



Financial Institutions Professional Liability Insurance



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the story of Beazley
and how it all started
with a hatstand

THIS POLICY SETS OUT THE TERMS UPON WHICH THE **INSURER** AGREES TO INSURE THE **INSURED** IN CONSIDERATION OF THE PAYMENT OF, OR AGREEMENT TO PAY, THE PREMIUM. THE INSURING CLAUSES AND COVERAGE EXTENSIONS ARE SUBJECT TO ALL TERMS, CONDITIONS, RESTRICTIONS AND LIMITATIONS OF THIS POLICY.

Insuring Clause

The **insurer** will pay on behalf of the **insured** any **loss** resulting from a **claim** first made against the **insured** during the **policy period**.

Coverage Extensions

1. Dawn raid costs

The **insurer** will pay **dawn raid costs** of the **company**.

2. Regulatory extension

The **insurer** will pay **regulatory costs** of an **insured person**.

3. Mitigation extension

The **insurer** will pay **mitigation costs** of an **insured**.

Coverage Restrictions

The **insurer** will not be liable to make any payment under this policy for that part of any **loss**:

1. Bodily injury or property damage

resulting from any **claim** for actual or alleged bodily injury, sickness, disease or death of any person, or damage to, destruction, impairment or loss of use of any tangible property.

This Coverage Restriction will not apply to:

- (a) that part of any **claim** for emotional distress caused by, or defamation, libel, slander or injurious falsehood committed by, the **insured** or by any person for whose acts the **insured** is legally responsible; or
- (b) loss, damage or destruction of physical or electronic documents or **personally identifiable customer information**.

2. Contractual liability

arising out of, based upon or attributable to any contractual penalty, acceptance by the **insured** of liability for any liquidated damages, or guarantee or warranty provided by the **insured**.

This Coverage Restriction will not apply to:

- (a) the **insured's** failure to perform its duties with reasonable skill and care, provided that the **insurer's** liability will be limited to such sums as the **insured** would have had to pay in the absence of such contractual penalty, liquidated damages or guarantee or warranty; or
- (b) any liability assumed by any **insured** which is a requirement of, or a condition contained within the membership rules, regulations or user agreements of:

- (i) any regulated payment systems company, regulated exchange, clearing house or any other regulated trading facility, system or network providing services or functionality of a similar nature; or
- (ii) any party with which the **insured** has a written or electronic agreement for the provision of registration and entitlement records for the **insured** in connection with securities.

3. Dishonesty

arising out of, based upon or attributable to the gaining of profit or advantage to which the **insured** was not legally entitled or any dishonest or fraudulent act or omission or intentional breach of any laws or regulations by the **insured**.

This Coverage Restriction will only apply in the event that any of the above is established by final non-appealable adjudication of a **regulatory authority**, a judicial or arbitral tribunal or formal admission by the **insured**.

This Coverage Restriction will not apply to any actual or alleged vicarious liability of the **company** which arises from the dishonest or fraudulent acts or omissions or intentional breach of any laws or regulations by an **insured person**.

4. Duties to employees

arising out of, based upon or attributable to, directly or indirectly, any breach of any obligation or duty owed or purportedly owed by the **company** as a current, former or prospective employer.

5. Infrastructure

arising out of, based upon or attributable to any failure or malfunction of electrical or telecommunications infrastructure or services which are outside the control of the **insured**.

6. Insured v insured

arising out of any **claim** brought by or on behalf of any **insured**, or successor of any **insured**.

This Coverage Restriction will not apply to any **claim** brought by or on behalf of the **insured person** as a customer or client of the **company** or which emanates from an independent third party.

7. Intellectual property

arising out of, based upon or attributable to the breach of any intellectual property right or misappropriation of a trade secret.

8. Lender's liability

arising out of, based upon or attributable to any loan, lease or extension of credit by or on behalf of the **insured** or any collection, foreclosure or repossession in connection with a loan, lease or extension of credit.

This Coverage Restriction will not apply to a **claim** arising out of a **wrongful act** in the administration of any loan, lease or extension of credit.

