

This form must be completed for each new bond and at each premium anniversary. If more space is needed to answer any of the questions contained herein, attach additional sheets.

## 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 Code)

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 Company 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 you are 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 insureds, show the total number of: No. of

(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 the U.S., Canada, Puerto Rico and Virgin Islands, list below:

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

6. Complete the following: Total Assets

(a) As of latest Dec. 31..... \_\_\_\_\_

(b) As of latest June 30..... \_\_\_\_\_

7. Complete the following for optional coverages desired:

- | <u>Form of Coverage</u>  | <u>Single Loss Limit</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", list below locations to be excluded:

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

- | <u>Form of Coverage</u>                                       | <u>Single Loss Limit</u>  |
|---|---|
| (d) Is Extortion — Threats to Property Coverage desired?..... | Yes <input type="checkbox"/> No <input type="checkbox"/> \$ _____ |

If "Yes", list below locations to be excluded:

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

- | <u>Form of Coverage</u>                              | <u>Single Loss Limit</u>  |
|--|---|
| (e) Is Computer Systems Fraud Coverage desired?..... | Yes <input type="checkbox"/> No <input type="checkbox"/> \$ _____ |

If "Yes", complete the following:

(1) Insured's Computer System(s)

For the Computer System(s) you operate, whether owned or leased, complete the following:

- a) Number of independent software contractors authorized to design, implement or service programs for your System(s) \_\_\_\_\_
- b) Is access to your System(s) by customers or other outside parties permitted? Yes  No

(2) Other Computer Systems

List below other Computer System(s) for which coverage is desired:

Computer System(s)


- (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>Location</u>	<u>Location</u>

(g) If you are a partnership, is coverage desired on your partners?..... Yes  No  Single Loss Limit  
 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 &amp; Location</u>	<u>Name &amp; Location</u>

9. For deductibles, complete the following: (NOTE: Deductibles on Insuring Agreements (D) and (E) must be at least equal to that carried on the Basic Bond Coverage. Deductibles on Extortion Coverage may be written in any amount.)

<u>Coverage</u>	<u>Single Loss Deductible</u>
(a) All coverages except Insuring Agreements (D), (E) and Extortion.....	\$ _____
(b) Insuring Agreement (D) — Forgery for Alteration.....	\$ _____
(b) Insuring Agreement (D) — Forgery for Alteration.....	\$ _____
(c) Insuring Agreement (E) — Securities.....	\$ _____
(d) Extortion — Threats to Persons.....	\$ _____
(e) Extortion — Threats to Property.....	\$ _____

10. If coverage is being written on an excess, concurrent or co-surety basis, show the names of the other carriers and bond limits. In the case of co-surety also show percentage participations: \_\_\_\_\_  
 \_\_\_\_\_

11. If coverage is being written on a coinsurance basis, show your 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? \_\_\_\_\_

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) Are bank accounts reconciled by someone not authorized to deposit or withdraw?.....Yes  No   
If "No", explain: \_\_\_\_\_
- (c) Is countersignature of checks required?.....Yes  No   
If "No", explain: \_\_\_\_\_
- (d) 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 \_\_\_\_\_  
(month, day, year) (month, day year)

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
		\$	\$	\$	\$	

**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 \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_  
(Insured) By \_\_\_\_\_  
(Name and Title)