

WEALTH ADVISERS' PROFESSIONAL LIABILITY INSURANCE POLICY

THIS IS A CLAIMS-MADE AND REPORTED POLICY AND APPLIES ONLY TO CLAIMS FIRST MADE AGAINST YOU AND REPORTED TO US IN WRITING DURING THE POLICY PERIOD, UNLESS AN EXTENDED CLAIM REPORTING PERIOD APPLIES. PAYMENT OF DEFENSE EXPENSES REDUCES THE LIMIT OF LIABILITY.

PLEASE READ THE ENTIRE POLICY CAREFULLY.

Throughout this policy the words "**we**", "**us**" and "**our**" refer to the Indian Harbor Insurance Company. Other words and phrases that appear in **bold** have special meaning. Refer to Section 8, DEFINITIONS.

1. INSURING AGREEMENTS

1.1 Professional Liability

Subject to all terms and conditions of this policy, **we** will pay on **your** behalf those sums in excess of the Deductible stated in the Declarations that **you** become legally obligated to pay as **Damages** and **Defense Expenses**, including **Cost of Corrections**, arising out of a **Claim** first made against **you** and reported to **us** during the **Policy Period**, or **Extended Reporting Period**, if applicable, as a result of a **Covered Act**, provided that:

- 1.1.1 **you** report the **Claim** in writing to **us** as soon as practicable, but in no event later than sixty (60) days after expiration or termination of this policy as further set forth in Clause 6.1 of this policy, or during an Optional **Extended Reporting Period**, if applicable; and
- 1.1.2 the **Covered Act** was committed on or after the **Retroactive Date** and before the end of the **Policy Period**; and
- 1.1.3 prior to the inception date of this policy **you** did not know, or have a reasonable basis to believe, that such **Covered Act** might give rise to a **Claim**, unless such **Claim** became known to **you** after **we** issued **your** first Wealth Advisers' Professional Liability Insurance Policy and which has been continuously renewed by **us**.

1.2 Disciplinary Proceedings

Subject to a Limit of Liability of \$10,000 in the aggregate per **Policy Period**, **we** will pay on **your** behalf **Defense Expenses** **you** incur responding to a **Disciplinary Proceeding** first commenced against **you** and reported to **us** in writing during the **Policy Period**, or an **Extended Reporting Period**, if applicable, as a result of a **Covered Act** committed by **you** on or after the **Retroactive Date**.

1.3 Subpoena Expenses

We will pay on **your** behalf reasonable **Defense Expenses** incurred in responding to a subpoena first received by **you** during the **Policy Period**, or an **Extended Reporting Period**, if applicable, resulting solely from **your** rendering or failing to render **Professional Services** and which has not resulted in a **Claim**. **We** will, at **your** request, and upon receipt of a copy of the subpoena, retain an attorney to advise **you** regarding the document production and represent **you** during the preparation and giving of testimony.

Notice under this provision will be deemed to be notice of a **Claim** pursuant to Clause 9.1.

Defense Expenses paid under this coverage will not reduce the Aggregate Limit of Liability set forth in the Declarations. No Deductible will apply to payments under this provision.

1.4 Expense Reimbursement

We will reimburse **you**, up to \$500 per day, for actual loss of earnings and reasonable expenses incurred when **you** attend a hearing, trial or arbitration proceeding at **our** request in the course of defending a covered **Claim**. **Our** Limit of Liability for this coverage is \$10,000 per **Policy Period**. Expenses paid under this coverage will not reduce the Aggregate Limit of Liability set forth in the Declarations. No Deductible will apply to payments under this provision.

1.5 Supplemental Claims Expenses Coverage

In the event the aggregate Limit of Liability as stated in the Declarations is exhausted by payment of **Damages** or **Defense Expenses** and there remain unresolved or outstanding **Claims**, **we** agree to reimburse **you** for an amount equal to ten percent (10%) of the Limit of Liability stated in the Declarations, up to a maximum amount of \$100,000 for **Defense Expenses** incurred by **you** and approved by **us** in handling defense of such unresolved or outstanding **Claims**. No Deductible shall apply to this clause 1.5.

2. DEFENSE AND LIMIT OF LIABILITY

2.1 Defense

We have the sole right to appoint defense counsel and the right and duty to defend any **Claim** made against **you**. **We** will consider **your** request for the appointment of qualified defense counsel.