9. Prior claims and circumstances

arising out of, based upon or attributable to any **claim**, **insured event**, fact, circumstance or **wrongful act** of which notice has been given under any policy in relation to which this policy is a renewal or replacement or of which any **responsible person** had knowledge prior to the inception of this policy or any matter which taken together with such **claim**, **insured event**, fact, circumstance or **wrongful act** would constitute a **single event**.

This Coverage Restriction will not apply to facts or circumstances which have been notified to the **insurer** under any earlier policy but were not accepted by the **insurer** as a valid notification, and where cover has been maintained continuously with the **insurer** from the inception date of that earlier policy until the inception date of this policy.

10. Shareholder, bondholder or creditor

arising out of any **claim** which is brought by, in the right of or on behalf of any shareholder or bondholder of the **company** in its capacity as a shareholder or bondholder, or creditor in the event **financial impairment** of the **company**.

For the purpose of determining the applicability of these Coverage Restrictions, the knowledge or act, error or omission of any **insured person** will not be imputed to any other **insured person**. The knowledge of each **responsible person** will be imputed to all **companies**.

Claim Provisions

1. Notification

(a) *Claims and insured events*

It is a condition precedent to coverage that the **insured** must give notice to the **insurer** of any:

- (i) **claim** made against the **insured** during the **policy period**; or
- (ii) **insured event** occurring during the **policy period**,

as soon as practicable after the **responsible person** first becomes aware of such **claim** or **insured event**, but in no event later than 60 days after the end of the **policy period**, or within any applicable **discovery period**.

In the event that the **insured** fails to provide notice of any **claim** or **insured event** in accordance with this provision, the **insurer** will not be entitled to deny coverage for that **claim** or **insured event** based upon late notice, unless the **insurer** can establish that their interests were materially prejudiced by reason of such late notice.

The **insured** must also give notice to the **insurer** of any intention to incur **mitigation costs** on the part of the **insured** either prior to such costs being incurred, or in respect of a time critical event, within 14 days of such costs being incurred.

In the event that the **insured** is prevented from notifying any **claim** or **insured event** to the **insurer** (after the **insured** has sought consent to do so) due to any legal or regulatory prohibition restricting them from doing so, the **insured** will provide full details of the **claim** or **insured event** to the **insurer** as soon as such restriction is lifted.

(b) *Circumstances*

The **insured** may, during the **policy period**, notify the **insurer** of any fact or circumstances which may in the reasonable opinion of the **responsible person** give rise to a **claim** or **insured event**.

Any notice must include the reasons why the **responsible person** reasonably anticipates that the fact or circumstances may give rise to a **claim** or **insured event** and, where available, full particulars of the dates, acts and persons involved.

Any **claim** which is made or **insured event** which occurs after the end of the **policy period** and which arises from a circumstance notified in accordance with this clause will be deemed to have been made or have occurred at the same time such circumstance was notified.

(c) Related matters

A **single event** will be treated by the **insurer** as having been notified when the first of such **claims** or **insured events** was notified or is deemed to have been notified to the **insurer**, irrespective of whether or not the **insurer** has formally accepted the notice.

(d) Address for notifications

All notices must be sent either by e-mail to claims.canada@beazley.com or by mail to the address below:

Beazley Canada Limited
First Canadian Place
4530 – 100 King Street W, P.O. Box 328
Toronto, ON M5X 1E1 Canada

2. *Defence and settlement*

(a) Duties

The **insured** has the right and duty to defend and contest any **claim** made against them, or any **insured event** commenced against them, and will take all reasonable steps to prevent or minimise any **loss**.

The **insurer** will be entitled to participate fully in the conduct of the defence, and at its sole discretion and option, to take over conduct of the defence including settlement negotiations, contribution or indemnification proceedings, in consultation with the **insured**, where it is reasonably likely to involve the **insurer** making any payment under this policy.

(b) Consent to policy costs

The **insurer** will not be obliged to pay **policy costs** unless the **insurer** has provided prior written consent to such costs being incurred (except where expressly stated in the policy that prior consent is not first required).

If the **insurer's** prior written consent cannot reasonably be obtained before **policy costs** are incurred, then the **insurer** will give retrospective approval for such reasonable **policy costs** necessarily incurred.

