

Hedge Fund Protector

In consideration of the payment of the premium the *insurer* and the *policyholder* agree as follows.

1. Insurance Cover

1.1 Fund Manager professional and directorial liability

(i) Fund manager professional liability

The *insurer* will reimburse the *loss* of any *fund manager entity*, and pay the *loss* of any *hedge fund principal*, or *employee* arising from a *claim* made by a *fund*, *fund investor*, *regulator* or *third party* in respect of:

- (a) *investment advisory services*;
- (b) *hedge fund strategy execution or delegation*;
- (c) *hedge fund administration or delegation*; or
- (d) *a hedge fund offering memorandum*.

(ii) Fund manager directorial liability

The *insurer* shall pay the *non-indemnifiable loss* of any *individual insured* arising from a *claim* made by a *fund investor*, *regulator*, *scheduled advisor* or *third party* in respect of such *individual insured's* managerial or fiduciary capacity in the *fund manager entity*.

(iii) Fund manager reimbursement

If the *fund manager entity* pays the *loss* of an *individual insured* arising from a *claim* made by a *fund investor*, *regulator*, *scheduled advisor* or *third party* against such *individual insured* in respect of such *individual insured's* managerial or fiduciary capacity in the *fund manager entity*, the *insurer* will reimburse the *fund* to the extent of such *loss* in excess of the *retention*.

1.2 Fund professional and directorial liability

(i) Fund professional liability

The *insurer* will reimburse the *loss* of any *fund*, and pay the *loss* of any *hedge fund principal*, *scheduled advisor* or *employee* arising from a *claim* made by a *fund investor*, *regulator* or *third party* in respect of:

- (a) *investment advisory services*;
- (b) *hedge fund strategy execution or delegation*;
- (c) *hedge fund administration or delegation*; or
- (d) *hedge fund offering memorandum*.

(ii) **Fund directorial liability**

The *insurer* shall pay the *non-indemnifiable loss* of each *director* or *independent director* arising from a *claim* made by a *fund investor, regulator, scheduled advisor* or *third party* in respect of such *director* or *independent director's* managerial or fiduciary capacity in any *fund*.

(iii) **Fund reimbursement**

If a *fund* pays the *loss* of a *director* or *independent director* arising from a *claim* made by a *fund investor, regulator, scheduled advisor* or a *third party* in respect of such *director* or *independent director's* managerial or fiduciary capacity in any *fund*, the *insurer* will reimburse the *fund* to the extent of such *loss* in excess of the *retention*.

2. Extensions

2.1 Discovery

(i) **Bilateral discovery period**

If this policy is neither renewed nor replaced with similar cover, the *policyholder* shall be entitled to a *discovery period*, automatically of 30 days, or, upon payment of the applicable additional premium, of the period specified in item 10 of the schedule.

(ii) **Discovery period for retired individual insureds**

If this policy is neither renewed nor replaced with similar cover, *retired individual insureds* shall automatically be entitled to a *discovery period* of six years at no additional premium.

2.2 Emergency costs

If the *insurer's* written consent cannot reasonably be obtained before *defence costs* are incurred with respect to any *claim*, the *insurer* will give retrospective approval for such *defence costs* of up to, in the aggregate, 10 per cent of the *limit of liability*.

2.3 Insured versus insured

(i) **Individual insured versus individual insured**

The *insurer* will pay the *loss* of any *director* or *independent director* arising from a *claim* made by another *director* or *independent director* for a *wrongful act* in his managerial or fiduciary capacity in any *fund manager entity* or *fund*.

(ii) **Fund Manager entity versus director or independent director**

The *insurer* will pay the *loss* of any *director* or *independent director* arising from a *claim* made by a *fund manager entity* for a *wrongful act* in his managerial or fiduciary capacity in such *fund manager entity*.

(iii) **Fund versus director or independent director**

The *insurer* will pay the *loss* of any *director* or *independent director* arising from a *claim* made by a *fund* for a *wrongful act* in his managerial or fiduciary capacity in such *fund*.

2.4 **Investigations**

The *insurer* shall pay the *investigation costs* of each *individual insured*.

2.5 **Hedge fund governance**

- (i) The *insurer* will pay the *non-indemnifiable loss* of each *individual insured* arising from a *claim* by a *fund investor*, *regulator* or *third party* with respect to *governance compliance and disclosure standards*.
- (ii) If an *insured entity* pays the *loss* of an *individual insured* arising from a *claim* made by a *fund investor*, *regulator* or a *third party* with respect to *governance compliance and disclosure standards*, the *insurer* will reimburse the *fund* to the extent of such *loss* in excess of the *retention*.

2.6 **Key man PR costs**

The *insurer* will reimburse the *fund*, as part of the *limit of liability*, up to £50,000, for any *key man PR costs* sustained during the *policy period*.

2.7 **Key man accidental death**

If a *hedge fund principal* sustains bodily injury at any time during the *policy period* which directly and independently of any other cause results in death within two years of the date of that bodily injury, the *insurer* will pay the relevant *benefit amount* to the *policyholder*. If any one incident results in *benefit amounts* which in total exceed the *any one incident limit*, the *benefit amount* in respect of each *hedge fund principal* shall be reduced in proportion to the amount of that excess.

A *hedge fund principal* will be covered by this extension until the end of the *policy period* in which he or she reaches the age of 75 years or the date upon which he or she ceases to be a *hedge fund principal*, whichever occurs first. Any *hedge fund principal* may be excluded from cover by written endorsement attached to this policy agreed between the *policyholder* and the *insurer*.

2.8 **Fund employee funds theft**

The *insurer* will reimburse any *fund*, as part of the *limit of liability*, up to £50,000, for *direct loss* sustained and first *discovered* by such *fund* during the *policy period* as a result of *funds theft* by an *employee*.

2.9 **Reputational recovery expenses**

The *insurer* will reimburse any *individual insured* as part of the *limit of liability*, up to £50,000 for *reputational recovery expenses*.

2.10 **Mitigation and avoidance services**

The *insurer* has arranged, upon election by the *policyholder*, for the *regulatory response team* to make available during the *policy period*, the loss avoidance and mitigation services package specified in item 13 of the schedule. These services are detailed in Appendix I to this policy.

2.11 Additional regulatory crisis response

In addition to *investigation costs*, the *insurer* will pay, as part of the *limit of liability* up to £50,000 for *regulatory crisis response costs* incurred through the *regulatory response team* only in response to a *critical regulatory event* that does not fall within the definition of *claim* or *investigation*.

2.12 Special excess protection for the policyholder's independent directors

Upon election by the *policyholder*, the *insurer* will pay the *non-indemnifiable loss* of each and every *independent director* of the *policyholder*, up to the *per independent director special excess limit*, after exhaustion of (i) the *limit of liability*; (ii) all other applicable management liability insurance (whether specifically written as excess over the *limit of liability* of this policy or otherwise); and (iii) all other indemnification for *loss* available to any *independent director*.

2.13 Automatic cover for new subsidiaries

Subsidiary shall include all *automatic subsidiaries*.

