

**APPLICATION FOR A
FINANCIAL INSTITUTION BOND, STANDARD FORM NO. 14
FOR BROKER/DEALERS**

Application is hereby made by _____

(List all insureds, including Employee Benefit Plans)

Principal Address _____ (herein called Insured)
(No.) (Street) (City) (State) (Zip)

for a _____ **Financial Institution Bond, Standard Form No. 14**, to become effective as of
(primary, excess, concurrent, co-surety, coinsured)
 12:01 a.m. on _____ to 12:01 a.m. on _____ In the Aggregate Limit of Liability of \$ _____

Date Insured was established _____ Name of prior carrier _____

1. Insured is a (check the appropriate box):
 Stock Broker , Investment Banker , Dealer in Securities (not Dealer in Mortgages or Commercial Paper) , Investment Trust (not Small Business Investment Co. or Real Estate Investment Trust) , Mutual Fund , Foundation , Endowment Fund , Commodity Broker (if Stock Exchange Member) , Other _____

2. Insured is a (check the appropriate box): Sole Proprietorship , Partnership , Corporation

3. List exchanges which the Insured is a member of:

<u>Name</u>	<u>Name</u>
_____	_____
_____	_____
_____	_____

4. Are you a member of the National Association of Securities Dealers, Inc.? Yes No

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

	<u>No. of</u>
(a) Salaried officers and employees, retained attorneys and persons provided by employment contractors	_____
(b) NASD Registered Representatives (other than those counted in (a) above)	_____
(c) Locations (other than the Home Office of the first Named Insured) in the U.S., Canada, Puerto Rico and Virgin Islands	_____
(d) Locations outside of the U.S., Canada, Puerto Rico and Virgin Islands, list below:	

<u>Location</u>	<u>Location</u>
_____	_____
_____	_____
_____	_____
_____	_____

6. Complete the following:

	<u>Total Assets</u>
(a) As of latest Dec. 31	\$ _____
(b) As of latest June 30	\$ _____

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

<u>Form of Coverage</u>	<u>Amount</u>
(a) Is Insuring Agreement D – Forgery or Alteration Coverage desired? Yes <input type="checkbox"/> No <input type="checkbox"/>	\$ _____
(b) Is Insuring Agreement E – Securities Coverage desired? Yes <input type="checkbox"/> No <input type="checkbox"/>	\$ _____
(c) Is Extortion—Threats to Persons Coverage desired? Yes <input type="checkbox"/> No <input type="checkbox"/>	\$ _____
If "Yes", is coinsurance basis desired? Yes <input type="checkbox"/> No <input type="checkbox"/>	
(d) Is Extortion—Threats to Property Coverage desired? Yes <input type="checkbox"/> No <input type="checkbox"/>	\$ _____

(e) Is Computer Systems Coverage desired? Yes No \$ Amount

If "Yes", complete the following:

(1) Check Computer Systems to be covered:

a. C.H.I.P.S. , S.W.I.F.T. , Your Proprietary System ,
Other Systems **excluding** leased, shared or other Automated Teller Machine Systems not accessed to your Proprietary System,
list below: Name

b. Leased, shared or other Automated Teller Machine Systems not accessed to your Proprietary System, list below:
Name No. of Machines

(2) If coverage on your Proprietary System is desired, complete the following:

a. Number of independent software contractors or service bureaus authorized to design, develop, prepare, supply, service, write or implement programs for your Proprietary System

b. Is customer access to your Proprietary System, except by Automated Teller Machine, permitted? Yes No

(f) Is coverage desired on businesses engaged in the data processing of your checks or other accounting records? Yes No
If "Yes", list below the name and location of each data processor:

<u>Name & Location</u>	<u>Name & Location</u>

(g) If you are a partnership, is coverage desired on your partners? Yes No \$ Amount

If "Yes", list below the name of each partner:

<u>Name</u>	<u>Name</u>

8. Are you a direct participant in a depository for the central handling of securities? Yes No
If "Yes", list below the name and location of each depository:

<u>Name & Location</u>	<u>Name & Location</u>

9. If deductibles are desired, complete the following: (Deductibles on Insuring Agreements (D) and (E) must be at least equal to that carried on the Basic Bond Coverage.)

<u>Coverages</u>	<u>Amount</u>
All except (D) and (E)	\$ _____
(D) Forgery or Alteration	\$ _____
(E) Securities	\$ _____

10. If coverage is being written on an excess, concurrent or co-surety basis, show names of other carriers, bond amounts and (in the case of co-surety) percentage participations: _____

11. If coverage is being written on a coinsurance basis, show Insured's percentage participation _____ %. (Note: Insured may assume a participation of between 5% and 25%.)

