

**Registered Investment Advisor Professional Liability Insurance Policy****Arch Insurance Company**

This is a claims-made and reported policy. Subject to its terms and conditions, this Policy only covers **Claims** first made against the **Insured** and reported to the Insurer, specified in the Declarations (the “**Insurer**”) during the **Policy Period**, but in no event later than sixty (60) days after expiration or termination of this Policy, or during the Extended Reporting Period, if applicable and as specified in Section XI of the Policy. **Defense Costs** are included in, and will reduce, the limits of liability. Please read the entire Policy carefully, and consult your broker/agent or other professional to the extent you do not understand any terms or conditions of this Policy.

Words that appear in bold print, other than in the headings, have special meanings and are defined in Section 19 below. Whenever a singular form of a word is used, the same will include the plural when required by context.

In reliance upon the truthfulness and accuracy of the statements made in the **Application**, in consideration of, and subject to, the payment of premium when due, the agreement of the **Insured** to pay the Deductible amount referenced in the Declarations and described herein and subject to the terms, conditions, exclusions and any endorsements of this Policy, the Insurer and the **Insured** agree as follows:

**I. INSURING AGREEMENTS****A. Basic Coverage for Professional Liability**

The Insurer shall pay on behalf of the **Insured** all **Loss** which the **Insured** shall become legally obligated to pay as a result of any **Claim** first made against the **Insured** during the **Policy Period** or the Extended Reporting Period, if applicable and as specified in Section XI of the Policy, for a **Wrongful Act** by the **Insured** or by any other person for whose actions the **Insured** is legally responsible, but only if such **Wrongful Act** takes place on or after the **Retroactive Date** and before the end of the **Policy Period**.

**B. Cost of Corrections/Trade Error**

1. The Insurer shall reimburse the **Insured** for the reasonable amount which the **Insured** shall have paid to a customer or client of the **Insured** to mitigate or correct direct out-of-pocket monetary damages suffered by such customer or client resulting from a **Trade Error**, but only if:
  - a such negligence takes place on or after the **Retroactive Date** and before the end of the **Policy Period**;
  - b such negligence arises in the ordinary course of the **Insured**'s operations and, if not corrected, would have resulted in direct out-of-pocket monetary damages to such customer or client and would have resulted in a covered **Claim** under this Policy;
  - c such amount paid by the **Insured** would otherwise constitute covered **Loss** under this Policy if a **Claim for such** had been made;
  - d such negligence is reported to the Insurer within forty-eight (48) hours of its discovery; and
  - e the **Insured** provides a sworn proof of loss setting forth all the circumstances of the **Loss** and explaining why the **Insured** believes it is entitled to coverage

under this Section of the Policy. If the transaction is executed by a non-professional of the firm, coverage shall only apply if documentary evidence is provided that a supervisory professional of the firm has reviewed and approved the transaction within twenty-four (24) hours of its execution. At the request of the Insurer, the **Insured** shall make its officers and employees available for an examination under oath;

- 2. Coverage under this Insuring Agreement operates to reduce or avoid, in an expeditious and economic fashion, **Loss** from a **Claim** which would have been made against the **Insured**, and this Insuring Agreement 1.B. does not afford any coverage to the extent that any sum paid by the **Insured** constitutes an ex-gratia settlement or a commercial settlement for the primary purpose of supporting the **Insured's** reputation or business relationships.
- 3. For purposes of this Insuring Agreement only, **Claim** means a written demand for the reasonable amount which the **Insured** shall have paid to a customer or client of the **Insured** to mitigate or correct direct out-of-pocket monetary damages as a result of a **Trade Error**, or the **Insured's** correction of a **Trade Error**.
- 4. Coverage under this section is subject to the following Sub-Limit of Liability (which is part of and not in addition to the Limits of Liability) and Deductible:

Each <b>Claim</b> :	\$100,000
Each <b>Insured Registered Investment Advisor</b> Aggregate:	\$100,000
Deductible Each <b>Claim</b> :	\$10,000

**C. Administrative/Disciplinary Proceedings**

The **Insurer** shall pay **Defense Costs**, resulting from an Administrative/Disciplinary Proceeding made against an **Insured** during the **Policy Period** or as specified in Section XI of the Policy Period, if applicable, but only if the acts occurred on or after the **Retroactive Date** and before the end of the **Policy Period** and arose in connection with otherwise covered activities under this Policy. Coverage under this section is subject to the following Sub-Limit of Liability, which is part of and not in addition to the Limits of Liability specified in Item 3 of the Declarations. No deductible will apply to this insuring agreement.

Each <b>Claim</b> :	\$25,000
Each <b>Insured Registered Investment Advisor</b> Aggregate:	\$25,000

**II. DEFENSE COSTS AND SETTLEMENTS**

- A. The **Insurer** has the sole right to appoint defense counsel and the right and duty to defend any **Claim** made against an **Insured**.
- B. The **Insured** shall not incur any **Defense Costs**, admit any liability, assume any obligation, agree to any settlement, or make any settlement offer with respect to any **Claim** without the **Insurer's** prior written consent, which shall not be unreasonably withheld. The **Insurer** shall not be liable for any **Defense Costs** incurred or any admissions, obligations, agreements, or settlements made by the **Insured** without the **Insurer's** prior written consent.
- C. The **Insurer** has the right to investigate and conduct negotiations and, with the written consent of the **Insured**, effect settlement of any **Claim** as the **Insurer** deems reasonable. If the **Insured** refuses to consent to settlement or compromise recommended by the **Insurer** and elects to contest or continue to contest the **Claim**, the **Insurer's** liability shall not exceed the amount for which the **Insurer** would have been liable for **Loss** and **Defense Costs**, if the

**Claim** had been so settled when and as so recommended, and the **Insurer** shall have the right to withdraw from the further defense of the **Claim** by tendering control of the defense thereof to the **Insured**.

### **III. COOPERATION**

As a condition precedent to the **Insured's** rights under this Policy, the **Insured** shall give to the **Insurer** all information and cooperation as the **Insurer** reasonably may require and shall do nothing that may prejudice the **Insurer's** position or its rights of recovery.

### **IV. EXCLUSIONS**

This Policy does not apply to any **Claim**:

- A.** based upon, arising out of, directly or indirectly, or in any way involving, any:
1. Unregistered Securities;
  2. Private equity investments;
  3. Derivatives including, but not limited to, any type of option contract (except Covered Call and Protective Put options), warrants, futures contracts (including but not limited to commodities and currency) forward contracts, or interest rate swaps;
  4. Structured financial products including, but not limited to, structured notes, asset-backed or mortgage backed securities, collateralized mortgage or debt obligations, or credit-linked notes;
  5. Promissory notes; Issuer callable, or step-up or step down Certificates of Deposits; or Auction Rate Securities;
  6. Viatical or Life settlements, reverse mortgages, or any similar transaction in which the present value of a conditional contract is exchanged or sold;
  7. Structured Settlements;
  8. Proprietary investment products of an Insured;
  9. Tangible personal property, whether directly or indirectly including, but not limited to, any precious metals, gemstones, stamps, sports or other cards, antiques, jewelry, coins, or other collectibles; however, this exclusion shall not apply to gold or silver;
  10. Securities traded exclusively outside of the U.S., its territories or possessions, or Canada;
  11. Securities priced under \$5.00 at the time of sale; however, this exclusion shall not apply if the securities are approved for registration upon issuance on a national securities exchange in the U.S. or authorized for quotation in the NASDAQ National Market System or Small Cap Market or issued by a mutual fund.
- B.** based upon, arising from, or in any way related to, bodily injury, sickness, disease, death, emotional distress, mental anguish, false arrest or imprisonment, abuse of process, malicious prosecution, libel, slander, defamation, violation or invasion of any right of privacy or private occupancy, trespass, nuisance or wrongful entry or eviction, or for damage to or destruction of any tangible property, including loss of use thereof;