We shall not be obligated to pay any **Damages** or **Defense Expenses**, or to undertake or continue the defense of any **Claim** after the applicable Limit of Liability has been exhausted by payment of **Damages** or **Defense Expenses**.

2.2 Limit of Liability

2.2.1 Each **Claim**: **Defense Expenses** are included within the Limit of Liability; therefore, **our** maximum liability for all **Damages** and **Defense Expenses** resulting from each **Claim** or **Related Claim** covered by this policy shall be the Limit of Liability for Each **Claim** as set forth in the Declarations.

2.2.2 Aggregate: **Our** maximum liability for the combined total of all **Damages** and **Defense Expenses** resulting from all **Claims** or **Related Claims** covered by this policy during the **Policy Period** shall be the Aggregate Limit of Liability set forth in the Declarations.

2.3 Related Claims

Subject to the provisions for coverage in Clause 1.2. **Disciplinary Proceedings**, all **Related Claims** shall be deemed a single **Claim**, subject to a single each **Claim** Limit of Liability, if covered, and such **Claim** shall be considered first made on the date the earliest such **Related Claim** is first made against **you**.

3. DEDUCTIBLE

We shall only be liable for those amounts payable hereunder for **Damages** and **Defense Expenses** that are in excess of the applicable Deductible set forth in the Declarations.

You shall be liable for the Deductible set forth in the Declarations for each **Claim**. The Deductible shall apply separately to each **Claim**. For purposes of the Deductible, **Related Claims** shall be considered one **Claim**, and only one Deductible shall apply thereto.

Notwithstanding any other terms in this policy, with regard to any **Cost of Corrections**, the Deductible shall apply separately to each order to purchase or sell **Securities**.

Upon written request by **us**, **you** shall pay the Deductible within thirty (30) days thereof.

4. CLAIM MITIGATION INCENTIVES

Your Deductible obligation may be subject to one of the following:

4.1 In the event a **Claim** is fully and finally resolved to the satisfaction of all parties, including **us**, as a result of **Alternative Dispute Resolution**, without resorting to litigation, **we** will waive **your** Deductible obligation for such **Claim** up to a maximum of either \$25,000 each **Claim** or half of **your** Deductible, whichever is greater.

4.2 If within one year of being reported, or being deemed to have been made, in accordance with Clause 9.1 of this policy, a **Claim** is fully and finally resolved to the satisfaction of all parties, including **us**, and all **Damages** and **Defense Expenses** arising from such **Claim** have been paid, **your** Deductible obligation for such **Claim** shall be reduced by twenty-five percent (25%), up to a maximum of \$25,000.

5. TERRITORY

The coverage afforded by this policy applies worldwide.

This policy shall not apply to any risk which would be in violation of any federal or state law including, but not limited to, U.S. economic or trade sanction laws or export control laws administered by the U.S. Treasury, State, and Commerce Department.

6. EXTENDED REPORTING PERIODS

6.1 Automatic **Extended Reporting Period**

For no additional premium, **you** shall have sixty (60) days after the effective date of cancellation or non-renewal of this policy to report any **Claim** resulting from **Covered Acts** committed before the end of the **Policy Period** or termination date and on or after the **Retroactive Date**, if any. If this insurance is replaced with the same or similar insurance issued by **us** or any other professional liability insurer, whether or not the terms, limits or deductibles are identical to those provided under this policy, this Automatic **Extended Reporting Period** shall terminate, and **you** shall not be entitled to any such Automatic **Extended Reporting Period**. This Automatic **Extended Reporting Period** provision shall not be available if this policy is canceled for non-payment of premium.

6.2 Optional **Extended Reporting Period**

If this policy is canceled or non-renewed, **we** will offer, for an additional premium, an Optional **Extended Reporting Period**.

You may select an Optional **Extended Reporting Period** of one (1), three (3) or five (5) years. The additional premium for each Optional **Extended Reporting Period** shall be calculated using the following percentages of the expiring annual premium as shown in the Declarations:

- i. one hundred twenty-five percent (125%) for the One (1) Year Option;
- ii. one hundred seventy-five percent (175%) for the Three (3) Year Option;
or
- iii. two hundred fifty percent (250%) for the Five (5) Year Option.

