



## **Investment Management Liability Proposal Form**

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### **Note of Applicant**

Please note that this proposal form is being completed by the **Applicant** on behalf of all Insureds (as defined in the policy).

For the purpose of this proposal form:

- **Applicant** means all **Investment Managers** and **Funds**.
- **AUM** means Assets/Funds Under Management.
- **BM** means the Benchmark against which the corresponding **Fund** is measured (where applicable).
- **Fund** means the trusts, investment trusts, funds, partnerships or other similar entities requesting insurance.
- **Investment Advisory Services** includes investment advisory services.
- **Investment Banking** means mergers and acquisitions, corporate advisory/finance, facility issuance, corporate restructuring or securities underwriting.
- **Investment Manager** means the investment manager/advisor entities requesting insurance and their Subsidiaries (as defined in the policy).
- **NAV** means Net Asset Value.
- **Proposal** means this signed proposal form, the statements, warranties, and representations herein and all attached supplementary information and materials.

**Please provide all monetary amounts in US\$ when completing the questions below.**





1.3 Please provide a detailed description of the business activities for each **Investment Manager** listed above:

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1.4 (a) Please explain sources of 'other income' above: \_\_\_\_\_

(b) Does any **Investment Manager** provide **Investment Banking** services?  Yes  No

If 'Yes', please provide the percentage of **Investment Banking** income out of the total income: \_\_\_\_\_%

1.5 Are all **Investment Managers** authorised to conduct **Investment Advisory Services** in all jurisdictions in which they are active?  Yes  No

If 'No', please explain: \_\_\_\_\_

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1.6 Does any **Investment Manager** provide **Investment Advisory Services** in the United States or Canada or are they registered with the U.S. Securities and Exchange Commission ('SEC') under the Investment Advisors Act of 1990?  Yes  No

If 'Yes', please provide the date of registration: \_\_\_\_\_

1.7 (a) Has any **Investment Manager** taken over the management of any **Fund** within the last 12 months?  Yes  No

(b) If 'Yes', please describe how that **Investment Manager** protected itself from the liabilities of the previous investment advisor(s) which it succeeded?

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1.8 Does any **Investment Manager** have a 'parent' (entitlement to greater than 50% of the ownership interests in the **Investment Manager**)?  Yes  No

If 'Yes', please provide the name and place of incorporation of the 'parent':

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### 3. General Applicant Questions

Please complete the following section in respect of the **Applicant** (note that **Applicant** means all **Investment Managers** and **Funds**).

- 3.1 Has the **Applicant** been involved in, or been the subject of, any merger, acquisition, tender offer, buy-out or change in equity structure in the past 5 years?  Yes  No

If 'Yes', please provide full details: \_\_\_\_\_

- 3.2 Is the **Applicant** or any of its directors or officers aware of any plans for a merger, acquisition, tender offer, buy-out or a change in equity structure?  Yes  No

If 'Yes', please provide full details on a separate sheet.

- 3.3 Please detail the following in respect of the **Applicant**:

		<i>Current Year, 20</i> <input type="text"/>	<i>Previous Year, 20</i> <input type="text"/>
	Total <b>AUM</b> :		
(b)	Total <b>AUM</b> in <b>Funds</b> :		
(c)	Total <b>AUM</b> in private client mandates or managed on a sub-advisory basis:		
(d)	Asset value of the largest account:		
(e)	Total number of accounts lost:		
(f)	Total value of lost accounts:		
(g)	Total <b>AUM</b> managed on a discretionary basis:		
(h)	Total <b>AUM</b> managed on a non-discretionary basis:		
(i)	Estimate of the percentage of the <b>AUM</b> invested in listed securities:		
(j)	Estimate of the percentage of the <b>AUM</b> invested in unlisted- securities/private equity/venture capital:		
(k)	Estimate of the percentage of the <b>AUM</b> invested in real property assets:		
(l)	Estimate of the percentage of the <b>AUM</b> invested in derivatives or a specialist investment strategy (including hedge funds):		