(c) Advancements

The **insurer** may, at their sole discretion and option, agree to pay **policy costs** prior to coverage being confirmed.

(d) Consent to settlements

If an **insured** admits liability or compromises or settles any **claim** or **insured event**, without the **insurer's** prior written consent, this policy will not provide cover in connection with that admission, **claim** or **insured event**.

The **insured** will not be required to receive the **insurer's** consent prior to making any self report or formal written representation to a **regulatory authority**, provided that as soon as legally permitted, the **insured** will seek the consent of the **insurer** in accordance with this clause. The **insurer** will not consider such self report or formal written representation as an admission of liability for the purposes of this clause.

(e) Uninsured loss

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

3. Allocation

Where a **claim** or **insured event** involves both parties covered and not covered and/or matters covered and not covered by this policy, a fair and proper allocation shall be made between the **insured** and the **insurer**, taking into account the relative legal and financial exposures attributable to the covered matters or persons and the matters or persons not covered by this policy.

4. Cooperation

The **insured** will give all information and assistance to the **insurer** as it may reasonably require to enable it to investigate any matter notified under this policy and cooperate with the **insurer** in responding to any **claim** or **insured event**.

Except where expressly provided for in this policy, these steps will not be paid for by the **insurer**.

5. Other insurance

This policy will only pay **loss** that is in excess of any amount recoverable from a more specific professional liability insurance available to the **insured**. As excess insurance, this policy will not apply or contribute to the payment of any **loss** until the amounts of that other insurance have been exhausted.

6. Financial interest coverage

This policy will cover the **policyholder** for loss caused to its financial interest in an **uncovered company** but will not provide cover for the loss of an **uncovered company**.

The **insurer** will pay the **policyholder** for loss to its financial interest in such **uncovered company** that is valued as the amount of **loss** which would have been payable to the **uncovered company** under this policy had the **uncovered company** been permissibly insured under this policy. No payment will be made in respect of any Insuring Clause or Coverage Extension which would have covered the **loss** of any **insured person** in respect of their role for the **uncovered company**.

The **policyholder** will, as a condition of this policy:

- (a) procure that the **uncovered company** adheres to all duties, obligations and conditions under this policy that would have been applicable had the **uncovered company** been insured under this policy;
- (b) notify the **insurer** of any cause of action, benefit or recovery that an **uncovered company** may have in relation to the facts and circumstances of the loss;
- (c) ensure that the **uncovered company** enforces and/or assigns any cause of action, benefit or recovery to the **policyholder** and where there is a benefit or recovery, the amount payable under this policy shall be reduced by the same amount.

7. Subrogation and recoveries

Following a payment under this policy, the **insurer** will be subrogated to all rights and remedies available to the **insured** in connection with that payment therefore the **insurer** has the right to seek recovery of that payment from a third party and will be entitled to bring proceedings in the name of the **insured**. Whether before or after payment under this policy, the **insured** will take all steps necessary, or required by the **insurer**, to preserve the rights and remedies which the **insured** may have to recover its **loss**.

The **insured** will provide to the **insurer** any assistance the **insurer** may require to secure the rights and remedies set out above. The **insurer** shall be entitled to take control of all steps taken to recover any loss.

Any amounts recovered will be applied in the following order:

- (a) to reimburse costs incurred in bringing proceedings against the third party;
- (b) then to the **insured** for the amount of any **loss** which exceeds the **limit of liability**;
- (c) then to the **insurer** up to the amount of the **loss** paid by the **insurer** and the **limit of liability** will be reinstated for such amounts; and
- (d) then to the **insured** to reimburse the **retention**.

The **insurer** agrees not to exercise its rights of recovery against any **insured person** unless the payments made by the **insurer** under this policy are brought about or contributed to by any dishonest or fraudulent act or omission or intentional breach of any laws on the part of that **insured person**.