We will issue an Optional **Extended Reporting Period** endorsement only if:

- 6.2.1 **you** request it within sixty (60) days after the end of the **Policy Period**;
- 6.2.2 **you** have paid all premiums for this policy before **you** request an Optional **Extended Reporting Period** Endorsement; and
- 6.2.3 **you** promptly pay when due the additional premium for this endorsement.

During the Optional **Extended Reporting Period**, coverage under this policy shall be excess over, and shall not contribute with, any other existing insurance, bond, indemnification plan or self-insurance program written for the benefit of the Named Insured, unless such other insurance is specifically written to be excess of this policy.

6.3 Applicable to all **Extended Reporting Periods**

The **Extended Reporting Periods**:

- 6.3.1 do not change the coverage provided;
- 6.3.2 do not change the Limits of Liability;
- 6.3.3 are not renewable;
- 6.3.4 cannot, once in effect, be canceled; and
- 6.3.5 **we** will not return any of the premium paid for any reason.

7. EXCLUSIONS

This policy does not apply to **Claims** for, based upon, arising from, attributable to, related to, or in any way involving, directly or indirectly:

- 7.1 any criminal, dishonest, fraudulent or malicious act or omission, deliberate misrepresentation, or any intentional or knowing violation of law, including the use of, for any purpose, non-public information. However, **we** will defend **you** under this policy until it is determined by any verdict, court ruling, regulatory ruling or legal admission, whether appealed or not, that **you** did commit such a dishonest, fraudulent, criminal or malicious act or omission, or deliberate misrepresentation, or intentional or knowing violation of law.

This exclusion does not apply to an **Insured** who did not intentionally participate in committing such act, had no knowledge or reason to believe such an act, omission or violation of law was being committed and made proper disclosure after obtaining personal knowledge of such conduct;

- 7.2 **Bodily Injury or Property Damage**; however, this exclusion shall not apply to emotional distress and mental anguish arising solely from **Personal Injury** or **Bodily Injury** from **Professional Services**;
- 7.3 the liability of others assumed by **you** under any contract or agreement except for any written fiduciary agreements or contracts given to clients other than **you** for a fee or unless such liability would have attached to **you** even in the absence of such an agreement;
- 7.4 any of **your** activities as a partner, principal, officer, director, manager, employee, or member of any person or organization other than the Named Insured or other entity for which coverage is available under this policy;
- 7.5 any liability arising from tangible products **you** manufacture, lease, distribute, prepare, design or sell, including but not limited to, computer hardware and software;
- 7.6 any infringement or unfair competition relating to copyright, patent, trademark, service mark, trade name, or trade secret;
- 7.7 any failure or inability to pay anyone arising from the actual or alleged insolvency, receivership, bankruptcy, liquidation, reorganization of any **Financial Institution, Broker-Dealer, Dealer, clearing agency, Registered Representative** or **you**;
- 7.8 any trading matters relating to:
- any **Securities** traded exclusively outside the United States of America, its territories, possessions, Puerto Rico or Canada;
 - any services as a specialist or **Market Maker** for any **Securities**;
 - or brought by or on behalf of any clearing agency or arising out of any function of any of **you** as a clearing agency;
- 7.9 **Professional Services** rendered to or on behalf of any organization including but not limited to a corporation, company, limited liability company, limited liability partnership, partnership, sole proprietorship, not-for-profit organization, governmental entity, or other business organization including the subsidiaries thereof in which any of **you** or any family member is a partner, principal, officer, director, manager, member, employee or a shareholder owning one percent (1%) or more of the outstanding stock at the time of a **Covered Act** giving rise to a **Claim**; and
- any recommendation to invest in any organization including but not limited to a corporation, company, limited liability company, limited liability partnership, partnership, sole proprietorship, not-for-profit organization, governmental entity, or other business organization including the subsidiaries thereof in which any of **you** or any family member is a partner, principal, officer, director, manager, member, employee or a shareholder owning one percent (1%) or more of the outstanding stock at the time of a **Covered Act** giving rise to a **Claim**;