- C. based upon, arising from, or in any way related to, any fact, circumstance or **Wrongful Act** which has been reported or has been the subject of any notice under any insurance policy of which this Policy is a renewal or replacement or under any other policy which this Policy may succeed in time;
- D. based upon, arising from, or in any way related to: (a) any demand, suit, or other proceeding against an **Insured** which existed or was pending prior to the effective date of this Policy; or (b) arose from the same or substantially the same facts, circumstances or allegations involved in such existing or pending demand, suit, or other proceeding;
- E. brought or maintained by or on behalf of:
  - 1. any **Insured**; however, this Exclusion shall not apply to **Claims** involving **Professional Services** or; to **Claims** that would be brought by a client
  - 2. any enterprise that owns, operates, controls or manages an **Insured**;
  - 3. any enterprise which an **Insured** owns, operates, controls or manages; or
  - 4. any state or federal regulatory or administrative agency or bureau or any other governmental, quasi-governmental or self-regulatory entity, including, but not limited to, the Securities and Exchange Commission, the National Association of Securities Dealers, the Securities Investor Protection Corporation, or the Financial Industry Regulatory Authority; however, this Exclusion shall not apply to a **Claim** brought by, or on behalf of, such official or entity in its capacity as a client of an **Insured**.
- F. based upon, arising from, or in any way related to, any **Insured** gaining in fact any profit, remuneration or financial advantage to which they are not legally entitled; or any disputes involving an **Insured's** fees, charges, entitlements, or other compensation, or client lists or information;
- G. based upon, arising from, or in any way related to, any deliberately dishonest, malicious or fraudulent act or omission or any willful violation of law by any **Insured** if a judgment or other final adjudication adverse to the **Insured** establishes such an act, omission or willful violation. The **Insurer** shall continue to defend the **Insured**, if these allegations arise out of **Wrongful Acts** otherwise covered under this Policy, but the **Insured** shall reimburse the **Insurer** for **Defense Costs** if such conduct is established as a matter of fact in a civil, arbitration, criminal or other proceeding, or is admitted to by the **Insured**;
- H. based upon, arising from, or in any way related to, the financial inability to pay or to effect any transaction, insolvency, receivership, bankruptcy, or liquidation of any entity; however, this exclusion shall not apply to a **Claim** involving the insurance products of insurance companies rated A- or better by A.M. Best at the time such insurance products were placed;
- I. based upon, arising from, or in any way related to, any pension, profit sharing, health and welfare or other employee benefit plan or trust sponsored, established or maintained for the purpose of providing benefits to employees of an **Insured**;
- J. based upon, arising from, or in any way related to: (a) the **Insured** giving advice or performing services with respect to any aspect of mergers, acquisitions, leveraged buy-outs, tender offers, proxy contests, recapitalizations, financial restructurings, divestitures or investment banking activities; (b) the **Insured** forming, syndicating, operating, administering, advising, or rolling up a limited partnership or real estate investment trust, or any type of charitable enterprise or entity; or (c) the **Insured** acting as a "broker" or "dealer" in securities,

as those terms are defined in Sections 3(a)(4) and 3(a)(5), respectively, of the Securities Exchange Act of 1934, as amended;

- K. based upon, arising out of, directly or indirectly, or in any way involving, the sale, servicing, or administration of, or advice or planning with respect to, any Multiple Employer Welfare Arrangement or any IRS Section 412 or 419 plans;
- L. based upon, arising from, or in any way related to, the liability of others assumed by an **Insured** under any contract or agreement, unless such liability would have attached to an **Insured** even in the absence of such an agreement; or any guarantees or warranties;
- M. based upon, arising out of or in any way involving, any commingling of or improper use of client funds;
- N. based upon, arising out of or in any way involving, investment products partially or totally owned by the **Insured**;
- O. based upon, arising out of or in any way involving, any professional services performed by the **Insured** as an actuary, accountant, attorney, real estate agent or real estate broker, property/casualty insurance agent or third party claims administrator;
- P. based upon, arising out of, or in any way involving, the **Insured's** inability or refusal to pay or collect premium, claim or tax monies or premium financing or other extension of credit to a client;
- Q. based upon, arising from, or in any way related to threatened discharge, dispersal, release or escape of **Pollutants**, or any direction, request or voluntary decision to test for, abate, monitor, clean up, remove, contain, treat, detoxify, or neutralize **Pollutants**, including, without limitation, any actual or alleged property damage or financial loss incurred by, or bodily injury, sickness, disease or death of, any **Insured** or its creditors or securities holders resulting from the matters described in this exclusion;
- R. based upon, arising from, or in any way related to the unauthorized access to any electronic data processing or computer systems of an **Insured**;
- S. based upon, arising out of, directly or indirectly, or in any way involving, any **Auction Rate Security**;
- T. based upon, arising out of, directly or indirectly, or in any way involving, an **Insured's** management of assets in any federal, state, or local/municipal public employee pension or retirement benefit plan.

## V. APPLICATION REPRESENTATIONS

The **Insured** represents that the statements and representations contained in the **Application** are true and shall be deemed material to the acceptance of the risk or the hazard assumed by the **Insurer** under this Policy. This Policy is issued in reliance upon the truth of such statements and representations. The **Insured** agrees that if the **Application** contains statements or representations that are untrue, this Policy shall be void and of no effect whatsoever.

## VI. REPORTING REQUIREMENTS

- A. The **Insured**, as a condition precedent to coverage under the Insuring Agreements of the Policy, shall report every **Claim** to the **Insurer** as soon as practicable, but in no event later than sixty (60) days after the end of the **Policy Period** or during the Extended Reporting

Period, if applicable and as specified in Section XI of the Policy, and that prior to the inception date of the **Policy Period**, no **Insured** knew or could have reasonably foreseen that such **Wrongful Act** might give rise to a **Claim**.

- B. Notice of any **Claim**, circumstance, or **Wrongful Act** shall be forwarded to Lancer Claims Services, 681 S. Parker Street, Suite 300, Orange, CA 92868. All other notices under this Policy shall be forwarded to Arch Specialty Insurance Company, One Liberty Plaza, 53<sup>rd</sup> Floor, New York, New York 10006.
- C. All notices under this Policy shall be sent in writing by mail, prepaid express courier, or facsimile and shall be effective upon receipt thereof by the addressee.

#### **VII. NOTICE OF CIRCUMSTANCE OR WRONGFUL ACT**

If during the **Policy Period** an **Insured** becomes aware of any circumstance or **Wrongful Act** that reasonably may be expected to give rise to a **Claim**, and if such circumstance or **Wrongful Act** is reported to the **Insurer** during the **Policy Period** in writing with details as to the nature and date of such circumstance or **Wrongful Act**, the identity of any potential claimant, the identity of any **Insured** involved in such circumstance or **Wrongful Act**, and the manner in which the **Insured** first became aware of such circumstance or **Wrongful Act**, then any **Claim** subsequently arising from such circumstance or **Wrongful Act** shall be deemed under this Policy to be a **Claim** made during the **Policy Period** in which the circumstance or **Wrongful Act** was first duly reported to the **Insurer**.