2.14 Assets and liberty costs

(i) Prosecution costs

The *insurer* will pay, where permitted by law, the *prosecution costs* of each *individual insured* to obtain the discharge or revocation of a *judicial order* entered during the *policy period* imposing:

- (a) confiscation, assumption of ownership and control, suspension or freezing of rights of ownership of real property or personal assets of such *individual insured*;
- (b) a charge over real property or personal assets of such *individual insured*;
- (c) a temporary or permanent prohibition on such *individual insured* from holding the office of or performing the function of a *director*;
- (d) restriction of such *individual insured's* liberty to a specified domestic residence or an *official detention*; or

- (e) deportation of an *individual insured* following revocation of otherwise proper, current and valid immigration status for any reason other than such *individual insured's* conviction of a crime.

(ii) **Bail bond and civil bond expenses**

The *insurer* will pay *bail bond and civil bond expenses* of each *individual insured* incurred directly in connection with a *claim* covered under any insurance cover of this policy during the *policy period*.

The *insurer's* total aggregate liability for cover under this extension 2.14 shall not exceed 10 per cent of the *limit of liability*.

2.15 **Extradition proceedings**

(i) **Costs of defending extradition proceedings**

- (a) The *insurer* shall pay the reasonable fees, costs and expenses of each *individual insured* except remuneration of any *individual insured*, cost of their time or costs or overheads of any *insured entity*) incurred with the *insurer's* prior written consent, by or on behalf of such *individual insured* acting in their capacity as such, in connection with challenging, resisting and/or defending *extradition proceedings* brought against such *individual insureds* following:

- (A) receipt by such *individual insureds* of an official notice in writing from the responsible governmental authority advising of a request for extradition being made against them; or
- (B) the execution of a warrant for arrest of such *individual insureds*,

during the *policy period*, whichever is the earlier.

- (b) *Extradition proceedings* includes any appeal relating thereto, judicial review applications challenging the designation of any territory for the purposes of the Extradition Act 2003 (including for the avoidance of doubt the selection of the USA as a designated category 2 territory), any extradition decision by the Secretary of State or applications to the European Court of Human Rights or similar court with respect to extradition proceedings.

(ii) **Extradition crisis costs and extradition media expenses**

The *insurer* will pay, as part of the *limit of liability*, at the election of the *policyholder*.

- (a) up to the amount of the *extradition media expenses* sub-limit specified in item 4 of the schedule for; and

- (b) up to the amount of the *extradition crisis costs* sub-limit specified in item 4 of the schedule.

2.16 Kidnap response

In the event of a *kidnapping, hijacking or wrongful detention* of an *individual insured* during the *policy period*, the *insurer* will pay for *kidnap response costs*, as part of the *limit of liability*, up to £50,000 incurred through the *kidnap consultants*.

3. Definitions

In this policy the following words in italics shall have the definitions that follow:

3.1 *Any one incident limit*

The maximum amount for which the *insurer* will be liable in the aggregate under this policy, in respect of all *benefit amounts* payable as the result of any *hedge fund principal* suffering death caused by the same incident or series of incidents contributed to, caused by, or consequent upon the same original cause, event, or circumstance.

3.2 *Approved person*

Any natural person employed by any *insured entity* to whom the Financial Services Authority has given its approval to perform one or more of controlled functions 1-20 for the *insured entity* pursuant to section 59 of the Financial Services and Markets Act 2000.

3.3 *Automatic subsidiary*

Any entity of which the *policyholder* either directly or indirectly through one or more of its *subsidiaries*, acquires during the *policy period*:

- (i) control of the composition of the board of directors;
- (ii) control of more than half of the shareholder voting power; or
- (iii) a holding of more than half of the issued share capital;

provided that at the time of obtaining such control or holding, the acquired corporation:

- (i) has total gross assets under management of less than 25% of the combined total gross assets under management of all *insured entities* at the inception date of this policy;
- (ii) has total gross assets of less than 20% of the combined total gross assets of all *insured entities* at the inception date of this policy;
- (iii) is not incorporated, domiciled or providing *investment advisory services* in the United States of America and is not regulated by the SEC;

- (iv) has not had a *claim* or *direct loss* paid by any insurer within the three years immediately preceding the inception date of this policy; and
- (v) does not derive its revenue primarily from investment banking, split capital investment trusts or derivatives trading.

3.4 ***Bail bond and civil bond expenses***

The reasonable premium (but not collateral) for a bond or other financial instrument to guarantee for up to 12 months an *individual insured's* contingent obligation for a specified amount required by a court hearing a *claim* for any *wrongful act*.

3.5 ***Benefit amount***

The sum shown at item of 15 the schedule, payable by the *insurer* in addition to the *limit of liability*, in respect of death, which shall be the maximum sum for which the *insurer* will be liable in respect of one bodily injury.

3.6 ***Claim***

- (i) a written demand or civil, regulatory or arbitration proceeding seeking compensation or other legal remedy for a specified *wrongful act*;
- (ii) a criminal proceeding for a specified *wrongful act* (except with respect to Insurance Covers 1.1 (i)- Fund manager professional liability and 1.2 (i) Fund professional liability); or
- (iii) with respect to any *individual insured* only, an *investigation*.

3.7 ***Continuity date***

The applicable date specified as such in item 9 of the schedule.

3.8 ***Critical regulatory event***

- (i) a raid on, or on-site visit to any *fund* which first takes place during the *policy period* by any *regulator* that involves the production, review, copying or confiscation of files or interview of any *individual insured*;
- (ii) a public announcement relating to the foregoing; or
- (iii) the receipt by any *insured* during the *policy period* from any *regulator* of a formal notice which legally compels the *insured* to produce documents to, or answer questions by or attend interviews with that *regulator*.

3.9 ***Defence costs***

Reasonable costs and expenses incurred either as *emergency costs* or with the *insurer's* prior written consent (which shall not be unreasonably delayed or withheld), by or on behalf of an *insured* after a *claim* is made, directly in connection with its investigation, defence, settlement or appeal, but shall not include remuneration of any *insured*, cost of their time or costs or overheads of any *insured entity*

or fund. Defence costs include the reasonable fees, costs and expenses of an accredited expert retained through defence counsel approved by the *insurer* on behalf of an *insured* to prepare an evaluation, report, assessment, diagnosis or rebuttal of evidence in connection with the defence of a covered *claim*.

3.10 *Derivative claim*

A *claim* pursued as a derivative action brought or maintained on behalf of an *insured entity* and not solicited by or brought with the voluntary (rather than legally required) intervention, assistance or active participation of any *individual insured* or any *insured entity*.

3.11 *Direct loss*

The amount, in excess of the *funds theft retention*, of direct financial loss representing the amount of currency, bank notes or cheques only, but not any indirect, or consequential loss arising from *funds theft*.

3.12 *Director or officer*

Any natural person who was, is or during the *policy period* becomes:

- (i) a director or officer of a company which is an *insured entity*; or
- (ii) an *approved person*;

acting in their capacity as such.

3.13 *Discovered*

When any *individual insured* first becomes aware of or has knowledge of any act, omission or event which could reasonably give rise to a *direct loss* covered by this policy, even though the exact amount or details of such *direct loss*, act, omission or event are not known at the time of discovery. Such knowledge possessed or discovery made by any *insured* thereof shall constitute knowledge possessed or discovery made by every *insured*.

