirectly from any items which are or purport to be, travellers cheques, bills of lading, shipping documents, warehouse receipts, trust receipts, accounts receivable or any other bill, document or receipt similar in nature or effect or serving a similar purpose, except to the extent that such **Loss** is covered by Insuring Clause 1.

22. War and Terrorism

Any **Loss** or damage which arises directly or indirectly by reason of or in connection with:

- (a) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war has been declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportion of or amounting to a popular uprising, military or usurped power, martial law, riot or the act of any lawfully constituted Authority, or
- (b) **Terrorism** (including, but not limited to, contemporaneous or ensuing loss or damage resulting from fire, looting or theft). This Exclusion 22 (b) shall only apply to Insuring Clause 3 and shall not apply to **Loss** which results from any actual or attempted burglary, robbery, hold – up, theft or larceny by any natural person arising out of or relating to such natural person's actual or alleged involvement in **Terrorism** or connection to or association with others who are involved in or connected to **Terrorism**;

23. Special Exclusions applicable to Insuring Clause 2.2

- (a) Source Documentation

Any **Loss** resulting directly or indirectly from **Forged, Fraudulently Altered, Counterfeit** or fraudulent documents, written instruments, negotiable instruments or certificated Securities used as source documentation in the creation, preparation or modification of **Electronic Data**.

(b) Preparation of Physical Documents

Any **Loss** resulting directly or indirectly from the **Insured** (or a **Financial Organisation** acting on behalf of the **Insured**) having acted or relied upon any **Document, Instruction**, negotiable instruments or **Securities** provided in physical form to the **Insured** (or to a **Financial Organisation** acting on behalf of the **Insured**) but which **Documents, Instructions**, negotiable instruments or **Securities** have been dishonestly, fraudulently, maliciously or criminally created, prepared or modified using a **Computer System**.

(c) Statements of Condition

Any **Loss** resulting directly or indirectly from the **Insured** (or a **Financial Organisation** acting on behalf of the **Insured**) having acted or relied upon **Electronic Data** (contained in a third party originated **Electronic Communication** provided to the **Insured**, or a **Financial Organisation** acting on behalf of the **Insured**) which **Electronic Data** was dishonestly, fraudulently, maliciously or criminally: created, prepared or modified and which **Electronic Data** represents fictitious, dishonest or fraudulent:

- (i) financial accounts or records;
- (ii) statements of account;
- (iii) valuations of investments or real property; or
- (iv) financial statements of condition intended to obtain credit or investment funds dishonestly or fraudulently from the **Insured**.

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NOTICE TO THE ASSURED

Data Protection Act 1998

We may store your information on a computer and use it for administration, risk assessment, research and statistical purposes, marketing purposes and for crime prevention (see further details below). We will only disclose your personal details to third parties, if it is necessary for the performance of your contract with us.

In order to assess the terms of the insurance contract or administer claims that arise, we may need to collect data that the Data Protection Act defines as sensitive, such as medical history or criminal convictions. By proceeding with this contract you will signify your consent to such information being processed by us or our agents.

We will keep your information secure at all times. In certain circumstances, for example for systems administration purposes, we may have to transfer your information to another country, which may be a country outside the European Economic Area (EEA). By proceeding with your insurance application, we will assume you are agreeable for us to transfer your information to a country outside the EEA.

Should you wish to receive a copy of the information we hold on you, please contact the Compliance Officer, Lloyd's Syndicate 4000, Box 146, Lloyd's, 1 Lime Street, London EC3M 7HA.

Complaint Procedure

Underwriters are committed to providing a first class service at all times.

If at any time there are questions or concerns regarding this Policy or the handling of a claim, you should in the first instance refer to your insurance broker or intermediary, if any. If your problem cannot be resolved, any question or complaint should then be addressed to:

Director of Claims
Pembroke Managing Agency Ltd
Level 3
8 Fenchurch Place
London
EC3M 4AJ

Telephone: +44 (0) 20 7337 4507

If after following the above procedure your complaint has not been resolved to your satisfaction, you should write to the Chief Executive at the address above.

In the event you wish to pursue matters further, where appropriate, you can refer the matter at any time to the:

Complaints Department
Lloyd's
One Lime Street,
London EC3M 7HA
Telephone: 020 7327 5693 Fax: 020 7327 5255

E-mail: Lloyds-Regulatory-Complaints@lloyds.com

Complaints that cannot be resolved by the Complaints Department may, where appropriate, be referred to the Financial Ombudsman Service to review the case.

The address is:

Financial Ombudsman Service

South Quay Plaza
183 Marsh Wall
London E14 9SR

Telephone: 0845 080 1800

www.financial-ombudsman.org.uk

The Financial Ombudsman's Service decision is binding upon the Underwriters but you are free to reject it without affecting your legal rights.

Financial Services Compensation Scheme

Underwriters are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if the Underwriters cannot meet their obligations. This depends on the type of business and the circumstances of the claim. Further information about compensation scheme arrangements is available from the FSCS.