#### **VIII. LIMITS OF LIABILITY**

- A. Subject to Section B. below, the **Insurer's** maximum liability for each **Claim** arising from a **Wrongful Act** or **Interrelated Wrongful Act** shall be the Limits of Liability for Each **Claim** referenced in Item 3.a. of the Declarations. Amounts incurred as **Defense Costs**, are included within, and shall reduce the Limit of Liability.
- B. The **Insurer's** maximum aggregate Limits of Liability for all **Loss** and **Defense Costs** resulting from all **Claims** made against any one **Insured Registered Investment Advisor**, which is covered under the Policy, including any **Associated Persons** thereof, shall be the **Insured Registered Investment Advisor** Aggregate set forth in Item 3.b. of the Declarations.
- C. The **Insurer's** maximum aggregate Limits of Liability for all **Loss** and **Defense Costs** resulting from all **Claims** covered by this Policy shall be the Master Policy Aggregate set forth in Item 3.c. of the Declarations.
- D. **Claims** arising from the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be deemed one **Claim**, and such **Claim** shall be deemed first made on the earliest date that: (a) any of the **Claims** are first made against an **Insured** under this Policy or any prior policy; or (b) valid notice was given by the **Insured** under this Policy or any prior policy of any **Wrongful Act** or any fact, circumstance, situation, event, transaction or cause which underlies such **Claim**.

#### **IX. DEDUCTIBLE**

The **Insurer** shall be liable under the Insuring Agreement, Section A. and B. to pay only the amount of covered **Loss** in excess of the Deductible amount identified in Item 4. of the Declarations. Such Deductible shall be borne by the **Insured**, be applicable to each **Claim** and will include all **Loss** up to the **Deductible** amount for each **Claim**. At its sole discretion, the **Insurer** may advance payments for **Loss** within the **Deductible**. Any amounts first paid by the **Insurer** within the



**Deductible** shall, upon written demand by the **Insurer**, be repaid by the **Insured** to the **Insurer** within thirty (30) days of the **Insurer's** demand.

For purposes of the Deductible, **Claims** arising out of one **Wrongful Act** or **Interrelated Wrongful Acts** shall be considered as arising out of one **Wrongful Act**, and only one Deductible amount shall apply thereto. The Deductible shall not reduce or increase the Limits of Liability.

#### **X. OTHER INSURANCE**

If any **Loss** arising from any **Claim** is insured by other valid and collectible insurance, then this Policy shall apply only in excess of the amount of any deductibles, retentions and limits of liability under such other policy or policies, whether such other policy or policies are stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written specifically excess of this Policy by reference in such other policy to this Policy's Policy Number.

#### **XI. EXTENDED REPORTING PERIOD**

##### **A. Group Extended Reporting Periods:**

1. Automatic Extended Reporting Period. The **Insured** shall have a period of sixty (60) days after the expiration of the **Policy Period** to report in writing to the **Insurer** any **Claim** which is first made during said sixty (60) day period and which arises out of a **Wrongful Act** which was committed on or after the **Retroactive Date** and prior to the expiration of the **Policy Period**.
2. Optional Extended Reporting Period. In the event of cancellation or non-renewal of this Policy by the **Insurer**, for reasons other than non-payment of premium, the **Sponsoring Organization** may purchase, on behalf of all **Insureds**, for an additional premium to be determined by the **Insurer**, an Optional Extended Reporting Period for a period of one (1) year after the date of such cancellation or non-renewal to report to the **Insurer** any **Claim** which is first made during said one (1) year period and which arises out of a **Wrongful Act** committed prior to cancellation or non-renewal and on or after the **Retroactive Date**.
3. The right to purchase the Optional Extended Reporting Period must be exercised by notice in writing not later than thirty (30) days following the non-renewal or cancellation date of this Policy, and must include payment of premium for the applicable Optional Extended Reporting Period, as well as payment of all premiums due the **Insurer**. If such notice is not so given to the **Insurer**, the **Sponsoring Organization** shall not, at a later date, be entitled to exercise such right.

##### **B. Insured Extended Reporting Periods**

If, during the **Policy Period**, an **Insured** retires, or becomes disabled or deceased, the **Insured** or its legal representative may elect to purchase an Extended Reporting Period for a period of three (3) years or five (5) years for an additional premium equal to 200% or 300%, respectively, of the **Insured's** last annual premium, to report to the **Insurer** any **Claim** which is first made during the applicable Extended Reporting Period and which arises out of a **Wrongful Act** committed on or after the **Retroactive Date** and prior to the expiration of the **Policy Period**.

- C.** The offer by the **Insurer** of renewal terms, conditions, limits of liability and/or premiums different from those of the expiring Policy shall not constitute refusal to renew. Any coverage under this Policy during the Extended Reporting Period shall not be available if the **Insured**

has any other applicable insurance maintained by the **Insured** during the Extended Reporting Period.

- D. The extension of coverage for the Extended Reporting Period shall not in any way increase the Limits of Liability set forth in Item 3. of the Declarations.

## **XII. SUBROGATION**

If the **Insurer** pays any **Loss** under this Policy, the **Insurer** shall be subrogated, to the extent of such payment, to all the **Insured's** rights of recovery including without limitation the **Insured's** rights of recovery against any entity. The **Insured** shall execute all papers required and shall do everything that may be necessary to secure and preserve such rights, including the execution of such documents necessary to enable the **Insurer** effectively to bring suit in the name of the **Insured**. The obligations of the **Insured** pursuant to this section survive the termination or expiration of the **Policy Period**.

## **XIII. AMENDMENT, ASSIGNMENT AND HEADINGS:**

- A. Any amendment to this Policy or assignment of an interest in this Policy, in whole or in part, shall be effective only if made by endorsement to this Policy signed by an authorized representative of the **Insurer**.
- B. The headings to the provisions in this Policy, including those found in any endorsements attached hereto, are provided for convenience only and do not affect the construction hereof.

## **XIV. TERRITORY:**

This Policy applies to **Wrongful Acts** committed by an **Insured** anywhere in the world; provided, however, that, in order to be covered, any **Claim** made as a result of such **Wrongful Acts** must be brought and held against the **Insured** in the United States of America, its territories or possessions.

## **XV. CANCELLATION:**

This Policy may be cancelled by the **Sponsoring Organization** by surrender of this Policy to the **Insurer** or by giving written notice to the **Insurer** stating when thereafter such cancellation shall be effective. If this Policy shall be cancelled by the **Sponsoring Organization**, the **Insurer** shall retain the customary short rate proportion of the premium hereon. This Policy may also be cancelled by the **Insurer** by mailing to the **Sponsoring Organization** by registered, certified, or other first class mail, at the **Sponsoring Organization's** address referenced in Item 1. of the Declarations, written notice stating when, not less than sixty (60) days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice. If this Policy shall be cancelled by the **Insurer**, the **Insurer** shall retain the pro-rata proportion of the premium hereon. Premium adjustments and returns shall be made at the time cancellation is effective or as soon as possible after that time. Payment or tender of unearned premium shall not be a condition of cancellation.

## **XVI. ACTION AGAINST INSURER:**

- A. No action shall be taken against the **Insurer** unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this Policy, or the amount of the **Insured's** obligation to pay shall have been finally determined either by judgment against the **Insured** after actual trial, or by written agreement of the **Insured**, the claimant and the **Insurer**.



- B. No person or **Registered Investment Advisor** shall have the right under this Policy to join the **Insurer** as a party to any action against an **Insured**, nor shall the **Insurer** be impleaded by the **Insured** or their legal representatives.