General Conditions

1. Limit of liability

The **limit of liability** is the maximum amount payable by the **insurer** under this policy in respect of all **insureds**, the Insuring Clause and all Coverage Extensions. However, if indicated as 'included' in the Declarations, the **limit of liability** will be automatically reinstated in the event of erosion or exhaustion by payment of **loss** to the extent of such erosion or exhaustion. Such reinstated **limit of liability** will only apply once the limit of liability of all insurance policies sitting excess of this policy have been exhausted.

The **insurer** will not be liable for more than the **limit of liability** in respect of all **loss** arising from a **single event** and twice the **limit of liability** in respect of all **loss** payable under this policy (in the event of a reinstatement).

Any **loss** paid by the **insurer** under this policy will reduce the **limit of liability**.

Where any sub-limit is specified in the policy or Declarations, the **insurer** will have no liability in excess of that sub-limit. Any sub-limit will be part of and not in addition to the **limit of liability**.

2. Retention

The **insurer** will be liable only for that part of any covered **loss** which exceeds the **retention**.

Only one **retention**, being the largest, will be applied to the total amount of **loss** arising from a **single event**.

In respect of **mitigation costs**, a single **retention** will apply to all anticipated **claims** arising out of, based upon or attributable to the same originating cause, source or event.

3. Change of control / acquisitions

In the event of a **change of control** of a **company**, no cover under this policy will apply for any:

- (a) **claim** against that **company** or their **insured persons**, which arises from a **wrongful act**; or
- (b) **insured event** concerning that **company** or their **insured persons**, which arises out of any conduct, circumstance or matter;

that occurred after such **change of control**.

The **policyholder** will, as soon as practicable, give the **insurer** written notice of any **change of control** which takes place in respect of the **policyholder**.

Upon receipt by the **insurer** of such written notice, the **insurer** may agree at their sole discretion, upon receipt of sufficient information to allow the **insurer** to assess the potential increase in insurance risk, to the continuation of cover for any:

- (i) **claim** against that **company** or their **insured persons**, which arises from a **wrongful act**; or
- (ii) **insured event** concerning that **company** or their **insured persons**, which arises out of any conduct, circumstance or matter;

that occurred after such **change of control**, subject to the **policyholder** accepting any amendment to the terms and conditions of this policy or the charging of a reasonable additional premium that the **insurer** requires.

In the event of an acquisition of a **subsidiary**, no cover under this policy will apply for any:

- (1) **claim** against that **subsidiary** or their **insured persons**, which arises from a **wrongful act**; or
- (2) **insured event** concerning that **subsidiary** or their **insured persons**, which arises out of any conduct, circumstance or matter;

that first commenced before such acquisition.

4. Discovery period

If this policy is not renewed or replaced, the **insured** will be entitled:

- (a) to an automatic **discovery period** of 60 days; and
- (b) to purchase an optional **discovery period** for a longer period as specified in the Declarations, provided that written notice is given to the **insurer** by the **policyholder** within 30 days after the end of the **policy period** and any additional premium specified by the **insurer** is paid within 45 days of the end of the **policy period**.

The automatic **discovery period** will be part of and not in addition to any optional **discovery period** purchased by the **insured**.

The **discovery period** is non-cancellable and the premium for the optional **discovery period** is deemed fully earned at the inception date of the optional **discovery period**.

In the event of a **change of control** of the **policyholder**, the **policyholder** is entitled to purchase a 72 month **discovery period** on such terms and conditions and for such additional premium as the **insurer** requires.

Any **discovery period** does not increase the **limit of liability**, and any payments made with respect to **claims** and **insured events**, during the **discovery period** is part of the **limit of liability**.

5. Cancellation

The **policyholder** may cancel this policy by giving the **insurer** prior written notice stating when the cancellation will be effective. In such event, the **insurer** will give the **policyholder** a pro rata refund of the premium for the remaining portion of the **policy period**. However, in the event that the **insured** has reported any **claim, insured event**, fact or circumstance under this policy, the premium will be deemed fully earned with no refund payable unless the **policyholder** withdraws, at the time of such notice of cancellation, all such **claims, insured events**, facts and circumstances from this policy.

