



APPLICATION FOR A FINANCIAL INSTITUTION BOND

Form No. 14

MUTUAL FUND MANAGERS/DEALERS, INVESTMENT COUNSELLORS, AND PORTFOLIO MANAGERS.

ATTACH TO THIS APPLICATION:

- i) Most recent Annual Report including Financial Statements
- ii) Latest external Auditor's memorandum to Management on internal controls along with Management's response or a letter from your Auditor stating one was not issued

NOTE: For new operations, please attach copies of the applications submitted to the Securities Commission for registration

ALL QUESTIONS MUST BE ANSWERED

1. Application is hereby made by: _____

(List **ALL INSUREDS** to be covered, including Employee Benefit Plans)

Principal Address: _____

(herein called Insured) for a **Financial Institution Bond, Form No. 14**, to become effective as of 12:01a.m. on:

Date Insured was established: _____

Name of prior carrier: _____

2. Insured is a (check the appropriate category(ies)):

- Mutual Fund Dealer
 Investment Counsellor
 Portfolio Manager
 Mutual Fund Manager
 Other: _____

3. List exchanges or self-regulatory organizations of which the Insured is a member:

4. What is the percentage of business in:

Canada? _____ United States? _____ Other? (Please specify country) _____

5. For all Insureds, show the total number of:

No. of

(a) Officers and employees, retained attorneys and persons provided by employment contractors (excluding agents): _____

(b) Agents (if coverage is desired, please complete the attached Supplemental Application): _____

Total of (a) and (b): _____

(c) Locations (other than the Home Office of the Insured first named): _____

(d) Locations outside of Canada (list below): _____

6. Complete the following for forms and amounts of coverage desired:

ACTUAL AMOUNT TO BE PROVIDED MAY DIFFER FROM THAT REQUESTED AND WILL BE INDICATED IN THE DECLARATIONS OF THE BOND

BASIC FORM OF COVERAGE

AMOUNT

- (a) (i) Basic Bond Coverage (Insuring Agreements A, B, and C): \$ _____
- (ii) Deductible Options: (1) \$ _____ (2) \$ _____

OPTIONAL FORMS OF COVERAGE

- (b) Is Insuring Agreement D – Forgery or Alteration Coverage desired? Yes No \$ _____
- (c) Is Insuring Agreement E – Securities Coverage desired? Yes No \$ _____
- (d) Is Computer Systems Fraud Coverage desired? Yes No \$ _____
- (e) Other (specify): _____ Yes No \$ _____

AUDIT PROCEDURES

7. External Audit

- (a) Is there an annual semi-annual audit by an independent firm of Chartered Accountants (C.A.)? Yes No
 If Yes, is it a complete audit made in accordance with generally accepted auditing standards and so certified? Yes No
 If No, explain the scope of the C.A.'s examination.

- (b) Is the audit report rendered directly to all partners if a partnership or to the Board of Directors if a corporation? Yes No
- (c) Name and location of C.A. _____
- (d) Date of completion of the last audit by C.A. _____
- (e) Has there been any change in the outside auditing firm in the last 3 years? Yes No
 If Yes, please explain: _____

INTERNAL CONTROLS (OTHER THAN AUDIT PROCEDURES)

- 8. (a) Are all outgoing cheques countersigned? Yes No
 If No, please explain: _____
- (b) How are cheques guarded to avoid loss or misplacement? _____

- (c) Is the sequence of cheque numbers carefully observed to ensure proper accountability? Yes No
- (d) If cheque-signing machines are used, describe control over signature plates: _____

- (e) Are all incoming cheques and drafts immediately endorsed "for deposit only"? Yes No
- (f) Are bank reconciliations completed by person(s) not authorized to deposit or withdraw therefrom? Yes No
 If No, who (name and position) reviews and approves bank reconciliations? _____

CUSTOMER ACCOUNTS

9. (a) Are monthly statements (whether or not there was activity in the account) mailed directly to the customers? Yes No
If Yes, are they mailed by the Fund Manager or the Insured?
If not mailed monthly, please explain: _____
- (b) Does an officer or partner reconcile differences reported by customers? Yes No
- (c) Are all cheques issued by clients made payable directly to the mutual fund manager? Yes No
- (d) Are any cheques made payable directly to the Insured? Yes No
If Yes, please explain: _____
- (e) Are there any physical insecurities or mutual fund certificates handled on the premises? Yes No
If Yes: (a) what is the maximum daily exposure? \$ _____
(b) are they subject to joint control? Yes No