3.14 *Discovery period*

A period immediately following expiry of the *policy period* as referred to in item 10 of the schedule during which written notice may be given to the *insurer* of a *claim* first made during such period or the *policy period*, for a *wrongful act* occurring prior to the expiry of the *policy period*, provided any applicable additional premium required by the *insurer* is paid within 30 days of expiry of the *policy period*.

3.15 *Emergency costs*

Defence costs incurred in accordance with extension 2.2, Emergency costs.

3.16 *Employee*

- (i) With respect to Insurance Covers 1.1 (i) – Fund manager professional liability and 1.2 (i)-Fund professional liability and Extension 2.8 Employee Funds Theft only: any natural person employed pursuant to an employment contract by an *insured*

entity in the ordinary course of business and who is remunerated on salaried basis except any *hedge fund principal* or sub-contractor of the *insured entity*; or

- (ii) With respect to all other Insurance Covers and Extensions: an employee who is acting in a managerial or supervisory capacity pursuant to an employment contract with an *insured entity*.

3.17 **Extradition crisis costs**

The amount specified as such in item 4 of the schedule (being 10% of the *extradition media expenses* sub-limit) for reasonable fees, costs and expenses of any accredited:

- (i) counsellor; and
- (ii) tax advisor

retained by the *individual insureds*, during the *policy period*, with the *insurer's* prior written consent, directly in connection with extradition proceedings brought against such *individual insureds*.

3.18 **Extradition media expenses**

The amount specified as such in item 4 of the schedule for reasonable fees, costs and expenses of public relations consultants retained by an *individual insured*, during the *policy period*, with the *insurer's* prior written consent, directly in connection with extradition proceedings brought against such *individual insureds*.

3.19 **Fund**

The collective investment vehicle named in item 2(a) of the schedule to which *fund investors* contribute capital and any of its subordinate funds.

3.20 **Fund investor**

A contributor of capital to a *fund*.

3.21 **Fund manager entity**

The entity named at item 2(b) of the schedule and its *subsidiaries*.

3.22 **Fund of funds**

A *fund* which invests in pooled investment vehicles which are themselves *funds*.

3.23 **Funds theft**

The unauthorised and illegal taking of currency, bank notes or cheques (but not securities) from the assets of a covered *fund* for improper personal gain with the intent to permanently deprive the *fund* thereof.

3.24 **Funds theft retention**

The applicable amount specified in item 7 of the schedule.

3.25 **General partner**

The natural person or *fund manager entity* that is the general partner of the *fund* named at item 2(c) of the schedule, acting in their capacity as such.

3.26 **Governance compliance and disclosure standards**

The voluntary assumption of regulatory standards imposed by law, by listing requirements, or by binding code by an *insured entity*, pursuant to an officially recognised, published code of conduct relating to corporate governance, including accountability and disclosure obligations.

3.27 **Hedge fund administration or delegation**

Respectively: (i) the discharge by a *hedge fund principal* or an *employee* during the *policy period* of the function of administering the *fund's* operation including effecting or procuring the provision of custodial and financial reporting services in respect of *fund* assets and in respect of transactions to, for or on behalf of the *fund*; or (ii) any *hedge fund principal* or *employee* selecting and appointing under contract, a person to whom administrative duties are sub-contracted and for whose acts and omissions such *fund manager entity* is legally liable.

3.28 **Hedge fund offering memorandum**

The offering document which invites investors to subscribe for a participation in the *fund* therein described.

3.29 **Hedge fund principal**

A natural person who is an investment advisor to a *fund*, to the extent such person is or was acting in their capacity as a

- (i) *director* of a *fund manager entity*;
- (ii) *general partner* of a *fund*; or
- (iii) *director* of a *fund*.

3.30 **Hedge fund strategy execution or delegation**

Respectively:

- (i) the conception and stipulation of the investment strategy of the insured *fund* and its execution by the *hedge fund principals* or by *employees* under the direction and supervision of a *hedge fund principal* including the selection, appointment and supervision of money or fund managers, on behalf of, and pursuant to a contract with *fund investors*; or
- (ii) any *hedge fund principal*, in the course of managing a *fund of funds*, selecting and appointing under contract any investment advisor or money or fund manager in their capacity as managers of collective investment entities in which the *hedge fund principal* has invested or will invest assets of the insured *fund*.

3.31 **Hijacking**

Illegal holding under duress, for a period in excess of six hours, of an *insured*, during travel in the course of employment with an *insured entity*, on or in any aircraft, motor vehicle or waterborne vessel.

3.32 **Independent director**

Any natural person who was, now is, or becomes during the *policy period*, a non-executive director of a *fund manager entity* or *fund*.

3.33 **Individual insured**

Any natural person:

- (i) *employee*;
- (ii) *hedge fund principal*;
- (iii) *director*;
- (iv) *independent director*;
- (v) hedge fund in-house counsel;
- (vi) hedge fund company secretary;
- (vii) hedge fund compliance officer; or
- (viii) *general partner*;

acting in their capacity as such but does not include external auditors or insolvency office holders.

- (ix) the spouse or domestic partner of an *individual insured* for *loss* arising from a *claim* for a *wrongful act* of such *individual insured*; and
- (x) an administrator, heir, legal representative, or executor of a deceased, incompetent, insolvent or bankrupt *individual insured's* estate for *loss* arising from a *claim* for a *wrongful act* of such *individual insured*.

3.34 **Insured**

The *insured entity* or any *individual insured*.

3.35 **Insured entity**

The *policyholder* and each of its *subsidiaries*, the *fund manager entity* and any *fund*.

3.36 **Insurer** means Chartis Europe Limited.

3.37 **Investigation**

Any formal hearing, investigation or inquiry by a *regulator* into the affairs of an *insured entity*, or an *individual insured* in his capacity as such, once an *individual insured*: (i) is required to attend; or (ii) is identified in writing by the *regulator* as a target of the hearing, investigation or inquiry. An *investigation* shall be deemed to be first made when the *individual insured* is first so required or so identified.

Investigation shall not mean an industry-wide hearing, investigation or inquiry.

3.38 ***Investigation costs***

Reasonable fees, costs and expenses (except remuneration of any *insured*, cost of their time or costs or overheads of any *insured entity or fund*) incurred with the *insurer's* prior written consent by or on behalf of a *individual insured* directly in connection with preparing for and attending an *investigation*.

3.39 ***Investment advisory services***

Investment advice, hedge fund strategy selection, and the appointment and supervision of money or fund managers performed pursuant to an agreement with *fund investors*: (i) for compensation; or (ii) in conjunction with services for compensation.

3.40 ***Judicial order***

- (i) an interim or interlocutory judicial order; or
- (ii) with respect to any proceeding concerning the deportation of any *individual insured*, any judicial order;

entered against an *individual insured* in connection with a *claim* against such *individual insured* that is covered under any insurance cover of this policy. *Judicial order* shall not include a final order made in the disposition or adjudication of such *claim*.