- 7.10 disputes over the amount of, return of, restitution, disgorgement, forfeiture or rescission of any of the following: profit, fees, commission, remuneration or other monies to which an **Insured** was not entitled, including any actual or alleged commingling of funds or accounts;
- 7.11 any **Claim** brought by or on behalf of any **Insured**, in any capacity, against any other **Insured** unless such **Claim** arises solely out of **Professional Services** performed in an **Investment Adviser** relationship;
- 7.12 any action against any of **you** based upon or arising out of any pension, profit sharing, health or welfare or other employee benefit plan or trust sponsored by any of **you** as an employer or in which any of **you** is a participant; any action brought by or against **you** as a beneficiary or distributee of any trust or estate;
- 7.13 **your** guarantee, express, implied or otherwise, of any future investment result, yield or return, or any tax advice or consequence of same;
- 7.14 any action against a **Registered Representative** arising from any services not approved or authorized by the **Broker-Dealer** or **Dealer** with whom the **Registered Representative** is affiliated at the time of a **Covered Act** giving rise to a **Claim**;
- 7.15 the purchase, sale, or recommendation to purchase, sell, or hold, any of the following financial instruments:
- 7.15.1 hedge funds or fund of hedge funds whether or not registered with the SEC;
 - 7.15.2 private placements or any **Securities** exempt from registration with the SEC;
 - 7.15.3 commodities or commodity future contracts; However, this exclusion does not apply to commodities that are part of a nationally traded mutual fund;
 - 7.15.4 any collectible, including but not limited to, stamps, art, sports, or other cards, jewelry, coins, antiques or any other tangible personal property;
 - 7.15.5 any auction-rate security, including any corporate or municipal bond or debt in which the interest rate is set by auction periodically;
 - 7.15.6 adjustable rate mortgages, collateralized debt obligations, collateralized bond obligations, collateralized loan obligations, collateralized mortgage obligations, commercial promissory notes.
- Exclusions 7.15.1 through 7.15.6 do not apply to any assets managed by **you** for others for a fee provided that they were part of an existing client's portfolio and **you** do not promote, sell or recommended these instruments:
- 7.15.7 viatical products, reverse mortgages, annuities used in connection with any structured settlement, variable pre-paid forward contracts, or variable annuities not regulated by the securities and Exchange Commission;
 - 7.15.8 credit default swaps or any other financial instrument where **you** guarantee the principal or interest of any stock, bond, mortgage or other financial instrument;

- 7.15.9 any transaction involving investments in limited partnerships, real property, tangible property or tangible personal property; however, this exclusion subsection shall not apply to employer granted stock options, both non-qualified and incentive stock options, publicly traded mutual funds registered with the SEC, Real Estate Investment Trusts (“REITs”) traded on a national exchange, or limited or master limited partnerships traded on a national exchange;
- 7.15.10 any equity **Securities** priced under \$5.00 and not listed on the New York Stock Exchange, NASDAQ, or American Stock Exchange at the time of the alleged act, error, or omission giving rise to a **Claim**;
- 7.15.11 other than Key-man Life Insurance placed as part of **Financial Planning Services**, corporate-owned Life insurance (COLI), bank-owned life insurance (BOLI), or any other types of policies where the purchaser of the life product does not have an insurable interest in the **Insured** under such life product; or
- 7.15.12 any uncovered option contracts.
- 7.16 any use of non-public information in a manner prohibited by the laws of the United States, including, but not limited to, the Insider Trading and Securities Fraud Enforcement Act of 1988 (as amended), Section 10(b) or (20)(A) of the Securities Exchange Act of 1934 (as amended), and Rule 10b-5 thereunder; any state, commonwealth, territory or subdivision thereof, or the laws of any other jurisdiction, or any rules or regulations promulgated under any of the foregoing, or based upon any **Claim** alleging or arising from market timing or the after-hours trading of any security.
- 7.17 ownership, formation, capitalization, syndication, operation, management or administration of a general or limited partnership, corporation, investment related limited liability company, real estate syndicate, joint venture or any other type of ventures or syndicates, or any type of charitable enterprise or entity; or acting as an **Underwriter**, syndicator, or investment banker and the associated counseling or investment activities for any of the foregoing, including but not limited to any aspect of any actual, attempted or threatened mergers, acquisitions, divestitures, tender offers, proxy contests, leveraged buy-outs, going private transactions, reorganizations, capital restructurings, recapitalizations, spinoffs, primary or secondary offerings of **Securities** (regardless of whether the offering is a public offering or a private placement), business valuations, or efforts to advise, raise or furnish capital or financing for any enterprise or entity or any disclosure requirements in connection with any of the foregoing.
- 7.18 other than as provided in Clause 1.2 **Disciplinary Proceedings**, any proceeding or administrative action brought by any federal, state or local entity or regulatory authority, including but not limited to any actions, decisions, orders or proceedings by any federal, state or local governmental agency; or actions brought by or on behalf of any governmental or quasi-governmental official, agency or self-regulatory organization, including without limitation, the Securities and Exchange Commission, the National Association of Securities Dealers (NASD), the Securities Investor Protection Corporation, the Financial Industry Regulatory Authority (FINRA), or any state or federal **Securities** or insurance commission, agency or official. This exclusion 7.18 shall not apply to any **Claim** made by **your** direct client.
- 7.19 the rendering or failure to render **Professional Services** to any **Broker-Dealer** which buys, sells, or trades in **Securities** exclusively as a principal for its own account.
- 7.20 the failure to disclose **your** investment banking relationship with a company whose products or instruments **you** have recommended for purchase of sale.