12. Are accounts insured by the Securities Investors Protection Corporation? Yes No

13. AUDIT PROCEDURES:

- (a) Is there an annual , semi-annual audit by an independent CPA? Yes No
- (b) If "Yes", is it a complete audit made in accordance with generally accepted auditing standards and so certified? Yes No
- (c) If the answer to (b) is "No", explain the scope of the CPA's examination _____
- (d) Is the audit report rendered directly to all partners if a partnership or to the Board of Directors if a corporation? Yes No
- (e) Name and location of CPA _____
- (f) Date of completion of the last audit by CPA _____
- (g) Is there a continuous internal audit by an Internal Audit Department? Yes No
- (h) If "Yes", are monthly reports rendered directly to all partners if a partnership or to the Board of Directors if a corporation? Yes No
- (i) Are money and securities actually counted and verified? Yes No
- (j) Are the ledger balances to the credit of customers verified? Yes No

14. INTERNAL CONTROLS (OTHER THAN AUDIT PROCEDURES):

- (a) Do you require annual vacations of at least two consecutive weeks for all personnel? Yes No
If "No", explain: _____
- (b) Is there countersignature of checks and bank reconciliation by person(s) not authorized to deposit or withdraw? Yes No
If "No", explain: _____
- (c) Are monthly statements (whether or not there was activity in the account) mailed directly to all customers? Yes No
If "No", explain: _____

15. Has there been any change in ownership or management within the past three years? Yes No
If "Yes", explain: _____

16. Has any insurance been declined or canceled during the past three years? Yes No
If "Yes", explain: _____

17. List all losses sustained during the past three years, whether reimbursed or not, from _____ to _____
Check if none (month, day, year) (month, day, year)

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
		\$	\$	\$	\$	

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.

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO FRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME.

COMPLETION OF THE APPLICATION DOES NOT GUARANTEE ISSUANCE OF A BOND BY THE COMPANY UNTIL A BINDER OR A FEDERAL INSURANCE COMPANY OR VIGILANT INSURANCE COMPANY BOND IS PROVIDED TO YOU. REQUESTS FOR ADDITIONAL NAMED INSURED MAY REQUIRE ADDITIONAL UNDERWRITING INFORMATION AND MAY RESULT IN A REVISED COVERAGE PROPOSAL.

PLEASE NOTE: ONLY DULY APPOINTED AGENTS OF THE COMPANY AND LICENSED BROKERS ARE AUTHORIZED TO SOLICIT APPLICATIONS FOR COVERAGE. AGENTS AND BROKERS ARE NOT AUTHORIZED TO BIND COVERAGE. NO COVERAGE SHALL BE PROVIDED UNLESS THE COMPANY ACCEPTS THE APPLICATION AND BINDS THE COVERAGE.

False Information:

Any person who, knowingly and with intent to defraud any insurance company or other person, files an Application for Insurance containing any false information, or conceals for the purpose of misleading, information concerning any material fact thereto, commits a fraudulent insurance act, which is a crime.

False Information (Florida Only):

Any person who, knowingly and with intent to injure, defraud, or deceive any insurer, files a statement of claim or an Application containing any false, incomplete, or misleading information, is guilty of a felony of the third degree.

False Information (Louisiana Only):

Any person who, knowingly and with intent to deceive any insurance company or other person, files an Application for Insurance containing any false information, or conceals for the purpose of misleading, information concerning any material fact thereto, commits a fraudulent insurance act, which is a crime.

False Information (Maine Only):

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the Company. Penalties may include imprisonment, fines or denial of insurance benefits.

False Information (Nebraska Only):

Any person who, knowingly and with intent to defraud any insurance company or other person, files an Application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any material fact thereto, commits a fraudulent insurance act, which is a crime, when such person subsequently submits a claim.

False Information (New Mexico Only):

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

False Information (New York Only):

Any person who, knowingly and with intent to defraud any insurance company or other person, files an Application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any material fact thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

False Information (Oklahoma Only):

Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claims for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

False Information (Oregon Only):

Any person, who knowingly and with intent to defraud any insurance company or other person, files an Application for insurance containing any false information, or conceals for the purpose of misleading information concerning any material fact thereto, may be guilty of an insurance fraud.

False Information (Pennsylvania Only):

Any person who, knowingly and with intent to defraud any insurance company or other person, files an Application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any material fact thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

False Information (Vermont Only):

Any person who, knowingly and with intent to defraud any insurance company or other person, files an Application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any material fact thereto, commits a fraudulent insurance act, and the Policy may be voided.

False Information (Virginia Only):

Any person who, knowingly and with intent to defraud any insurance company or other person, files an Application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any material fact thereto, commits a fraudulent act, which is a crime.

(Date, sign and print name and title where indicated. Please note that application must have an original signature by an Authorized Officer.)

Signed this _____ day of _____, 20____

(Name of Applicant)

By _____
(Authorized Officer)

Print Name and Title: _____