## XVII. ALLOCATION:

- A. If both **Loss** covered by this Policy and loss not covered by this Policy are incurred, either because a **Claim** against the **Insured** includes both covered and uncovered matters or because a **Claim** is made against both an **Insured** and others, the **Insurer** shall use their best efforts to reach a fair and proper allocation of such amount between covered **Loss** and uncovered loss based upon the relative legal and financial exposure of the covered and uncovered matters.
- B. If there can be an agreement on an allocation of **Defense Costs**, the **Insurer** shall advance on a current basis **Defense Costs** allocated to covered **Loss**. If there can be no agreement on an allocation of **Defense Costs**, the **Insurer** shall advance on a current basis **Defense Costs** which the **Insurer** believes to be covered under this Policy until a different allocation is negotiated, arbitrated or judicially determined. Any advancement of **Defense Costs** shall be subject to, and conditioned upon receipt by the **Insurer** of, a written undertaking by the **Insured** that such advanced amounts shall be repaid to the **Insurer** by the **Insured** severally according to their respective interests if and to the extent it is determined the **Insured** shall not be entitled under the terms and conditions of this Policy to coverage for such **Defense Costs**.
- C. Any negotiated, arbitrated or judicially determined allocation of **Defense Costs** on account of a **Claim** shall be applied retroactively to all **Defense Costs** on account of such **Claim**, notwithstanding any prior advancement to the contrary. Any allocation or advancement of **Defense Costs** on account of a **Claim** shall not apply to or create any presumption with respect to the allocation of other **Loss** on account of such **Claim** or any other **Claim**.

## XVIII. AUTHORIZATION:

By acceptance of this Policy, the **Sponsoring Organization** agrees to act on behalf of the **Insureds** with respect to the agreement to and acceptance of endorsements, and the giving or receiving of any notice provided for in this Policy, and the **Insureds** agree that the **Sponsoring Organization** shall act on their behalf.

## XIX. DEFINITIONS:

- A. “**Administrative/Disciplinary Proceedings**” means any proceeding by a licensing board, accreditation body, regulatory or governmental official, board or agency with authority to regulate the **Professional Services** performed by any **Insured** or to investigate charges of wrong doing by any **Insured** in the performance of or failure to perform **Professional Services**.
- B. “**Application**” means all signed applications, including attachments and materials submitted therewith or as a part thereof, or incorporated therein, and whether submitted and signed electronically or in paper format with an original signature, for this Policy and for any policy in an uninterrupted series of policies issued by the **Insurer** of which this Policy is a direct or indirect renewal or replacement. All such applications, attachments, and materials are deemed attached to and incorporated into this Policy.
- C. “**Associated Person**” shall mean a “Person Associated with an Investment Advisor” as that term is defined in the Investment Advisors Act of 1940, and any amendments thereto, but only with respect to **Professional Services** performed solely on behalf of a **Registered**

**Investment Advisor** who is affiliated with the **Sponsoring Organization** and is listed on the roster of the **Sponsoring Organization** for this **Policy Period**.

- D. Auction Rate Security** means long-term municipal bonds, corporate bonds or preferred stocks that are traded at auctions that set the instruments' interest rate and ultimately the price of the security.
- E. "Claim"** means a written demand for monetary relief alleging a **Wrongful Act**, including, but not limited to, a complaint, arbitration proceeding, or civil lawsuit.
- F. "Defense Costs"** mean reasonable and necessary fees (including attorneys' fees and experts' fees) and expenses incurred by the **Insurer**, or by the **Insured** with the prior written consent of the **Insurer**, in the defense of a **Claim** and the cost of attachment or similar bonds; however the **Insurer** shall not be obligated to apply for or furnish such bonds. **Defense Costs** shall not include the wages, salaries, benefits or expenses of any directors, officers or employees of the **Insured**.
- G. "Insured" means:**
1. a **Registered Investment Advisor** affiliated with the **Sponsoring Organization**, provided it has been listed on the roster of the **Sponsoring Organization** as a participating **Insured** under this program and has paid the applicable premium;
  2. an **Associated Person** of the **Registered Investment Advisor**;
  3. any past, present or future director, officer, partner or employee of 1., above, solely while performing **Professional Services** on behalf of the **Registered Investment Advisor**, or
  4. the lawful spouse or domestic partner of any individual who qualifies as an **Insured** under Sub-section 1. or 2., above, for a **Claim** arising solely out of spousal or domestic partner status, and not out of any alleged independent **Wrongful Acts**, of such individual.
  5. an entity owned and controlled by a **Registered Investment Advisor** or **Associated Person** or an insurance agency owned by a **Registered Investment Advisor** or **Associated Person**, but solely while performing **Professional Services** on behalf of the **Registered Investment Advisor**.
  6. A life insurance agency owned and controlled by the **Registered Investment Advisor** or **Registered Investment Advisor's** Principals, but solely for **Professional Services** performed by the **Registered Investment Advisor** or **Associated Person**.
- H. "Interrelated Wrongful Acts"** means **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, or event, or which are the same, related or continuous acts, regardless of whether the **Claim** or **Claims** alleging such acts involve the same or different claimants, **Insureds** or legal causes of action.
- I. "Loss"** means sums which the **Insured** is legally obligated to pay solely as a result of any **Claim** insured by this Policy, including **Defense Costs**, damages, judgments (including any pre- or post-judgment interest), settlement amounts, and legal fees and costs awarded pursuant to judgments.

**Loss** shall not include:

1. fines, penalties, or taxes unless such fines, penalties or taxes are used as a measure of damages incurred by the claimant;
  2. compensation or interest charged to or due from clients or customers of an **Insured**, unless such compensation is used as a measure of damages incurred by the claimant;
  3. equitable relief, or the fees, costs or expenses of complying with any settlement for, or award of, non-monetary relief;
  4. amounts for which there is no legal recourse against the **Insured**; or
  5. punitive, exemplary, and the multiplied portion of any multiplied damage award; or
  6. other matters uninsurable pursuant to any applicable law.
- J. Policy Period** means the twelve-month period beginning on the individual **Insured's** effective date as set forth on any appropriately and accurately issued Certificate of Insurance purporting to evidence coverage, unless such twelve-month period is shortened as a result of cancellation of coverage. The individual **Insured's** effective date must fall within the Effective date and Expiration date of this Policy set forth in Item 2. of the Declarations.
- K. "Pollutants"** means any substance exhibiting hazardous characteristics as is or may be identified on any list of hazardous substances issued by the United States Environmental Protection Agency, or any state, local, or foreign counterpart. This definition shall include, without limitation, any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, odors, noise, lead, oil or oil products, radiation, asbestos or asbestos-containing products, waste (including material to be recycled, reconditioned or reclaimed), and any electric, magnetic or electromagnetic field of any frequency, as well as any air emission, waste water, infectious medical waste, nuclear materials, or nuclear waste.
- L. "Professional Services"** means: (a) financial, economic and/or investment advice; (b) financial planning services, including but not limited to, advice regarding personal risk management or planning for insurance, savings, investments or retirement; (c) investment management services including the execution of the purchase or sale of Securities pursuant to a valid Power-of-Attorney agreement; (d) services rendered as a licensed Life Insurance Agent; or (e) Bill-Paying Services.
- M. Registered Investment Advisor** means an entity, registered with the Securities and Exchange Commission and/or all applicable state governmental or quasi-governmental regulatory authorities, which provides investment advice or management services for a fixed fee, an hourly fee, or a fee based upon a percentage of assets under management.
- N. "Retroactive Date"** means the effective date of the first claims made professional liability policy from which date coverage has been maintained by the **Insured** without interruption, covering the particular services/products for which the **Insured** is covered under this Policy.
- O. "Securities"** shall have the same meaning as the term used by the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, or the Investment Advisors Act of 1940, as amended.
- P "Sponsoring Organization"** means the entity named in Item 1. of the Declarations.