7.21 investment products partially or totally owned or controlled by any **Insured**; or **Securities** for which **you** acts as a **Market Maker**; or **your** failure to **disclose your** status as a **Market Maker** in connection with any research or recommendations provided to **your** customer or client.

8. DEFINITIONS

8.1 **Affiliated Firm**, other than and not including a **Broker-Dealer**, means any person or entity with which **you** have entered into a professional relationship or agreement and is performing **Professional Services** at **your** direction or on **your** behalf.

8.2 **Alternative Dispute Resolution** means the use of arbitration or non-binding mediation in a forum approved by **us** in which a neutral party assists in working toward settlement of a dispute.

8.3 **Bodily Injury** means physical injury, sickness, disease or death of any person.

8.4 **Broker or Broker-Dealer** shall have the meanings assigned to that term by the Securities Exchange Act of 1934.

8.5 **Claim** means:

8.5.1 a demand received by **you** for **Damages** or injunctive relief arising out of a **Covered Act**.

8.5.2 a notice of an investigation of violation(s) of law or regulation initiated by any governmental body or self regulatory organization arising from a **Covered Act**.

8.5.3 a notice of arbitration proceeding arising from a **Covered Act**.

8.6 **Cost of Corrections** means a monetary cost incurred by **you** to correct a situation arising out of an actual or alleged error in connection with **Securities** transactions where in the absence of such correction the wrongful act would have constituted a covered loss.

8.7 **Covered Act** means any actual or alleged act, error, omission or **Personal Injury** arising from **Professional Services**.

8.8 **Damages** means a monetary judgment or award which **you** are legally obligated to pay, or a monetary settlement to which **we** agree on **your** behalf, but does not include fines, penalties, court imposed sanctions or return of commissions or other fees.

8.9 **Dealer** shall have the meaning assigned to that term by the Securities Exchange Act of 1934.

8.10 **Defense Expenses** means:

8.10.1 fees and expenses incurred and charged by attorneys **we** designate to represent **you**;

8.10.2 all other fees, costs and expenses incurred at **our** request in connection with a **Claim**.

Defense Expenses do not include salaries, compensation or overhead paid or incurred by **you** or **us**.