The **insurer** will have the right to cancel this policy only for non-payment of premium by providing in writing 30 days' notice of cancellation to the **policyholder**. If the premium is paid in full to the **insurer** before the 30 day notice period expires, notice of cancellation will automatically be revoked. In the event of cancellation, the **insurer** will be entitled to the pro-rata portion of the premium. If this cancellation notice provision is in conflict with any governing law or regulation, then such provision will be amended to afford the minimum requirements permitted under such law or regulation.

6. Authorization

The **policyholder** will act on behalf of all **insureds** in connection with all matters relevant to this policy unless the **policyholder** is insolvent in which event the remaining entities will agree with the **insurer** as to which one of them will act on behalf of all **insureds**.

7. Third parties

Nothing in this policy is intended to confer a directly enforceable benefit on any third party other than an **insured**.

8. Assignment

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

9. Policy interpretation

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

- (a) headings and subheadings are descriptive only, solely for convenience, not an aid to interpretation and form no part of the terms and conditions of coverage;
- (b) the singular includes the plural, and the masculine includes the feminine, and vice versa;
- (c) "Including" and "include(s)" means without limitation;
- (d) references to specific legislation, federal, provincial, state or local law or rule or regulation include amendments to and re-enactments of that legislation and any similar or equivalent legislation in the relevant jurisdiction;
- (e) references to positions, offices or titles will include their equivalents in any jurisdiction;
- (f) if any provision of this policy is or becomes void or illegal, is invalid or unenforceable by a court or other competent body under the law of any applicable jurisdiction, such provision will be deleted. The **insurer** and the **insured** will use their best efforts to agree a replacement for the provision which achieves as far as possible the same effect as would have been achieved by the deleted provision.

10. Governing law

This policy will be governed by and construed in accordance with the laws of the province where the **policyholder** is registered and the applicable laws of Canada. Any dispute will be submitted to the exclusive jurisdiction of the Courts of the province where the **policyholder** is registered.

11. Service of Suit

In any action to enforce the obligations of the **insurer**, service of proceedings may validly be made upon the Attorney In Fact in Canada, whose address for such service is 200 Bay Street, Suite 2930, PO Box 51, Toronto, ON M5J 2J2.

12. Duty of disclosure

The **insurer** expects the **insured** to comply with their duty of disclosure. In the event that there has been a breach of the duty of disclosure, the **insurer** will not exercise any available remedies for any breach that was free of any fraudulent conduct or intent to deceive.

The knowledge or act, error or omission of any **insured person** will not be imputed to any other **insured person**. The knowledge of each **responsible person** will be imputed to all **companies**.

13. Insurer's consent

Where the **insured** is required under this policy to seek the consent of the **insurer**, the **insurer** will not unreasonably withhold, delay or deny such consent.

14. Sanction limitation

The **insurer** will not be liable to provide any cover, benefit or pay any claim under this policy to the extent that the provision of such cover, benefit or payment of such claim would expose the **insurer** to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of Canada, the European Union, United Kingdom or United States of America.

Definitions

The following definitions are applicable to all sections of this policy:

change of control means any one of the following events:

- (a) 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;
- (b) any person or entity, whether individually or together with any other person or persons, entity or entities becomes entitled to exercise more than 50% of the rights to vote at general meetings of the **policyholder** or control the appointment of directors who are able to exercise a majority of votes at meetings of the board of directors of the **policyholder**;
- (c) **financial impairment** in respect of a **company**, but only in relation to that **company**;
- (d) an entity ceases to be a **subsidiary**, or becomes controlled by another entity by virtue of any law; or
- (e) a change of "control" occurred as specified in subsection 2(3) of the Canada Business Corporations Act, R.S.C. 1985, c. C-44.

claim means:

- (a) a written demand for damages, compensation or non-monetary relief;
- (b) a civil, administrative or regulatory proceeding for damages, compensation or non-monetary relief;
- (c) a demand for mediation, arbitration or other form of alternative dispute resolution for damages, compensation or non-monetary relief; or
- (d) a criminal proceeding,

arising out of a **wrongful act**.

company means the **policyholder** and any **subsidiary**.

dawn raid means:

- (a) a raid or on-site visit to the **company** by any **regulatory authority** that involves the production, review, copying or confiscation of files or interviews of any **insured persons**;
- (b) a public announcement relating to an event in sub-paragraph (a) above.