- Q.** “**Trade Error**” means the **Insured’s** negligence in the clearance, settlement or execution of trades as specifically directed by a client.
- R.** “**Unregistered Securities**” means: (a) Non-United States based governmental securities exempt from registration, or (b) non-publicly traded Limited Partnerships, Private Placements, or Real Estate Investment Trusts.
- S.** “**Wrongful Act**” means any actual or alleged negligent act, error or omission solely while performing **Professional Services**, for others.

## THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

### CLAIM/ENTITY EXCLUSION ENDORSEMENT

It is agreed that this Policy does not apply to any **Claim** based upon, arising out of, directly or indirectly, or in any way involving:

- Bernard L. Madoff, Bernard L. Madoff Investment Securities, LLC or any related or affiliated entity;
- Stanford International Bank, Stanford Group Company, Stanford Capital Management or any related or affiliated entity
- DBSI, Inc. or any related or affiliated entity
- Desert Capital Real Estate Investment Trust, Inc. or any related or affiliated entity
- Black Diamond Energy, Inc. or any related or affiliated entity
- Core Realty Holdings, LLC or any related or affiliated entity
- Cornerstone Core Properties REIT Inc.
- Land America Financial Group, Inc. or any related or affiliated entity
- Schwab Yield Plus Fund
- Reserve Yield Plus Fund
- Medical Capital Corporation, Medical Capital Holdings, Inc., or Medical Provider Funding Corporation VI or any related or affiliated entity
- Provident Royalties, L.L.C., Provident Asset Management, L.L.C., Provident Energy 1, L.P., Provident Resources 1, L.P., Provident Energy 2, L.P., Provident Energy 3, L.P, Provident Operating Company, LLC., or any related or affiliated entity
- Shale Royalties, Inc., Shale Royalties II, Inc., Shale Royalties 3 – 22, or any related or affiliated entity
- IMH Secured Loan Fund, LLC
- Somerset Lease Holdings, Inc., Somerset Development, Inc. or any related or affiliated entity
- MetCap Securities, LLC. or any related or affiliated entity
- Reserve Fund-Primary Fund
- GEM Fund
- CRI Securities, LLC
- Advantus Capital Management
- Acorn Capital
- Maximum Return Investments, Inc.
- Market Street Advisors
- Gemini Fund
- DISP, LLC
- North Hills Trading
- WG Trading, WG Trading Investors
- Westridge Capital Management
- Inland REITs
- Wells Real Estate Investment Trust II
- COLI, BOLI or any other types of policies where the purchaser of a life product does not have an insurable interest in the insured for the life product.
- Inverse and Leveraged Exchange Traded Funds
- Registered Non Traded REITs
- Non Traded Business Development Companies
- American Realty Capital Properties – REITs
- Cole Capital
- IRS 412(I) or 419 tax plans
- Junk and/or High Yield Bonds
- Apple REIT
- Behringer Harvard Opportunity REIT I
- Behringer Harvard Short –Term Opportunity Fund
- KBS Real Estate Investment Trust Inc.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 1

Policy Number: RAL01568622-00

Named Insured: The Financial Sales Professional Purchasing Group

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: 5/1/2020



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**REGISTERED REPRESENTATIVE COVERAGE ENDORSEMENT**

In consideration of an additional premium, it is agreed that:

1. the following Sub-Limit of Liability shall be available for **Registered Representatives**, as described in Sections 2-5 of this Endorsement:

Each <b>Claim</b> :	\$250,000
<b>Registered Representative</b> Aggregate	\$250,000
Deductible:	\$25,000 (applicable to all <b>Insureds</b> )

2. such Sub-Limit of Liability shall be part of and not in addition to the Limits of Liability and Deductible specified in Item 3 of the Declarations.

3. Definition L of Section **XIX., DEFINITIONS** is deleted and replaced by the following:

**“Professional Services”** means: (a) financial, economic and/or investment advice; (b) financial planning services, including but not limited, to advice regarding personal risk management or planning for insurance, savings, investments or retirement; (c) investment management services including the execution of the purchase or sale of **Securities** pursuant to a valid Power-of-Attorney agreement; (d) services rendered as a properly licensed life, health or accident Insurance Agent; (e) services rendered as a **Registered Representative** while previously affiliated with a Broker-Dealer that has approved these products and services; or (f) Bill-paying services.

However, with respect to coverage based upon, arising out of, directly or indirectly, or in any way involving, services as a **Registered Representative**, there is no coverage for any **Wrongful Acts** or **Interrelated Wrongful Acts** occurring on or after the inception date of this Policy.

4. to the extent there is other coverage in place through any Broker Dealer for **Wrongful Acts** occurring prior to the inception date of the Policy, this Policy shall apply as excess insurance only above any other such policy. Further, coverage is solely for **Securities** that were approved and authorized in writing by the Broker Dealer and the **Securities** were approved for processing at the time of the sale and which are the subject of the alleged **Wrongful Acts**.

5. for purposes of this Endorsement, a **Registered Representative** means a person who is or was properly registered with the Financial Industry Regulatory Authority and all state governmental or quasi-governmental regulatory authorities as a **Registered Representative** of a Broker-Dealer.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 2

Policy Number: RAL01568622-00

Named Insured: The Financial Sales Professional Purchasing Group

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: 5/1/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**INVERSE AND LEVERAGED EXCHANGE TRADED FUNDS & EXCHANGE TRADED NOTES/ETN ENDORSEMENT**

It is agreed that:

1. this Policy does not apply to any **Claim** based upon, arising out of, directly or indirectly, or in any way involving, any Leveraged or Inverse Exchange Traded Funds (“ETFs”) or Exchange Traded Notes (“ETNs”).
2. notwithstanding the foregoing, coverage shall apply to **Claims** involving ETF’s or ETN’s if they are used solely to hedge an entire portfolio, and a duly executed release form is completed by the client and kept on file regarding the use of such funds and notes that contains the following disclosures:
  - a. Leveraged ETFs and ETN’s are built to return a multiple of the daily performance of the index that they track, and are not products designed for long-term investment;
  - b. Inverse ETFs and ETN’s are built out of derivatives that profit only from a decline in the underlying index, and are not products designed for long-term investment;
  - c. Leveraged and/or Inverse ETFs/ETNs are reset daily;
  - d. Leveraged and/or Inverse ETFs/ETNs may not perform the way that the client expects;
3. with respect to advisory accounts handled on a discretionary or non-discretionary basis, such coverage shall only apply if ETFs and/or ETNs collectively comprise 15% or less of a client’s portfolio at any given time.
4. solely with respect to ETN’s, this policy shall not apply to any **Claim**:
  - a. based upon, arising out of, directly or indirectly, or in any way involving, any tax consequences or liabilities made in connection with the sale or servicing of any ETN;
  - b. based upon, arising out of, directly or indirectly, or in any way involving, any de-listing of any ETN;
  - c. based upon, arising out of, directly or indirectly, or in any way involving, the financial inability to pay or to effect any transaction, insolvency, receivership, bankruptcy, or liquidation of any ETN;
  - d. based upon, arising out of, directly or indirectly, or in any way involving, any calling or early redemption of any ETN; based upon, arising out of, directly or indirectly, or in any way involving, excessive fees or charges relating to any ETN.
5. there shall be no retroactive coverage provided by this endorsement for any **Registered Representative**.
6. coverage under this Endorsement is subject to the following Sub-Limit of Liability, which is part of and not in addition to the Limits of Liability and Deductible specified in Item 3 of the Declarations:

Each <b>Claim</b> :	\$250,000
<b>Registered Investment Advisor</b> Aggregate	\$250,000
Deductible:	\$25,000 (applicable to all Insureds)

7. for purposes of this Endorsement, a **Registered Representative** means a person who is or was properly registered with the Financial Industry Regulatory Authority and all state governmental or quasi-governmental regulatory authorities as a **Registered Representative** of a Broker-Dealer.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 3

Policy Number: RAL01568622-00

Named Insured: The Financial Sales Professional Purchasing Group

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: 5/1/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**VICARIOUS LIABILITY FOR SPONSORING ORGANIZATION COVERAGE  
ENDORSEMENT**

It is agreed that:

Section **I. INSURING AGREEMENTS** is amended by adding the following:

**D. Vicarious Liability**

The Insurer shall pay on behalf of the **Affinity Partner** all **Loss** which the **Affinity Partner** shall become legally obligated to pay because of a **Claim** first made during the **Policy Period** or an **Extended Reporting Period**, if applicable, solely arising out of a **Wrongful Act** of a **Registered Investment Advisor** committed on or after the **Retroactive Date**, provided that:

1. the **Wrongful Act** does not involve any independent **Wrongful Act** of the **Affinity Partner**; and.
2. the **Affinity Partner**:
  - a. is sued in conjunction with a currently enrolled **Registered Investment Advisor**;
  - b. uses the same defense counsel as the **Registered Investment Advisor**.

Section **XIX. DEFINITIONS** is amended by adding the following:

**T. "Affinity Partner"** means an affiliate entity approved by and on file with the Insurer.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 4

Policy Number: RAL01568622-00

Named Insured: The Financial Sales Professional Purchasing Group

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: 5/1/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**NETWORK SECURITY BREACH AND PRIVACY VIOLATION COVERAGE  
ENDORSEMENT**

Regarding the Registered Investment Advisor Professional Liability Policy, it is agreed that:

- 1. The following schedule is added to the Individual Certificate of Insurance:

Insuring Agreement	Sublimit of Liability
Network Security Breach and Privacy Violation	See Individual Certificate of Insurance
Data Incident Response Expenses	See Individual Certificate of Insurance

- 2. Section I. Insuring Agreements is amended to add:

**E. Network Security Breach and Privacy Violation**

The Insurer shall pay **Network Security or Privacy Loss** on behalf of an **Insured** resulting from a **Network Security or Privacy Claim** first made against an **Insured** during the **Policy Period** arising from a **Network Security Breach** or **Privacy Violation** occurring after the Retroactive Date specified on the Individual Certificate of Insurance and prior to the end of the **Policy Period**.

This Insuring Agreement shall be subject to the Sublimit of Liability, Deductible, and Effective Date specified on the Individual Certificate of Insurance. Such Sublimit of Liability shall be the maximum aggregate amount that the Insurer shall pay under this Insuring Agreement. Such Sublimit of Liability shall be part of, and not in addition to, the applicable Limit of Liability specified on the Individual Certificate of Insurance..

**F. Data Incident Response Expenses**

The Insurer shall pay **Data Incident Response Expenses** on behalf of an **Insured** resulting from a **Network Security Breach** or **Privacy Violation** occurring after the Retroactive Date specified in the schedule on the Individual Certificate of Insurance and prior to the end of the **Policy Period**.

This Insuring Agreement shall be subject to the Sublimit of Liability and Deductible specified in the schedule listed on the Individual Certificate of Insurance. Such Sublimit of Liability shall be the maximum aggregate amount that the Insurer shall pay under this Insuring Agreement. Such Sublimit of Liability shall be part of, and not in addition to, the applicable Limit of Liability specified on the Individual Certificate of Insurance

- 3. Regarding the coverage provided under this Endorsement, Section **XIX. Definitions** is amended to add:

**A. "Claim"** shall also include a **Network Security** or **Privacy Claim**.

- B. “Computer System”** means any computer hardware, software or firmware, and components thereof including data stored thereon, that is owned or leased by an **Insured** and is under the direct operational control of an **Insured**.
- C. “Data Incident Response Expenses”** means reasonable and necessary fees and expenses incurred by an **Insured**, with the Insurer’s prior written consent, for:
1. legal services by an attorney selected from the Insurer’s panel of lawyers to:
    - a. provide counsel on the obligations of any applicable **Privacy Law**; and
    - b. draft notices required by any applicable **Privacy Law**;
  2. computer forensic investigatory services by a third party information security professional selected from the Insurer’s panel or approved by the **Insurer** to determine the cause of the **Network Security Breach** and identities of those who may have been victims from any **Privacy Violation**;
  3. notifying individuals who may have been victims from any **Privacy Violation**;
  4. public relations firm, crisis management firm or law firm services to mitigate reputational damage resulting from any **Network Security Breach** or **Privacy Violation**; and
  5. credit monitoring services, but only if such disclosure of **Private Information** could result in the opening of a personal financial account.
- Data Incident Response Expenses** shall exclude any: (i) compensation, benefit expenses or overhead of any **Insured**; (ii) payments made as compensation for any injury or damages resulting from any **Network Security Breach** or **Privacy Violation**; or (iii) **Network Security or Privacy Loss**
- D. “Loss”** shall also include **Data Incident Response Expenses** or **Network Security or Privacy Loss**.
- E. “Malicious Code”** means any virus, Trojan, worm or other similar malicious software program, code or script designed to infect, harm, harm data on, or steal data from, a computer system.
- F. “Network Security Breach”** means any:
1. unauthorized access to, or unauthorized use of, a **Computer System**; or
  2. transmission of **Malicious Code**.
- G. “Network Security or Privacy Claim”** means any written demand received by the **Insured** for **Network Security or Privacy Loss**, including the service of suit or other process, alleging a **Network Security Breach** or **Privacy Violation**.
- H. “Network Security or Privacy Loss”** means **Defense Costs**, damages, settlements, judgments, punitive, exemplary or multiple damages; or pre- and post-judgment interest. Notwithstanding 5. below, the insurability of punitive and exemplary damages shall be governed by the laws of any applicable jurisdiction that does not prohibit coverage for such damages.



**Network Security or Privacy Loss**, other than **Defense Costs**, does not include:

1. taxes;
  2. any amount for which the **Insureds** are not liable or for which the claimants are without legal recourse to the **Insureds**;
  3. an **Insured's** future profits or royalties or any return, withdrawal, restitution or reduction of an **Insured's** professional fees, profits or other charges;
  4. criminal fines, sanctions or penalties;
  5. any matters that are deemed uninsurable under applicable law;
  6. the costs to comply with orders granting injunctive or non-monetary relief, including specific performance or any agreement to provide such relief;
  7. disgorgement of any remuneration or financial advantage to which an **Insured** was not legally entitled; or
  8. **Data Incident Response Expenses**
- I. **"Privacy Violation"** means any:
1. theft or unauthorized copying of **Private Information** while in the care, custody or control of an **Insured**; or
  2. violation of a **Privacy Law** by an **Insured**.
- J. **"Privacy Law"** means those parts of the following laws regulating the use and protection of non-public personal information:
1. Health Insurance Portability and Accountability Act of 1996 (HIPAA);
  2. Gramm-Leach Bliley Act of 1999 (GLBA);
  3. consumer protection and unfair and deceptive trade practice laws enforced by state Attorneys General or the Federal Trade Commission (FTC), including, without limitation, Section 5(a) of the FTC Act 15;
  4. security breach notification laws that require notice to individuals of the actual or potential theft of their non-public personal information, including, without limitation, the California Security Breach Notification Act of 2003 (CA SB 1386); or
  5. domestic or foreign privacy laws requiring reasonable security for non-public personal information or the adoption of a privacy policy limiting the sale, disclosure or sharing of non-public personal information.
- K. **"Private Information"** means any:
1. individual's name in combination with any of the following:
    - a. social security number;
    - b. drivers license number or any other state identification number;