- 8.11 **Disciplinary Proceeding** means a proceeding initiated by a state or federal licensing board or regulatory agency, self regulating organization, or peer review committee.
- 8.12 **Extended Reporting Period(s)** means the applicable period of time after the end of the **Policy Period** for reporting **Claims** arising out of **Covered Acts** committed or alleged to have been committed prior to the end of the **Policy Period** and on or after the **Retroactive Date**.
- 8.13 **Financial Adviser** means a licensed professional who offers investment advice and **Financial Planning Services** for a fee.
- 8.14 **Financial Institution** means an institution that collects funds from the public to place in financial assets including, but not limited to stocks, bonds, money market instruments, bank deposits, insurance products, or loans.
- 8.15 **Financial Plan** means a written plan identifying a client's financial objectives and risk appetite and which recommends a course of activities or specific actions, consistent with the client's risk tolerance, to achieve the client's goals and objectives.
- 8.16 **Financial Planner** means a licensed professional who offers **Financial Planning Services** to others for a fee and may include services in the capacity of a **Registered Representative, Registered Investment Adviser, Financial Adviser** or **Life Insurance Agent** as part of a **Financial Plan** or an **Investment Management Contract**.
- 8.17 **Financial Planning Services** means financial or investment advice given as part of a **Financial Plan**, including advice relating to risk management, investments, estate planning, retirement planning, and taxes; or **Investment Management Services** provided pursuant to an **Investment Management Contract**.
- 8.18 **Investment Adviser** means a licensed professional offering:
- 8.18.1 **Financial Planning Services** as a **Financial Planner** or **Registered Representative**;
 - 8.18.2 **Investment Management Services** as a **Registered Investment Adviser**;
 - 8.18.3 services as a **Life Insurance Agent**;
 - 8.18.4 general financial education courses and seminars including, but not limited to, courses relating to Section 404(c) of the Employee Retirement Income Security Act of 1974 ("ERISA"); or
 - 8.18.5 services as a "3(38)" advisor as defined by ERISA Section 402(c)(3).
- 8.19 **Investment Management Contract** means a written agreement with a client which identifies financial goals and strategies for the investment of the client's money following a process which specifies investment goals, risk tolerance, allocation of investments among diversified asset classes and guidelines for the selection of money managers and/or ongoing monitoring and reporting of performance.
- 8.20 **Investment Management Services** means all activities necessary to execute services as agreed under an **Investment Management Contract**.
- 8.21 **Life Insurance Agent** means a duly licensed professional engaged in the sale of life, health, disability, accident or long term care insurance including activities as a licensed life insurance consultant.

- 8.22 **Market Maker** shall be defined as set forth in the Securities Exchange Act of 1934.
- 8.23 **Material Change** means:
- 8.23.1 a change in legal name of the Named Insured;
 - 8.23.2 any consolidation, acquisition or merger of the Named Insured with any other organization or the creation of any **Subsidiary** or **Affiliated Firm**; or
 - 8.23.3 a change of fifty percent (50%) or more in the number of owners, partners, shareholders, members, managers or employees as reported on the application for this policy.
- 8.24 **Personal Injury** means (a) false arrest, detention or imprisonment, covert entry, eviction or other invasion of private occupancy (b) malicious prosecution; (c) libel, slander or other defamatory or disparaging actions, (d) infringement of copyright, title, slogan, patent, trademark, trade dress, trade names, services marks or service number. **Personal Injury** also includes emotional distress and mental anguish arising from any of the circumstances described herein.
- 8.25 **Predecessor in Business** means any firm or individual's practice which has ceased providing **Professional Services** for their own account and in their own name, and to whose assets or liabilities **you** are a successor in interest. **Predecessor in Business** includes any firm or individual practice merged into or acquired by **you** during the **Policy Period**, provided details of such firm or individual practice are provided to **us** in writing as soon as practicable, but in no event later than the expiration of the **Policy Period**.
- 8.26 **Professional Services** means services **you** perform for a client or professional association in **your** capacity as an appropriately licensed, accredited or certified **Investment Adviser** or **Registered Representative**.
- 8.27 **Policy Period** means the period of time stated in Item 2 of the Declarations or other time period resulting from policy cancellation or endorsement to this policy.
- 8.28 **Property Damage** means injury to tangible property, including all resulting loss of use of that property or loss of use of tangible property.
- 8.29 **Registered Investment Adviser** means a licensed professional, including an individual, corporation, partnership or LLC, who meets the definition of **Investment Adviser** as defined in the Investment Advisers Act of 1940, as amended, and who is duly registered with either the Securities Exchange Commission ("SEC") or the appropriate state or self securities regulatory agency.
- 8.30 **Registered Representative** means a licensed professional who is duly registered with FINRA as a **Registered Representative** and is under the supervision and control of a **Broker-Dealer** pursuant to the provisions of the Securities Exchange Act of 1934.
- 8.31 **Retroactive Date** means the date specified in Item 5 of the Declarations or by endorsement to this policy. This policy shall only apply to **Claims** resulting from **Covered Acts** committed on or after that date.
- 8.32 **Related Claim** means any **Claims** arising out of the same or related transaction or event, or arising out of the same or related act, error or omission and will be consider a single **Claim** and subject to the Per Claim Limits of Liability stated in the Declarations of the policy in effect at the time the first **Related Claim** was made against **you**.