3.41 ***Key man PR costs***

Reasonable costs and expenses of the *public relations consultants* retained by the *fund* during the *policy period* in order to procure public relations services and head hunting services and in order to manage the public communication of, and limit the business interruption caused by the permanent disability or death during the *policy period* of any *hedge fund principal*.

3.42 ***Kidnapping***

Any event or connected series of events of seizing, detaining or carrying away by force or fraud an *individual insured*, while acting outside his country of residence in the course of employment by an *insured entity*, for the purpose of demanding ransom monies.

3.43 ***Kidnap consultants***

Any person or entity described in item 14 of the schedule.

3.44 ***Kidnap response costs***

The reasonable fees and expenses of the *kidnap consultants* incurred in response to any *kidnapping, hijacking or wrongful detention* incident anywhere in the world (excluding Colombia, Iraq, Nigeria, and the Philippines). Such fees and expenses shall include related costs for travel; accommodation; qualified interpretation; communication and payments to informants.

3.45 **Legal panel**

The firms of solicitors appointed from time to time by the *insurer*. The current legal panel is listed in Appendix III.

3.46 **Limit of liability**

The sum specified in item 4 of the schedule.

3.47 **Loss**

Any *defence costs, emergency costs, investigation costs* awards of damages (including punitive and exemplary damages for Insurance Covers 1.1(ii) and 1.2 (ii) only), awards of costs or settlements for which an *insured* is legally liable resulting from a *claim* against an *insured*.

Loss also includes payments made by the *insurer* under any extension and payments made for *direct loss*.

Loss shall not include fines or penalties, taxes, remuneration or employment related benefits, the multiplied portion of multiple damages, any sum payable pursuant to a financial support direction or contribution notice issued by the Pensions Regulator or amounts which are uninsurable under the laws of England and Wales.

3.48 **Non-indemnifiable loss**

Loss of an *individual insured* that an *insured entity* is unable to indemnify due to legislative prohibition or being deemed unable to pay its debts, as determined in accordance with section 123 of the Insolvency Act 1986.

3.49 **Official detention**

Confinement of an *individual insured* in secure custodial premises, operated by or on behalf of a governmental or judicial agency in connection with a *claim* against such *individual insured* and either without charge or without a judicial finding of culpability or liability in that *claim*.

3.50 **Per independent director special excess limit**

The sum specified in item 6 of the schedule that applies to *independent directors* of the *policyholder* only.

3.51 **Policyholder**

The organisation specified in item 1 of the schedule.

3.52 **Policy period**

The period from the inception date to the expiry date specified in item 3 of the schedule.

3.53 **Pollutant**

Any solid, liquid, gaseous, biological, radiological or thermal irritant, toxic or hazardous substance, or contaminant, including, but not limited to, asbestos, lead, smoke, vapour, dust, fibres, mould, spores,

fungi, germs, soot, fumes, acids, alkalis, chemicals and waste. Such waste includes, but is not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials.

3.54 Professional services

The *investment advisory services, hedge strategy fund execution or delegation, hedge fund administration or delegation* declared in the *submission* and *hedge fund offering memorandum*, issued or performed by or on behalf of the *fund* pursuant to an agreement with a *fund investor*: (i) for compensation; or (ii) in conjunction with services for compensation.

3.55 Prosecution costs

Reasonable legal fees, costs and expenses, incurred by an *individual insured* with the prior written consent of the *insurer*, to bring legal proceedings.

3.56 Public relations consultants

Any person or entity described in item 12(b) of the schedule.

3.57 Regulator

- (i) with respect to Insurance Covers 1.1 (i) - Fund manager professional liability and 1.2 (i)- Fund professional liability: any government, government body, governmental or administrative agency, or any other regulator when and to the extent that it is seeking to investigate and sanction activities of any *fund* for or on behalf of any specified *fund investor* or *third party*; or
- (ii) with respect to Insurance Covers 1.1 (ii) and (iii)- Fund manager directorial liability/reimbursement and 1.2 (ii) and (iii)- Fund directorial liability/reimbursement: any government, government body, governmental or administrative agency, or any other regulator.

3.58 Regulatory crisis response costs

Reasonable fees, costs and expenses of the *regulatory response team* incurred in responding to a critical regulatory event.

3.59 Regulatory response team

Any person or entity described in item 12(a) of the schedule.

3.60 Reputational damage

The diminution in personal repute of any *individual insured* in the perception of the institutional investor community or amongst members of their peer group, as objectively evidenced by media reports or other publicly available data which has been caused by the publication or disclosure of a *claim* except where such *claim* is made against the *individual insured*.

3.61 Reputational recovery expenses

Reasonable fees, costs and expenses of the *public relations consultants* retained by the *individual insured*, with the prior written consent of the *insurer*, to procure public relations services to respond to *reputational damage*.

3.62 Responsible person

Any person appointed by an *insured entity* with responsibility for monitoring or reporting *claims* or *direct losses*, or a *director*, *hedge fund principal*, *independent director*, hedge fund in-house counsel, hedge-fund company secretary, hedge-fund compliance officer or *general partner* of an *insured entity*.

3.63 Retention

The applicable sum specified in item 7 of the schedule.

3.64 Retired individual insureds

Any *individual insured* who other than by reason of a *transaction*, voluntarily relinquishes their position within such *insured entity* during the *policy period* and does not subsequently resume or assume the position of an *individual insured* in any *insured entity*.

3.65 Scheduled advisor

The person named at item 2(d) of the schedule.

3.66 Security

Any security representing debt or equity interests in an *insured entity*.

3.67 Sublimits of liability

Any amounts specified in item 5 of the schedule as sub-limits of liability which shall form part of the *limit of liability*.

3.68 Submission

Each and every signed proposal form, the statements, warranties, and representations therein, its attachments, together with all other material information submitted to the *insurer* in connection with this policy.

3.69 Subsidiary

Any entity in which the *policyholder*, either directly or indirectly through one or more other entities:

- (i) controls the composition of the board of directors;
- (ii) controls more than half of the shareholder voting power; or
- (iii) holds more than half of the issued share capital

on or before the inception date of this policy.

3.70 Third party

Any legal or natural person or entity other than an *insured*, a *regulator*, a *scheduled advisor* or a *fund investor*.

3.71 **Transaction**

Any one of the following events:

- (i) the *policyholder* consolidates with or merges into, or sells all or a majority of its assets to, any other person or entity or group of persons and/or entities acting in concert;
- (ii) any person or entity, or person or entities acting in concert (other than a *subsidiary* or *subsidiaries*) becomes entitled to exercise more than 50% of the rights to vote at general meetings of the *policyholder* or control the appointment of *individual insureds* who are able to exercise a majority of votes at meetings of the board of directors of the *policyholder*; or
- (iii) the receivership, liquidation, administration or insolvency of the *policyholder*.

3.72 **Wrongful act**

Any actual or alleged act, error or omission by an *insured*.

3.73 **Wrongful detention**

The arbitrary or capricious confinement of an *individual insured*, while acting in the course of his employment by an *insured entity*, by person(s) acting as agent(s) of, or with the tacit approval of, any government or governmental entity, or acting or purporting to act on behalf of any insurgent party, organisation or group. A connected series of *wrongful detentions* will be considered one *wrongful detention*.