A **dawn raid** does not include routine regulatory supervision, inspection or compliance reviews, or any investigation which focuses on an industry rather than an **insured**.

dawn raid costs means reasonable fees, costs and expenses necessarily incurred by the **company** directly in connection with preparing for, cooperating with or attending interviews in respect of or responding to a **dawn raid** first commenced during the **policy period**.

defence costs means the reasonable fees, costs and expenses necessarily incurred by or on behalf of the **insured** in connection with the investigation, defence, settlement or appeal of a **claim**.

defence costs includes:

- (a) the reasonable fees, costs and expenses of an accredited expert retained through defence counsel approved by the **insurer** on behalf of the **insured** in order to prepare an evaluation, report, assessment, diagnosis or rebuttal of evidence in connection with the defence of a covered **claim**; and
- (b) up to CAD1,000 per day for each day on which the **insured person** has been required to and has attended court as a witness in connection with a **claim** notified under and covered by this policy. No **retention** will apply.

defence costs does not include the remuneration of any **insured person**, the cost of their time or costs or overheads of the **company** (except as provided for in clause (b) above).

discovery period means the period of time following the end of the **policy period** during which notice may be given to the **insurer** of:

- (a) any **claim** arising out of any **wrongful act** committed before the end of the **policy period**; or
- (b) any **insured event** arising out of any conduct undertaken before the end of the **policy period**.

document means any physical or electronic document.

financial impairment means the appointment by any provincial, territorial, state or federal official, agency or court of any receiver, trustee, examiner, conservator, liquidator, rehabilitator or similar official to take control of, supervise, manage or liquidate the **company**.

insured means the **insured persons** and the **company**.

insured event means a **dawn raid** and a **regulatory event**.

insured person means any natural person who was, is, or during the **policy period** becomes:

- (a) employed by the **company**;
- (b) a director or officer of the **company** whilst acting in their capacity as an employee; or
- (c) a natural person who is an independent contractor with a written agreement with the **company** to perform **professional services**.

insured person includes the estate, heirs, legal representatives or assigns of an **insured person** in the event of their death, incapacity or bankruptcy or the lawful spouse, civil or domestic partner of an **insured person** solely in their capacity as such.

insured person does not mean any independent broker, adviser or any similar agent or any independent representative remunerated on a sales or commission basis.

insurer means Beazley Syndicate 3623 at Lloyd's.

limit of liability means the amount specified in the Declarations.

loss means:

- (a) **policy costs** to the extent afforded by the applicable Coverage Extension;
- (b) any amount that the **insured** is required to pay as a result of a legally enforceable obligation to a third party, for:
 - (i) damages, interest and related costs awarded pursuant to a final judgment or award;
 - (ii) compensation awarded by a **regulatory authority**;
 - (iii) compensation pursuant to a settlement negotiated with the **insurer's** prior written consent; or
 - (iv) the cost (including the acquisition cost of securities) of restoring a person to a register or record where the **insured** is legally liable for the removal or non-appearance of that person from or on the register or record.

loss does not include:

- (i) fines and penalties;
- (ii) non-compensatory, punitive, aggravated or exemplary damages (other than aggravated or exemplary damages awarded in an action for defamation, emotional distress, libel, slander or injurious falsehood)
- (iii) multiple damages (except for the single compensatory amount of those damages prior to their multiplication);

- (iv) employment-related compensation, wages or benefits, or costs or overheads of the **company**;
- (v) taxes;
- (vi) fees, commissions or other compensation for any **professional services** rendered or required to be rendered by the **insured**; or
- (vii) amounts which are uninsurable.

management control means:

- (a) controls the composition of the board of directors;
- (b) controls more than half of the shareholder voting power; or
- (c) holds more than half of the issued share capital.

mitigation costs means any reasonable payments incurred by the **insured** during the **policy period** in taking action to mitigate the financial consequences of a **wrongful act** which the **insured** establishes to the **insurer's** satisfaction would otherwise have reasonably been expected to give rise to a **claim** for which the resulting **loss** would have been covered by the policy. **Mitigation costs** do not include payments incurred after such **claim** is made.