- 8.33 **Securities** shall have the meaning assigned by the following: (1) the Securities Exchange Act of 1934; (2) the Securities Act of 1933; (3) the Investment Advisers Act of 1940; and/or (4) any rules or amendments issued pursuant to any of these acts.
- 8.34 **Subsidiary** means any entity in which **your** equity ownership is more than fifty percent (50%), either directly or indirectly, that performs **Professional Services** at **your** direction or control.
- 8.35 **Underwriter** shall have the meaning assigned to that term by the Investment Advisers Act of 1940.
- 8.36 **Wealth Adviser** shall have the same meaning as **Investment Adviser**.
- 8.37 **You, your or Insured** mean:
- 8.37.1 the Named Insured designated in the Declarations;
 - 8.37.2 any person who is, was, or hereafter becomes **your** partner, principal, officer, director, member, or employee, but only while acting on **your** behalf;
 - 8.37.3 any of **your** present or former temporary or leased personnel, or present or former subcontractor or independent contractor engaged by **you**, but only while acting on **your** behalf;
 - 8.37.4 any person who is, was, or hereafter becomes the appointed Chief Compliance Officer pursuant to Rule 206(4)-7 of the Investment Advisers Act of 1940 solely while acting in such a capacity for the Named Insured or **Predecessor In Business**;
 - 8.37.5 the heirs, executors, administrators, and legal representatives of any of **you**, in the event of the death, incapacity or bankruptcy of any of **you**, but only for **Covered Acts** committed prior to such death, incapacity or bankruptcy, and only to the extent **you** would have otherwise been provided coverage under this policy;
 - 8.37.6 any **Subsidiary** or **Predecessor in Business**;
 - 8.37.7 any **Affiliated Firm**; or
 - 8.37.8 **your** lawful spouse but solely by reason of:
 - 8.37.8.1 spousal status, or;
 - 8.37.8.2 a spouse's ownership interest in property or assets that are sought as recovery. This definition 8.36.8.2 shall not apply to the extent a **Claim** alleges any **Covered Act** by such spouse.

9. CONDITIONS

9.1 Reporting of **Covered Acts** That May Give Rise To A **Claim**

If during the **Policy Period**, **you** become aware of a specific **Covered Act** that may reasonably be expected to give rise to a **Claim**, and if **you** report such specific **Covered Act** to **us** in writing during the **Policy Period**, then any **Claim** subsequently arising from such specific **Covered Act** duly reported in accordance with this paragraph shall be deemed a **Claim** made during the **Policy Period**. Such written notice to **us** shall include:

- 9.1.1 specific details of the act, error or omission, regulatory action or demand for arbitration;
- 9.1.2 specific injuries or **Damages**;
- 9.1.3 the names of potential claimants, if available; and
- 9.1.4 the manner in which **you** first became aware of the **Covered Act**.

9.2 Notice

In the event of a **Claim**, **you** shall as a condition precedent to the coverage afforded by this policy:

- 9.2.1 immediately forward to **us**, or take steps necessary to preserve, all documents or evidence relating to the **Claim**; and
- 9.2.2 provide prompt written notice containing particulars sufficient to identify **you** and all information regarding the time, place and circumstances of the **Covered Act**, and the names and addresses of the adverse parties and available witnesses, to **us** as soon as practicable.

Notice of any **Claim** or specific **Covered Act** or all other notices under this policy shall be given in writing to the address indicated in the Declarations.

9.3 Notice Of **Material Change**

Any **Material Change** must be reported to **us** within thirty (30) days of such change taking place. Within ninety (90) days of such report of a **Material Change**, the company may, at its sole option, cancel the policy or propose adjustments to either premium or terms and conditions of the policy.

9.4 Liberalization

If **we** adopt any revision that would broaden coverage under this policy without additional premium at any time during the **Policy Period**, the broadened coverage: i) will immediately apply to this policy beginning the effective date of the approval by the regulatory authorities of the state in which this policy is issued or otherwise implemented by **us**; and ii) will not apply to **Claims** that were first made against **you** prior to the effective date of such revision.

9.5 Prohibition Of Voluntary Payments And Settlements Provision

You shall not, except at **your** cost, make any payment, admit liability, settle any **Claim**, assume any obligation, agree to **Alternative Dispute Resolution** or any other means of dispute resolution, or waive any rights or incur **Defense Expenses** without **our** prior written consent.