4. Exclusions

The *insurer* shall not be liable to make any payment, under any insurance cover or extension:

4.1 **Conduct**

arising out of, based upon or attributable to:

- (i) the gaining of profit or advantage to which the *insured* was not legally entitled; or
- (ii) the committing of any dishonest or fraudulent act

in the event that any of the above is established by final adjudication of a judicial or arbitral tribunal or any admission by the *insured*. This exclusion shall not apply to Extension 2.8 *Fund employee funds theft* only.

4.2 **Injury and property damage**

for bodily injury, sickness, disease, death or emotional distress, or damage to, destruction, impairment or loss of use of any property.

4.3 **Prior claims and circumstances**

arising out of, based upon or attributable to:

- (i) facts alleged or the same or related *wrongful act(s)* alleged or contained in any *claim* which has been reported or in any circumstances of which notice has been given under any policy of which this policy is a renewal or replacement or which it may succeed in time; or
- (ii) with respect to Insurance Covers 1.1 (i) – Fund manager professional liability and 1.2(i)-Fund professional liability and Extension 2.8 Employee Funds Theft only: any *claim* or circumstance or *of which* a *responsible person* had knowledge or any *direct loss discovered* at or prior to the inception of this policy.
- (iii) with respect to all other Insurance Covers and Extensions: any pending or prior litigation as of the *continuity date*, or alleging or deriving from the same or essentially the same facts as alleged in the pending or prior litigation. For the purposes of this exclusion, the term 'litigation' shall include, but not be limited to, any civil or criminal proceeding as well as any administrative or regulatory proceeding or official investigation or arbitration or adjudication.

4.4 Trustees

arising out of, based upon or attributable to any act or omission by an *insured* as a trustee, fiduciary or administrator of an *insured entity's* pension, profit-sharing or employee benefits programme including any actual or alleged violation of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act of 1974 (USA) or the Pensions Act 1995 (UK) or any similar provisions of the law, common or statutory, of any state, territory, jurisdiction, or political subdivision thereof.

4.5 Pollution

arising out of, based upon or attributable to the actual, alleged or threatened discharge, dispersal, release or escape of, or records concerning *pollutants*; or any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise *pollutants*; provided, however, this exclusion shall not apply to:

- (i) *defence costs* of any *individual insured* which fall within *non-indemnifiable loss*; or
- (ii) *derivative claims*.

4.6 Key man accidental death

The *insurer* shall not be liable to pay any *benefit amount* pursuant to extension 2.7, Key man accidental death, in respect of any injury or expense which arises from, is the result of, was caused or contributed to by:

- (i) intentional self-injury;
- (ii) suicide or attempted suicide;
- (iii) flying as a pilot;

- (iv) sickness or disease (not resulting from bodily injury);
- (v) any naturally occurring condition or degenerative process;
- (vi) any gradually operating cause;
- (vii) war or any activity arising out of or attempt to participate in the use of military force between nations including civil war, revolution and invasion.

4.7 Kidnap response

The *insurer* shall not be liable to make any payment under extension 2.15 Kidnap response, resulting directly or indirectly from:

- (i) fraudulent, dishonest or criminal acts of an *insured* or any person authorised by an *insured* to have custody of ransom monies;
- (ii) *kidnapping, hijacking, or wrongful detention* of an *individual insured*:
 - (a) who has had other kidnap insurance cancelled or declined;
 - (b) who has been *kidnapped* previously; or
 - (c) within his country of residence; or
- (iii) *wrongful detention* in connection with or as a result of:
 - (a) any actual or alleged violation by the detained *individual insured* of the laws of the country in which he is detained, or failure to maintain and possess duly authorised and issued required documents and visas, unless the *insurer* determines such allegations to be intentionally false, fraudulent or malicious and made solely to achieve a political, propaganda or coercive effect upon or at the expense of an *insured*;
 - (b) failure of the detained *insured* to evacuate from the country in which he is detained within ten (10) days after issuance of advice by the government of the *individual insured's* domicile or residence, or travel to that country contrary to advice from that government; or
 - (c) active membership by the detained *individual insured* in any governmental organisation, official law enforcement, or military force.

Exclusions applying to insurance covers 1.1 (i) – Fund manager professional liability and 1.2 (i) Fund professional liability only

The *insurer* shall not be liable to make any payment under insurance covers 1.1 (i) or 1.2 (i) or any extensions relating thereto:

4.8 Fees, commissions, or other compensation

arising out of, based upon or attributable to fees, commissions, or other compensation or disputes for any *professional services* rendered or required to be rendered by an *insured* or that portion of any

settlement or award in an amount equal to such fees, commissions, or other compensation.

4.9 **Insolvency**

arising out of, based upon or attributable to the insolvency, examinership, receivership, bankruptcy or liquidation (or equivalent) of any *insured entity*.

4.10 **Infrastructure**

arising out of, based upon or attributable to electrical, software or mechanical failures, defects or disturbances, including any electrical power, communication or other utility interruption, surge, brownout or blackout, wear and tear or electromagnetic radiation. This exclusion shall not apply to any *claim* to the extent that it results from a *wrongful act* committed by an *individual insured* in using the systems of an *insured entity*.

4.11 **Contractual liability**

arising out of, based upon, or attributable to any:

- (i) liability assumed or accepted by an *insured* under any contract or agreement except to the extent such liability would have attached to the insured in the absence of such contract or agreement; or
- (ii) any guarantee or warranty.

Additional exclusion applying to insurance cover 1.1(i) Fund manager professional liability only

The *insurer* shall not be liable to make any payment under insurance cover 1.1 (i) or any extension relating thereto:

4.12 **Patent/trade secret**

for breach of any intellectual property licence, patent, trade or service mark; any other form of registered intellectual property right or any breach of a right to privacy or misappropriation of a trade secret.

Additional exclusion applying to insurance covers 1.1 (ii) and (iii) Fund manager directorial liability/reimbursement only

The *insurer* shall not be liable to make any payment under insurance cover 1.1 (ii) or (iii) or any extension relating thereto:

4.13 **Professional services**

for the performance of or failure to perform professional services or related back-office supporting services, or any act, error, or omission relating thereto except that this exclusion shall not apply to any *derivative claim* alleging a failure to supervise those who performed or failed to perform such professional services.

5. General Provisions

5.1 Discovery period

The *policyholder* must make any request for a *discovery period* in writing no later than 15 days after expiry of the *policy period*. A *discovery period* is not cancellable.

While this policy affords to the *policyholder* no right to a *discovery period* if a *transaction* takes place; upon written request of the *policyholder*, the *insurer* may quote a run-off discovery period. In considering such request, the *insurer* shall be entitled to fully underwrite the exposure and to extend such offer on whatever terms, conditions and limitations that the *insurer* deems appropriate.