- c. medical or healthcare data, including protected health information; or
    - 2. non-public personal information as defined in any **Privacy Law**; or
    - 3. confidential or proprietary business information of a third-party that is protected under a written non-disclosure agreement between such third-party and an **Insured**..
- 4. Regarding the coverage provided under this Endorsement, the Insurer shall not pay **Loss** arising from, based upon, or attributable to:
  - A. any demand, suit or proceeding made or initiated against any **Insured** on or prior to the applicable Effective Date specified on the Individual Certificate of Insurance above; or any **Network Security Breach** or **Privacy Violation** specified in such prior demand, suit or proceeding which have a common nexus, fact, circumstance situation, event, transaction, cause or series of causally connected facts, circumstances, situations, events, transactions or causes thereto;
  - B. the **Insured's** intentional failure to disclose the loss of **Private Information** in violation of any law or regulation;
  - C. the unauthorized collection of or intentional sharing of **Private Information** by the **Insured** or the failure to provide adequate notice that such information is being collected or shared;
  - D. the failure of the **Insured** to use, maintain and update at a minimum every ninety (90) days antivirus software, firewall software on all broadband or high-speed connections to the Internet and software security patches;
  - E. any interruption, suspension, failure or outage of any component of the internet, including without limitation any hardware or software infrastructure supporting the internet;
  - F. any electrical or mechanical failures or interruption, including but not limited to any electrical disturbance, surge, spike, brownout or blackout, and outages to gas, water, telephone, cable, satellite, telecommunications or other infrastructure;
  - G. any fire, smoke, explosion, lightning, wind, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God or any other physical event, however caused;
  - H. any war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war is declared or not), strike, lockout, riot, civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power;
  - I. section 605 (requirements relating to information contained in consumer reports) or 616 (civil liability for willful noncompliance) of the Fair Credit Reporting Act, or any similar law;
  - J. any unsolicited electronic faxes, emails, telephone calls or unsolicited communications, including but not limited to unsolicited electronic messages, chat room postings, bulletin board postings, newsgroup postings, "pop-up" or "pop-under" Internet advertising or fax-blasting, direct mailing or telemarketing, or alleged violations of the Telephone Consumer Protection Act, of 1991, as amended, the CAN-SPAM Act of 2003, as amended, and any other similar law;
  - K. any expense arising directly or indirectly from the seizure, confiscation, expropriation, nationalization or destruction of a **Computer System** by order of any governmental authority;

- L. any costs or expenses incurred by the **Insured** to comply with any demand or order by any federal, state or local governmental authority other than those provided under **Data Incident Response Expenses**;
  - M. any uploading, downloading, piracy or file-sharing of digitized music, photos, movies, software or video games;
5. Regarding the coverage provided under this Endorsement:
- A. **Section XI. Extended Reporting Period** shall not apply.
  - B. **Section VII. Notice of Circumstance or Wrongful Act** is deleted and replaced with:

If any **Insured** becomes aware of a **Wrongful Act, Network Security Breach** or **Privacy Violation** during the **Policy Period** that may reasonably be expected to give rise to a **Claim** against an **Insured** for which coverage may be available under an Insuring Agreement, and if written notice of such **Wrongful Act, Network Security Breach** or **Privacy Violation** is given to the Insurer during the **Policy Period** specifying the (i) reasons for anticipating such a **Claim**, (ii) nature and date of the **Wrongful Act, Network Security Breach** or **Privacy Violation** (iii) identity of the **Insureds** involved, (iv) injuries or damages sustained, (v) names of potential claimants, (vi) manner in which the **Insureds** first became aware of the **Wrongful Act, Network Security Breach** or **Privacy Violation** and (vii) the Insuring Agreement under which such notice is being given, then any **Claim** subsequently arising from such **Wrongful Act, Network Security Breach** or **Privacy Violation** shall be deemed to be a **Claim** first made at the time that the Insurer receives such notice. The **Insureds** shall give to the Insurer all information and cooperation as the Insurer may reasonably request.
  - C. **Wrongful Act** in **Section XIX**. Definitions is amended to include **Network Security Breach** or **Privacy Violation**.
  - D. **Section IV. Exclusions B.** is deleted and replaced with:

based upon, arising from, or in any way related to, bodily injury, sickness, disease, death, emotional distress, mental anguish, false arrest or imprisonment, abuse of process, malicious prosecution, libel, slander, defamation, trespass, nuisance or wrongful entry or eviction, or for damage to or destruction of any tangible property, including loss of use thereof;

however, this exclusion shall not apply to:

    - i. emotional distress arising from a **Network Security Breach** or **Privacy Violation**.
  - E. **Section IV. Exclusions L.** is deleted and replaced with the: based upon, arising from, or in any way related to, the liability of others assumed by an **Insured** under any contract or agreement, unless such liability would have been incurred in the absence of such contract or agreement, or for any **Privacy Violation**.
6. With the exception of this Endorsement, the Insurer shall not pay **Loss** in connection with any **Claim** for, based upon, arising from or in any way attributable to any **Network Security Breach** or **Privacy Violation** under any other Insuring Agreement.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 5

Policy Number: RAL01568622-00

Named Insured: The Financial Sales Professional Purchasing Group

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: 5/1/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**CALIFORNIA AMENDATORY ENDORSEMENT**

This Endorsement modifies insurance provided under the Registered Investment Advisor Liability Insurance Policy.

It is agreed that Section **XV. CANCELLATION** is deleted and replaced by the following:

**XV. CANCELLATION AND NONRENEWAL**

**A. Cancellation by the Sponsoring Organization**

This Policy may be cancelled by the **Sponsoring Organization** by mailing or delivering to the **Insurer** or the **Insurer's** authorized agent advance notice of cancellation.

**B. Cancellation by the Insurer – All Policies In Effect For 60 Days Or Less**

If this Policy has been in effect for sixty (60) days or less, and is not a renewal of a policy the **Insurer** has previously issued, the **Insurer** may cancel this Policy by mailing or delivering to the **Sponsoring Organization** at the mailing address shown in the Policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

1. ten (10) days before the effective date of cancellation if the **Insurer** cancels for:
  - a. Nonpayment of premium; or
  - b. Discovery of fraud or material misrepresentation by:
    - i. The **Insured** in obtaining this insurance; or
    - ii. The **Insured** in pursuing a **Claim** under this Policy.
2. thirty (30) days before the effective date of cancellation if the **Insurer** cancels for any other reason.

**C. Cancellation by the Insurer – All Policies in Effect for More Than 60 Days**

1. If this Policy has been in effect for more than sixty (60) days, or is a renewal of a Policy the **Insurer** issued, the **Insurer** may cancel this Policy only upon the occurrence, after the effective date of the Policy, of one or more of the following:
  - a. Nonpayment of premium, including payment due on a prior policy the **Insurer** issued and due during the current policy term covering the same risks.
  - b. Discovery of fraud or material misrepresentation by:
    - i. The **Insured** in obtaining this insurance; or
    - ii. The **Insured** in pursuing a **Claim** under this Policy.