PERSONNEL

10. (a) Do you require annual vacations of at least two consecutive weeks for all personnel? Yes No
If No, please explain: _____
- (b) Do you verify the business history of each prospective employee for the last five years preceding his/her employment with your firm? Yes No
If No, please explain what procedures is followed: _____
- (c) Are employee's accounts allowed? Yes No
If Yes, are ledger cards of such accounts segregated and frequently reviewed by an officer? Yes No
- (d) Are the major shareholders working full-time in the firm? Yes No
11. (a) Has there been any change in controlling ownership or management within the past three years? Yes No
If Yes, explain: _____
- (b) Current ownership structure, including name and percentage held (if necessary, please attach a separate page): _____
12. Has any insurance similar to the type being requested in this application been declined or cancelled during the past six years? Yes No
If Yes, explain: _____
13. (a) List all claims that have occurred during the past six years (whether reimbursed or not), and
(b) List all losses or situations, similar in type to claims which could fall within the scope of the bond being applied for in this application, that have occurred during the past six years (whether reimbursed or not.)

CHECK IF NONE

Date of Loss	Type of Loss	Amount of Loss	Amount Recovered from Insurance	Amount Recovered from other than Insurance	Amount of Loss Pending	If Loss occurred at other than Main Office, state Location
		\$	\$	\$	\$	
		\$	\$	\$	\$	
		\$	\$	\$	\$	
		\$	\$	\$	\$	

14. Is your firm or anyone in your firm, expected to be, currently is, or within the past three years, been under any increased, special or non standard reporting or licensing requirement or control of any sort, to any regulatory or governing bodies? Yes No

If the answer is Yes, please give complete details.

Special Conditions

Reason

All provisions contained in the various forms issued under this contract shall be deemed to be contained in the present application for insurance. Completion of this application does not bind the Underwriter to provide the insurance requested.

The Insured represents that the information furnished in this application is complete, true and correct. Any misrepresentation, omission, concealment or incorrect statement of a material fact, in this application or otherwise, shall be grounds for the rescission of any bond issued in reliance upon such information.

Dated at _____ this _____ day of _____, _____.

 (Insured)

 Signed By

 (Name – Please Print)

 (Title)

AGENTS QUESTIONNAIRE**ATTACH TO THIS APPLICATION:**

- (i) Copy of Standard Agent Contract or Agreement
- (ii) Copy of Customer Application for products and/or services offered by the Agent(s) on behalf of the Insured

PLEASE NOTE:

Agent means a natural person, firm or corporation engaged or authorized by written agreement with the Insured to (please provide a description of the service(s) to be provided by such Agent(s) in the space below):

The term Agent shall be deemed to include the partners, officers and employees of such Agent and all such persons shall collectively be deemed to be one person.

1. Explain fully the Insured's control over its Agent(s):

- (a) Does a contract or agreement exist between you (the Insured) and your Agent(s)? Yes No
If Yes, please attach a copy.

If No, please explain: _____

- (b) Is the customer required to complete an application for products/services being offered through your Agents? Yes No

If Yes, does the application specify that all cheques be made payable to the Insured or another Financial Institution? Yes No

- (c) Are there other means of payment? Yes No

If Yes, please explain: _____

- (d) How does the Insured know that it is receiving payment on new accounts?

- (e) Does the Insured send a verification statement to its clients on all new business? Yes No

Do these verification requests contain instructions to report discrepancies to a named person other than the Agent? Yes No

2. How are commissions paid to Agents:

- (a) Deducted by Agent? Yes No

- (b) Paid by Insured to Agent? Yes No

3. (a) What investigation is made prior to issuing a contract or agreement to a prospective Agent?

- (b) Is the Agent's personal financial information obtained? Yes No
- (c) Is there a periodic review of Agents? Yes No
- If Yes, how often? _____

4. (a) List all claims that have occurred during the past six years (whether reimbursed or not), and
 (b) List all losses or situations, similar in type to claims which could fall within the scope of the bond being applied for in this application, that have occurred during the past six years (whether reimbursed or not.)

CHECK IF NONE

Date of Loss	Type of Loss	Amount of Loss	Amount Recovered from Insurance	Amount Recovered from other than Insurance	Amount of Loss Pending	Location
		\$	\$	\$	\$	
		\$	\$	\$	\$	
		\$	\$	\$	\$	
		\$	\$	\$	\$	

5. Is any agent expected to be, currently is, or within the past three years, been under any increased, special or non standard reporting or licensing requirement or control of any sort, to any regulatory or governing bodies? Yes No
- If the answer is Yes, please give complete details.

Special Conditions

Reason

All provisions contained in the various forms issued under this contract shall be deemed to be contained in the present application for insurance. Completion of this application does not bind the Underwriter to provide the insurance requested.

The Insured represents that the information furnished in this application is complete, true and correct. Any misrepresentation, omission, concealment or incorrect statement of a material fact, in this application or otherwise, shall be grounds for the rescission of any bond issued in reliance upon such information.

Dated at _____ this _____ day of _____, _____.

 (Insured)

 Signed By

 (Name – Please Print)

 (Title)