5.2 Severable nature of the policy

- (i) With respect to cover for loss under Insurance Covers 1.1 (ii) and (iii) Fund manager directorial liability/reimbursement and 1.2(ii) and (iii) -Fund directorial liability/reimbursement only:
 - (a) no statements made, nor any information or knowledge possessed by any *individual insured* shall be imputed to any other *individual insured*; and
 - (b) only the statements and knowledge of any chief executive officer, chief operating officer, chief financial officer or chief legal officer (or equivalent positions) of an *insured entity* shall be imputed to that *insured entity*; and the knowledge of the same officers of the *policyholder* will be imputed to all *insured entities*; and
- (ii) For the purposes of the application of Exclusion 4.1, no acts errors or omissions of any *individual insured* shall be imputed to any other *individual insured*.

5.3 Limit of liability

The *limit of liability* is the aggregate limit of the *insurer's* liability in respect of all insurance covers and extensions and *insureds* except extension 2.12. The *per independent director special excess limit* is a separate aggregate limit of the *insurer's* liability to each *independent director* under extension 2.12 and it is in addition to, and not part of, the *limit of liability*. The *insurer* shall have no liability in excess of such limits irrespective of the number of *insureds* or *claims* made or *direct losses discovered* during the *policy period* or *discovery period*, if applicable; including, *claims* or related *claims* or *direct losses* which are accepted as made during the *policy period* pursuant to general provision 5.11.

Each *sublimit of liability* is the most the *insurer* will pay in the aggregate under this policy as *loss* in respect of any insurance cover or extension to which it applies and all *sub-limits of liability* shall form part of the *limit of liability*.

Any sum paid by Chartis Europe Limited under this policy shall erode

the *insurer's* liability for loss under the *limit of liability*.

5.4 Retention

The *retention* is not applicable to *non-indemnifiable loss*. For *loss* of any *insured entity*, or that any *insured entity* has indemnified or has agreed to indemnify, the *insurer* shall be liable only for the amount of that *loss* which exceeds the *retention*. The *retention* is not part of the *insurer's* liability for *loss*. The *retention* is to be borne by the *insured entities* and shall remain uninsured. A single *retention* shall apply to all *loss* arising from any *claim* or series of *claims* arising out of, based upon or attributable to continuous, repeated or related *wrongful acts*. With respect to Extension 2.8-Employee Funds Theft, a single *funds theft retention* shall apply to all *direct loss* arising from any *direct loss* or series of *direct losses* arising out of, based upon or attributable to continuous, repeated or related acts committed by any *employee* or in which such *employee* is concerned or implicated and/or arising from any one occurrence, shall be considered a single *direct loss*.

In the event that any *insured entity* is able to indemnify an *individual insured* but does not, the *insurer* shall pay the *loss* of the *individual insured* within the *retention*. Under these circumstances the *retention* shall be payable by the *insured entity* to the *insurer*.

If the *insurer* advances *loss* for which a *retention* applies, the *insured entity* agrees to repay the *insurer* immediately to the full extent the *retention* applies, once the *insurer* notifies the *insured entity* of the *loss* so advanced.

5.5 Claims made & reported

The insurance covers under this policy are afforded solely with respect to *claims* first made against an *insured*, or *direct loss* first *discovered*, during the *policy period* or an applicable *discovery period* or accepted as such pursuant to general provision 5.11 and upon the condition precedent that such *claims* or *direct losses* have been reported to the *insurer* as soon as practicable, but in all events no later than either:

- (i) during the *policy period* or *discovery period*; or
- (ii) within 30 days after the end of the *policy period* or the *discovery period* as long as such claim was first made within the final 30 days of the *policy period* or *discovery period*, if applicable.

5.6 Key man accidental death

As conditions precedent to the *insurer's* liability to pay any *benefit amount* under 2.7, Key man accidental death:

- (i) the *policyholder* and each *hedge fund principal* must take all reasonable steps to avoid and/or minimise any injury covered by this policy; and
- (ii) Claims for a *benefit amount* must be notified to the *insurer* in accordance with the provisions of this policy referring to notification of *loss*, as if the injury or expense were a *loss*. The

policyholder must provide at its own expense any evidence (including post-mortem examinations) in support of a claim for a *benefit amount*.

If the *insurer* has paid, and the *policyholder* has accepted, a *benefit amount*, then the *insurer* shall have no liability to make any further payment for the same injury or expense.

The *any one incident limit* is the maximum sum for which the *insurer* will be liable in the aggregate under this extension, in respect of all *benefit amounts* payable as the result of *hedge fund principals* suffering death caused by the same incident or series of incidents contributed to, caused by, or consequent upon the same original cause, event, or circumstance.

The *insurer* will not pay interest on any *benefit amount*.

5.7 **Kidnap response notice and information**

As a condition precedent to the *insurer's* liability under extension 2.15, the *policyholder* will make every reasonable effort to determine that the *kidnapping, hijacking or wrongful detention* has actually occurred, give immediate oral and written notice to the *insurer* and maintain confidentiality of the existence of extension 2.15.

5.8 **Reporting critical regulatory events**

As a condition precedent to cover for *regulatory crisis response costs* from any *critical regulatory event*, the *critical regulatory event* must have been reported to the *insurer* as soon as practicable.

5.9 **Claim and direct loss notification**

All notifications relating to *claims*, circumstances, *loss* and *direct loss* must be in writing to:

**Financial Lines Claims
Chartis Europe Limited
2-8 Altyre Road
Croydon CR9 2LG.**

or by facsimile to + 44 (0)20 8680 7321

or email Claims.FI@chartisinsurance.com

5.10 **Reporting circumstances**

Any *insured* may, during the *policy period*, notify the *insurer* at the above address of any circumstance reasonably expected to give rise to a *claim* or *direct loss*. The notice must include the reasons for anticipating that *claim* or *direct loss* and full particulars as to dates, acts and persons involved.

5.11 **Related claim, single claim**

Any *claim* made after expiry of the *policy period* (or applicable *discovery period*) which alleges, arises out of, is based upon or attributable to any fact alleged in, or *wrongful act* which is pertinent to:

(i) a *claim* first made during the *policy period* (or applicable *discovery period*) or

(ii) a circumstance reasonably expected to give rise to a *claim*,

which was reported to the *insurer* as required by this policy, will be accepted by the *insurer* as having been made at the same time as the notified *claim* was made or the circumstance was reported, and reported at the same time as the notified *claim* or circumstance.

Also, any *claim* or series of *claims* arising out of, based upon or attributable to continuous, repeated or related *wrongful acts* shall be considered a single *claim*. With respect to Extension 2.8-Employee Funds Theft any *direct loss* or series of *direct losses* arising out of, based upon or attributable to continuous, repeated or related acts committed by any *employee* or in which such *employee* is concerned or implicated and/or arising from any one occurrence, shall be considered a single *direct loss*.

5.12 Defence and settlement of claims

All *insureds* must, at their own cost, render all reasonable assistance to and cooperate with the *insurer*. In the event of any *claim*, *direct loss* or circumstance that may give rise to a *claim* or *direct loss*, each *insured* shall take reasonable steps to avoid or diminish *loss* or *direct loss*.

Except as otherwise provided in this clause, the *insured* shall have the right and duty to defend and contest any *claim* made against them. The *insurer* shall be entitled to participate fully in the defence and in the negotiation of any settlement that involves or appears reasonably likely to involve the *insurer*.