- c. A judgment by a court or an administrative tribunal that the **Insured** has violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
  - d. Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by the **Insured**, which materially increase any of the risks insured against.
  - e. Failure by the **Insured** to implement reasonable loss control requirements, agreed to by the **Insured** as a condition of policy issuance, or which were conditions precedent to the **Insurer's** use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
  - f. A determination by the Commissioner of Insurance that the:
    - i. Loss of, or changes in, the **Insurer's** reinsurance coverage all or part of the risk would threaten the **Insurer's** financial integrity or solvency; or
    - ii. Continuation of the Policy would:
      - a). Place the **Insurer** in violation of California law or the laws of the state where the **Insurer** is domiciled; or
      - b). Threaten the **Insurer's** solvency.
  - g. A change by the **Sponsoring Organization** in activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the Policy.
  - h. Failure to comply with underwriting requirements within sixty (60) days of the effective date of coverage.
2. The **Insurer** will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the **Sponsoring Organization**, at the mailing address shown in the Policy, and to the producer of record, at least:
- a. ten (10) days before the effective date of cancellation if the **Insurer** cancels for a reason listed in 1.a. or 1.b.; or
  - b. thirty (30) days before the effective date of cancellation if the **Insurer** cancels for any other reason listed in Paragraph 1.

#### D. Nonrenewal

- 1. If the **Insurer** elects not to renew this Policy, the **Insurer** will mail or deliver written notice stating the reason for nonrenewal to the **Sponsoring Organization** and the producer of record, at least 60 days, but not more than one hundred and twenty (120) days, before the expiration or anniversary date.
- 2. The **Insurer** will mail or deliver its notice to the **Sponsoring Organization**, and to the producer or record, at the mailing address shown in the Policy.



3. The **Insurer** is not required to send notice of nonrenewal in the following situations:
  - a. If the transfer or renewal of a Policy, without any changes in terms, conditions, or rates, is between the **Insurer** and a member of its insurance group.
  - b. If the Policy has been extended for ninety (90) days or less, provided that notice has been given in accordance with paragraph 1. above.
  - c. If the **Sponsoring Organization** has obtained replacement coverage, or if the **Sponsoring Organization** has agreed, in writing, within sixty (60) days of the termination of the Policy, to obtain that coverage.
  - d. If the Policy is for a period of no more than sixty (60) days and the **Sponsoring Organization** is notified at the time of issuance that it will not be renewed.
  - e. If the **Sponsoring Organization** requests a change in the terms or conditions or risks covered by the Policy within sixty (60) days of the end of the **Policy Period**.
  - f. If the **Insurer** has made a written offer to the **Sponsoring Organization**, in accordance with the timeframes shown in paragraph 1. above to renew the Policy under different terms.

#### E. Premium

1. If the **Sponsoring Organization** cancels this Policy, the **Insurer** shall retain the customary short rate proportion of the premium.
2. If the **Insurer** cancels this Policy, earned premium shall be computed pro rata.
3. Notwithstanding items 1. and 2. above, the premium shall be deemed fully-earned if any **Claim** or circumstance that might lead to a **Claim** is reported to the **Insurer** under this Policy.
4. Premium adjustment may be made either at the effective date of cancellation or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 6

Policy Number: RAL01568622-00

Sponsoring Organization: The Financial Sales Professional Purchasing Group

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: 5/1/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**FLORIDA AMENDATORY ENDORSEMENT**

This Endorsement modifies insurance provided under the Registered Investment Advisor Liability Insurance Policy.

It is agreed that Section **XV. CANCELLATION** is deleted and replaced by the following:

**XV. CANCELLATION AND NONRENEWAL**

**A. CANCELLATION**

1. The **Sponsoring Organization** may cancel the policy by returning it to the **Insurer** or by giving the **Insurer** advance notice of the date cancellation is to take effect.
2. When this policy is in effect less than ninety (90) days and is not a renewal or continuation policy; the **Insurer** may cancel by mailing at least:
  - a. ten (10) days' notice if the **Insurer** cancels for nonpayment of premium.
  - b. twenty (20) days notice if:
    - i. the **Sponsoring Organization** made a material misrepresentation which affects the insurability of the risk.
    - ii. If the **Insurer** cancels for any other reason.
3. When this Policy is in effect ninety (90) days or more or is a renewal or continuation policy, the **Insurer** may cancel only for one or more of the following reasons:
  - a. Nonpayment of premium. If the **Insurer** cancels for this reason, the **Insurer** will mail the **Sponsoring Organization** at least ten (10) days notice.
  - b. The **Sponsoring Organization** made a material misrepresentation which affects the insurability of the risk. If the **Insurer** cancels for this reason, the **Insurer** will mail the **Sponsoring Organization** at least forty-five (45) days notice.
  - c. The Policy was obtained through fraudulent statements, omissions or concealment of fact material to the acceptance of the risk or to the hazard assumed by the **Insurer**. If the **Insurer** cancels for this reason it will mail the **Sponsoring Organization** at least forty-five (45) days notice.
  - d. A condition, factor, or loss experience material to insurability has changed during the policy term. If the **Insurer** cancels for this reason, the **Insurer** will mail the **Sponsoring Organization** at least forty-five (45) days notice.
  - e. Loss of reinsurance has occurred, which loss shall be certified to the Insurance Commissioner as directly affecting in-force policies. If the **Insurer** cancels for this reason, the **Insurer** will mail the **Sponsoring Organization** at least sixty (60) days notice.
  - f. Failure to comply with underwriting requirements within sixty (60) days of the effective date of coverage.

4. If this Policy is cancelled by the **Insurer**, the **Sponsoring Organization** may be entitled to a premium refund. If so, the **Insurer** will send to the **Sponsoring Organization** the refund within 10 business days after the effective date of cancellation. However, making or offering to make the refund is not a condition of cancellation. If the **Sponsoring Organization** cancels, the unearned premium will be returned within fifteen (15) days after the effective date of cancellation. The refund, if any, will be computed pro rata.
5. The effective date of cancellation stated in the notice shall become the end of the **Policy Period**.
6. Notice of cancellation shall include the reason or reasons for the cancellation of the Policy.

## B. NONRENEWAL

1. If the **Insurer** decides not to renew or to continue this Policy, the **Insurer** will mail to the **Named Insured**, a notice at least forty-five (45) days before the end of the **Policy Period** stating the reason(s) for cancellation/non-renewal. If the **Policy Period** is other than one year, the **Insurer** will have the right not to renew or continue it only at an anniversary of its original effective date, if the **Insurer** offers to renew or continue and the **Sponsoring Organization** does not accept, this Policy will terminate at the end of the current **Policy Period**. Failure to pay the required renewal or continuation premium when due shall mean that the **Sponsoring Organization** has not accepted the offer of renewal.
2. If the **Insurer** fails to mail proper notice of non-renewal and the **Sponsoring Organization** obtains other insurance, this Policy will end on the effective date of that insurance.

## C. MAILING OF NOTICE

1. Any notice of cancellation or non-renewal will be mailed to the **Sponsoring Organization** at its last known address. However, the **Insurer** may deliver any notice instead of mailing it. Proof of mailing of any such notice shall be sufficient proof of notice. Notices of cancellation or non-renewal shall include the reason or reasons for the cancellation or non-renewal of the Policy.
2. Until the **Insurer** issues a proper non-renewal or cancellation notice that complies with applicable law, insurance coverage will remain in effect. However, if the **Sponsoring Organization** obtains replacement coverage, the **Insurer's** obligation to continue coverage hereunder shall cease.

Any cancellation or renewal shall not affect the obligation of the parties in existence on the date of termination for which proper premium has been paid.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 7

Policy Number: RAL01568622-00

Named Insured: The Financial Sales Professional Purchasing Group

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: 5/1/2020