9.6 Cooperation

You shall cooperate with **us** and defense counsel in the investigation, defense and settlement of a **Claim** and enforcement of contribution or indemnification actions against others.

9.7 Authorization

The first person or entity named in the Declarations Page agrees to act as the Named Insured with respect to the giving and receiving of all notices, the exercising of **Extended Reporting Period(s)**, the cancellation of this policy, the payment of premiums and Deductible amounts, and receiving of any return premiums that may become due.

9.8 Other Insurance

This policy shall be excess over, and shall not contribute with, any other existing insurance, bond, indemnification plan or self-insurance program written for the benefit of the Named Insured, unless such other insurance is specifically written to be excess of this policy.

9.9 Coverage In Bankruptcy

Your personal bankruptcy or insolvency or that of **your** estate shall not relieve **us** of **our** obligations under this policy.

9.10 Cancellation

9.10.1 **We** may cancel this policy for non-payment of any premium due by providing to the Named Insured written notice stating when, not less than, ten (10) days thereafter, such cancellation shall be effective.

9.10.2 **We** may cancel this policy for any other reason by providing to the Named Insured written notice stating when, not less than, ninety (90) days thereafter, such cancellation will be effective.

9.10.3 The Named Insured may cancel this policy on behalf of all of **you** by mailing **us** written notice stating when thereafter such cancellation will be effective. Notice of cancellation must be sent to **us** by certified mail to the address set forth in the Declarations.

9.10.4 If **we** cancel the policy, unearned premium will be returned on a pro rata basis.

9.10.5 Subject to any minimum premium provisions set forth in this policy, if **you** cancel the policy, unearned premium will be calculated at the customary short rate basis.

9.11 Arbitration and Mediation

Should **we** disagree with **you** as to the interpretation or application of this policy, including the appropriateness or value of any settlement or final disposition of any **Claim**, the dispute shall be resolved through the following procedure:

9.11.1 Mediation

The parties agree to first meet with a mediator appointed by the American Arbitration Association in a good faith effort to negotiate a resolution of the dispute. Mediation shall continue until resolution of the dispute, or the mediator notifies the parties that it is unlikely that the dispute will be resolved through mediation, or any party elects after a minimum of thirty (30) days of mediation effort to end mediation.

9.11.2 Arbitration

If the dispute is not resolved through mediation as described in 9.11.1 above, the dispute will be submitted to final and binding arbitration which, except as set forth below, shall be conducted in accordance with the rules of the American Arbitration Association. The arbitration panel shall consist of one arbitrator selected by **us**, one arbitrator selected by **you**, and one arbitrator selected by the two arbitrators. In the event that the two arbitrators selected cannot agree on a third arbitrator then the American Arbitration Association shall appoint an arbitrator. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.

If acceptable to **us** and **you**, any dispute may, in lieu of binding arbitration, be submitted to another form of **Alternative Dispute Resolution**.

9.12 Sending of Notices

Any notice of cancellation, non-renewal or renewal premium increase or change in policy terms will be mailed by first class registered or certified mail to the first Named Insured at the last mailing address known to **us**. Proof of mailing will be sufficient proof of notice.

9.13 Innocent Insureds

Whenever coverage under any provision of this policy would be excluded, suspended or lost because of noncompliance with Conditions 9.1 or 9.2 herein, due to failure of an **Insured** with knowledge of a **Covered Act** to give appropriate notice, **we** agree that such insurance as would otherwise be afforded under this policy shall apply with respect to those of **you** who did not personally commit or personally participate in the misrepresentation provided that **you** comply with all applicable provisions immediately after receiving knowledge of such failure.

9.14 Conformity to Statute

In the event that any terms or conditions of this contract conflict with any law applicable to the coverage afforded hereunder, the terms of this contract shall be amended to conform to such law or laws.

9.15 Declarations and Applications

By acceptance of this policy, **you** agree that the statements in the application(s) and any attachment(s) attached thereto are made a part hereof, and all information communicated by **you** to **us** are **your** agreements and representations, and all such communicated information shall be deemed material to **our** issuance of this policy; and that this policy is issued in reliance upon the truth of such representations that this policy embodies all agreements existing between **you** and **us** or any of **our** agents relating to this insurance.

SPECIMEN