The *insurer* will accept as reasonable and necessary the retention of separate legal representation to the extent required by a material conflict of interest between any *insureds*.

If a *claim* is made against an *individual insured* by the *policyholder*, the *insurer* shall have no duty or obligation to communicate with any other *insured* or the *policyholder* in relation to that *claim*.

With respect to any *claim* which is brought against a *director* or *independent director* in relation to their managerial or fiduciary capacity by or on behalf of any:

(i) *fund manager entity*; or

(ii) *fund*,

the *insurer* shall have the right and duty to defend and contest any such *claim* made against any *director* or *independent director*.

In the event that the *insurer* decides that representation by a solicitor is necessary, then the *director* or *independent director* shall select one of the *legal panel* firms to provide such legal representation.

Any dispute between the *insurer* and any *director* or *independent director* in relation to such *director* or *independent director's*

respective compliance with general provisions 5.12 or 5.18 shall not be referred to arbitration pursuant to general provision 5.16. The parties agree to refer such dispute within 30 working days of the *insurer's* assertion of non compliance, to Queen's Counsel to be selected jointly by the parties. Queen's Counsel will be instructed to opine on the merits of the *insurer's* assertion of intentional non-compliance, during which time the *insurer* will continue to advance *defence costs*. The parties agree to be bound by the Opinion rendered by Queen's Counsel. Solely for the purposes of this provision, *defence costs* shall include the fees of Queen's Counsel in rendering such Opinion. In the event that the Queen's Counsel determines that there has been intentional non-compliance by the *director* or *independent director* no cover shall apply to such *claim*.

5.13 **Payment of defence costs**

With respect to Insurance Covers 1.1 (i) Fund manager professional liability and (iii) Fund manager reimbursement; and Insurance Covers 1.2 (i)-Fund professional liability and (iii) Fund reimbursement only: the *insurer* will reimburse the *fund manager entity* or *fund* for *defence costs* in excess of the *retention* covered under this policy promptly after sufficiently detailed invoices for those costs are received by the *insurer*.

The *policyholder* shall reimburse the *insurer* for any payments which are ultimately determined not to be covered by this policy.

5.14 **Consent**

The *insured* shall not admit or assume any liability, enter into any settlement agreement, or consent to any judgment without the prior written consent of the *insurer*. Only *loss* resulting from *claims* defended in accordance with this policy shall be recoverable as a *loss* under this policy. Only *direct loss* notified in accordance with this policy shall be covered. If any *insured* shall compromise or settle any *claim* or potential *claim* without the *insurer's* prior written consent, in a manner that limits or precludes recovery or recourse against such *insured* or assets of or in the possession of such *insured*, and expressly or effectively preserves for or provides to a claimant or potential claimant recourse against this policy or the *insurer*, this policy shall afford no cover in connection with that *claim* or potential *claim*.

5.15 **Allocation**

The *insurer* shall be liable only for *loss* derived exclusively from a covered *claim*, or covered *direct loss*.

In the event that any *claim* involves both covered matters and matters or parties not covered under this policy, a fair and proper allocation of any *loss* shall be made between the *insured entities*, the *individual insureds* and the *insurer* taking into account the relative legal and financial exposures attributable to covered matters and matters or parties not covered under this policy.

5.16 **Disputes between insurer and insureds**

Except as otherwise provided under general provision 5.12, in the event that a determination as to the amount of *defence costs* to be advanced under Insurance Covers 1.1 (ii) – Fund manager directorial liability and 1.2 – Fund directorial liability, to any *insured* cannot be agreed to, then any obligation of the *insurer* to advance *defence costs* to an *individual insured* shall not exceed the amount which the *insurer* determines to be fair and proper until a different amount shall be agreed upon or determined pursuant to the provisions of this policy and applicable law.

A dispute between the *insurer* and the *policyholder* regarding any aspect of this policy or any matter relating to cover thereunder which cannot be resolved by agreement between them within six months, shall be referred to a mutually agreed mediator.

If the dispute remains unresolved after mediation, it shall be resolved by arbitration in the London Court of International Arbitration (LCIA).

5.17 Changes in Risk

INSURED ENTITY AND INDIVIDUAL INSUREDS: Cover for any *claim* against any *insured entity* or *individual insureds* shall apply only for *wrongful acts* committed or *investigations* occurring while such entity is an *insured entity* and while such *individual insured* serves in an *individual insured capacity*.

DIRECT LOSS: Cover under this policy shall cease with respect to any *employee* of an *insured entity*, as soon as any *responsible person* of an *insured entity* not in collusion with such *employee* shall first learn of any *funds theft* by the *employee*, whenever committed.

TRANSACTIONS: The *insurer* shall not be liable to make any payment or to provide any services in connection with any *claim* arising out of, based upon or attributable to a *wrongful act* committed after the occurrence of a *transaction*.

SECURITIES OFFERINGS

If during the *policy period*

- (i) an *insured entity* that is not listed at the inception of this policy makes an offering of its own *securities* in any jurisdiction, whether its *securities* are already traded or not; or
- (ii) an *insured entity* that is already listed at the inception of this policy, decides to make an offering of its own *securities* within the jurisdiction of the United States of America; or
- (iii) any *fund* decides to make an offering of its own *securities* in any jurisdiction, whether its *securities* are already traded or not, by any means, public or private

then the *insurer* shall not be liable to make any payment under any insurance cover or extension arising out of, based upon or attributable to such *securities*, unless, as soon as the information is publicly available, the *insured entity* shall (i) provide the *insurer* with any prospectus, offering statement or any other information as the *insurer*

may require in order to assess and evaluate any additional exposure and (ii) accept any amendment to the terms and conditions of this policy and agree to pay any additional premium charged by the *insurer* to reflect the increase in exposure.

5.18 Subrogation and cooperation

The *insurer* shall be subrogated to all *insureds'* rights of recovery, contribution and indemnity before or after any payment under this policy. The *insureds* shall do nothing to prejudice such rights. It shall be a condition precedent to the obligations of the *insurer* that *insureds* will, at their own cost: (i) give the *insurer* full details of a reported circumstance or *claim* or *direct loss* as soon as possible together with all relevant documents; and (ii) assist and cooperate with the *insurer* in the investigation, defence, settlement or appeal of a *claim* or reported circumstance or *direct loss*. The *insurer* shall not exercise its rights of subrogation against an *insured* in connection with a *claim* except with respect to (i) Extension 2.8-Fund employee funds theft or (ii) where the *insurer* can establish that exclusion 4.1 Conduct applies to that *claim* and that *insured*.

5.19 Other insurance & indemnification

Insurance provided by this policy applies excess over more specific insurance and indemnification available from any other source.

Further, for regulatory crisis response costs incurred in response to any critical regulatory event (and any other related critical regulatory events) covered under this policy and any other insurance coverage provided by the insurer or any other Chartis company (Chartis) (or would be provided but for the application of a retention, exhaustion of a limit of liability or failure to submit a notice as required), then Chartis' maximum obligation for regulatory crisis response costs combined in response to all such critical regulatory events under all such coverage shall be £50,000.