mitigation costs does not include payments incurred without the **insured** first obtaining the **insurer's** consent, unless it was not reasonably practicable to obtain consent due to a time critical event and **insurers** were otherwise notified in writing within 14 days of such payment being incurred.

personally identifiable customer information means any physical or electronic document or information concerning any past, present or prospective customer of the **insured**.

policy costs means **dawn raid costs**, **defence costs**, **regulatory costs**, and **mitigation costs**.

policyholder means the entity named in the Declarations.

policy period means the period specified in the Declarations.

professional services means services performed by or on behalf of the **company**, and any related services, administrative and back office functions, pursuant to an agreement with a third party.

professional services do not include the **insured** acting as a trustee, fiduciary or administrator of the **company's** own pension, profit-sharing or employee benefits programme.

regulatory authority means any provincial, federal or foreign regulator, government, government body, judicial or parliamentary body, governmental or administrative agency, any self-regulatory body recognised in that capacity under applicable law or official trade body.

regulatory costs means reasonable fees, costs and expenses necessarily incurred by an **insured** directly in connection with preparing for, cooperating with or attending interviews in respect of or responding to a **regulatory event** first commenced during the **policy period**.

regulatory event means:

- (a) a request by a **regulatory authority** for an **insured person** to attend an interview, meeting or provide information;
- (b) a **dawn raid**; or
- (c) any formal or official hearing, examination or investigation by a **regulatory authority**, once the **insured person**:
 - (i) is requested or required to cooperate with or attend; or

(ii) is identified in writing by that **regulatory authority** as a target of,

the formal or official hearing, examination or investigation. Where the **regulatory authority** is the Securities Exchange Commission (SEC) (U.S.A.), this will only apply where the **insured person** has been served with a subpoena or Wells Notice.

A **regulatory event** does not include routine regulatory supervision, inspection or compliance reviews, or any investigation which focuses on an industry rather than an **insured**.

responsible person means the Risk Manager, Insurance Manager, Chairman, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Compliance Officer, Head of Audit or General Counsel of the **policyholder**.

retention means the amount specified in the Declarations.

single event means all **claims** and **insured events** arising out of, based upon or attributable to the same originating cause, source or event.

subsidiary means any entity in which the **policyholder** either directly or indirectly through one or more entities has or had **management control** on or before the inception date of this policy.

subsidiary will include:

- (a) any new entity which the **company** incorporates during the **policy period** and which, at the time of incorporation, the **company** has **management control**; and
- (b) any entity, that the **company** acquires **management control** of during the **policy period** provided that at the time of obtaining that **management control**, the acquired entity is not incorporated or domiciled in the United States of America.

If a newly acquired entity is incorporated or domiciled in the United States of America, the **insurer** will provide cover under this policy for 60 days from the date of acquisition, during which time the **policyholder** will give the **insurer** sufficient information to allow the **insurer** to assess the potential increase in insurance risk. The **insurer** may agree to extend the definition of **subsidiary** to include the newly acquired entity, subject to the **policyholder** accepting any amendment to the terms and conditions of this policy or the charging of a reasonable additional premium that the **insurer** requires.

subsidiary does not include any fund, investment vehicle, managed investment scheme or trust.

uncovered company means any **company**:

- (a) that would, subject to the terms and conditions of this policy, have been insured under this policy were it not located in a jurisdiction where it is impermissible under any applicable law, licence or authorisation for the **insurer** to provide insurance to that **company**; or
- (b) which the **policyholder** has elected that the policy will not cover directly but, instead, the policy will cover the **policyholder's** own financial interest in such **company**.

wrongful act means any:

- (a) actual or alleged act, error or omission;
- (b) loss of **documents**; or
- (c) loss of **personally identifiable customer information**,

in the performance of or failure to perform **professional services** by any **insured** or by any other person or entity for whom the **insured** is legally liable.

A handwritten signature in black ink, appearing to read "Dent".

Authorized Insurer's Representative
Beazley Canada Limited