5.20 Services Disclaimer

Services of a third party that may be offered in connection with this policy are being provided to the *insureds* by the third-party directly, as its client, without the supervision of the *insurer*. Accordingly, the *insurer* cannot and does not make any warranties, guarantees or representations with respect to any such services or any failure to provide same; and the *insurer* shall have no liability for acts, errors or omissions of any third party service provider or otherwise for damages from the use of, or inability to use any such services.

5.21 **Notice and authority**

The *policyholder* shall act on behalf of all *insureds* in connection with all matters relevant to this policy.

5.22 **Assignment**

Neither this policy nor any right hereunder may be assigned without written consent of the *insurer*.

5.23 **Policy interpretation**

Any interpretation of this policy or issue relating to its construction, validity or operation shall be determined by the laws of England and Wales. No amendment to this policy will be effective unless it is in writing. Except as otherwise provided herein, the parties will submit to the exclusive jurisdiction of the courts of England and Wales.

This policy, its schedule and any endorsements are one contract in which, unless the context otherwise requires:

- (i) headings are descriptive only, not an aid to interpretation;
- (ii) singular includes the plural, and vice versa;
- (iii) the male includes the female and neuter;
- (iv) all references to specific legislation include amendments to and re-enactments of such legislation and similar legislation in any jurisdiction in which a *claim* is made or *direct loss* is *discovered*; and
- (v) references to positions, offices or titles shall include their equivalents in any jurisdiction in which a *claim* is made or *direct loss* is *discovered*.

5.24 **Cancellation of the policy**

This policy may not be cancelled except for non-payment of the premium.

5.25 **Contracts (Rights of Third Parties) Act 1999**

Nothing in this policy is intended to confer a directly enforceable benefit on any third party other than an *insured entity, fund* or *individual insured*, whether pursuant to the Contracts (Rights of Third Parties) Act 1999 or otherwise.

1.1. **5.26 Complaints**

We believe you deserve courteous, fair and prompt service. If there is any occasion when our service does not meet your expectations please contact us using the appropriate contact details below and provide the Policy/Claim Number and the name of the Policyholder/Insured Person to help us deal with your comments quicker.

Claims related complaints:

Head of Financial Lines & Professions Claims – Claims Manager
58 Fenchurch Street, London, EC3M 4AB

Telephone: +44 (0)207 063 5418
Email: claims.fl2@chartisinsurance.com
Online: www.chartisinsurance.com/uk (please select “contact” followed by “your feedback”)

All other complaints:
Customer Relations Unit
Chartis Europe Limited, 2-8 Altyre Road, Croydon CR9 2LG
Telephone: +44 (0) 208 649 6666
Facsimile: +44 (0) 208 680 7330
Email: uk.customer.relations@chartisinsurance.com
Online: www.chartisinsurance.com/uk (please select “contact” followed by “your feedback”)

We will acknowledge the complaint within 5 business days of receiving it, keep you informed of progress and do our best to resolve matters to your satisfaction within 8 weeks. If we are unable to do this you may be entitled to refer the complaint to the Financial Ombudsman Service (FOS) who will review your case. We will provide full details of how to do this when we provide our final response letter addressing the issues raised.

The FOS will not consider a complaint if you:

- (i) have not provided us with the opportunity to resolve it, or
- (ii) are a business with more than 10 employees and a group annual turnover of more than €2 million; or
- (iii) are a trustee of a trust with a net asset value of more than £1 million or;
- (iv) are a charity with an annual income of more than £1 million.

The FOS can be contacted at:
Financial Ombudsman Service,
South Quay Plaza, 183 Marsh Wall, London E14 9SR
Telephone: 08000 234 567
(free for people phoning from a “fixed line”, e.g. a landline at home)
Or: 0300 123 9 123
(free for mobile phone users who pay a monthly charge for calls to numbers starting 01 or 02)
Email: complaint.info@financial-ombudsman.org.uk

Following this complaint procedure does not affect your right to take legal action.

1.2. **Financial Services Compensation Scheme**

The Insurer is covered by the Financial Services Compensation Scheme (FSCS). The Insured may be entitled to compensation from

the scheme in the unlikely event that the Insurer cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Further information is available from the FSCS.

Financial Services Compensation Scheme, 7th Floor Lloyds
Chambers, Portsoken Street, London E1 8BN
Telephone: 020 7892 7300
Fax: 020 7892 7301
E-mail: enquiries@fscs.org.uk

Hedge Fund Protector

Appendix I

DLA Premier Package

1 **Loss avoidance and mitigation services**

The following services are being offered by DLA Piper Rudnick Gray Cary UK LLP (“DLA”), upon subscription by the *policyholder* during the *policy period*, at no charge to any *insured*.

1.1 **Confidential Briefing**

DLA lawyers will offer *directors*, and other invitees proposed by the *policyholder* (subject to DLA’s consent), a private briefing on regulatory compliance issues.

The briefing will cover:

- procedural and governance best practice in regulatory matters; and
- regulatory compliance regimes.

1.2 **Crisis Management**

DLA lawyers will offer *directors*, executive *officers* and other invitees proposed by the *policyholder* (subject to DLA’s consent), a private confidential advisory meeting.

The advisory meeting will cover legal and regulatory crisis management issues facing the *policyholder* such as:

- policy;
- process;
- preparedness;
- audits;
- impact mitigation;
- media management; and
- reputational-injury containment and recovery.

If the *policyholder* subscribes to the crisis management services, DLA has agreed to offer to the *policyholder* and its *directors* and executive *officers* at a discounted rate, during the *policy period*, further specialised loss avoidance and mitigation services.

2. **DLA Extras**

DLA has agreed to make the following additional features available to the *policyholder* and *individual insureds*, upon subscription by the *policyholder*, during the *policy period* and at no charge to any *insured*.

Regulatory Bulletins and Alerts: During the *policy period*, the *policyholder* and its *individual insureds* may access *DLA's* regular, external legal updates, bulletins and alerts concerning regulatory issues and developments.

Raid Kit: During the *policy period*, the *policyholder* and its *individual insureds* may obtain upon request a copy of proprietary procedural guidelines to be followed in the event of an on-site raid by regulators.

3. **How to subscribe**

The *policyholder* must subscribe to these services during the *policy period*. It is advisable to subscribe at the commencement of the *policy period* because the services are subject to availability. To subscribe for these services at no fee, the *policyholder* should telephone Liliane Sanderson +44 (0)20 7153 7541. All services are subject to *DLA's* terms and conditions of engagement (including any right to refuse to accept as a client any *director* or other invitee proposed by the *policyholder* for justifiable reasons such as a conflict of interest) and applicable professional codes of conduct.

Hedge Fund Protector

Appendix II

Public Relations Consultant(s)

1. David Brotzen
Brotzen Mayne Ltd
+44 (0)20 7645 8205

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Appendix III

Legal Panel

- Allen & Overy
- Clifford Chance
- DLA Piper Rudnick Gray Cary
- Dundas & Wilson
- Lovells
- Norton Rose
- Herbert Smith
- Freshfields Bruckhaus Deringer