**3.4** Please provide the percentage split of investor base by type out of total **AUM** in respect of the **Applicant**:

	<i>Type of Investor</i>	<i>Current Year, 20</i> <input type="text"/>	<i>Previous Year, 20</i> <input type="text"/>	<i>Minimum Accepted Investment</i>
	Governments:			
(b)	Corporates/Financial Institutions:			
(c)	Trusts/Family Trusts:			
(d)	High Net Worth Individuals/Accredited Investors (Non-US domiciled):			
(e)	High Net Worth Individuals/Accredited Investors (US domiciled):			
(f)	Non-accredited/Retail Investors (Non-US domiciled):			
(g)	Non-accredited/Retail Investors (US domiciled):			
(h)	Others, (please specify): _____			

**3.5** Does the **Applicant** have procedures and systems in place to ensure:

- (a) transaction decisions/executions are appropriately approved when the chief investment officer is unavailable?  Yes  No
- (b) trading policies and dealing limits are clearly defined and communicated to relevant employees and subsequently enforced?  Yes  No
- (c) any unauthorised trading or trading errors are identified, monitored and, where necessary, rectified as they occur?  Yes  No
- (d) counter-parties receive authorised confirmation for all deals prior to settlement?  Yes  No
- (e) a formalised due diligence process is followed when assessing any given investment strategy?  Yes  No
- (f) suitable financial advice is given and recommendations are made according to investors' objectives/risk aversion?  Yes  No
- (g) investments are periodically substantiated and evaluated against recorded values independent of the **Fund Manager** or dealer?  Yes  No
- (h) redemption requests are processed correctly, without the risk of fraudulent redemptions, in a timely manner, and funds are remitted correctly?  Yes  No
- (i) compliance by all employees with applicable laws, principles, codes and guidelines?  Yes  No
- (j) employee trading accounts are tracked?  Yes  No



If the response to any of the above is 'No', please provide full details on a separate sheet.

- 3.6** Are all publications, marketing literature, or other product services communications (electronic or documentary), subject to sign off by the business unit manager, compliance and legal department?  Yes  No

If 'No', please provide full details on a separate sheet.

- 3.7** (a) Does the **Applicant** use standard written agreements/contracts/letters of offer setting out the terms and conditions of the services provided?  Yes  No  
 (b) If 'Yes', do all such agreements/contracts/ letters of offer contain indemnities/limitations on the **Applicants** liability?  Yes  No

If the response to either of the above is 'No', please provide full details on a separate sheet.

- 3.8** (a) Does the **Applicant** appoint any agents to distribute units of **Funds**?  Yes  No  
 (b) If 'Yes', does the **Applicant** regularly monitor/audit the quality of service and advice provided by such agents?  Yes  No

- 3.9** Have there been any changes or modifications to the investment restrictions or limitations of any investment **Fund** during the past 2 years?  Yes  No

If 'Yes', please provide full details on a separate sheet.

- 3.10** Have there been any material changes in the administrative operations or investment policies of any **Applicant** during the past 2 years?  Yes  No

If 'Yes', please provide full details on a separate sheet.

- 3.11** Does the **Applicant** foresee any **Fund** being liquidated or restructured over the next 12 months?  Yes  No

If 'Yes', please provide full details on a separate sheet.

- 3.12** Does the **Applicant** impose redemption fees on investors who redeem shares/units in a **Fund** within a short period of time?  Yes  No

If 'No', please provide how 'market timing' (the practice of making short-term purchases and sales of **Funds**) is discouraged:

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- 3.13** Does the **Applicant's** computer system automatically 'prevent' breaches of investment mandates or engagement letters?  Yes  No

If 'No', please detail how such breaches are prevented: \_\_\_\_\_

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- 3.14** Does the **Applicant** have an employee Handbook/Manual?  Yes  No



If 'Yes':

- (a) does it contain written instructions on all aspects of your business?  Yes  No
- (b) does it clearly define the individual duties of each employee?  Yes  No
- (c) does it address security procedures (including electronic data security)?  Yes  No
- (d) does it address personal trading practices of employees and other persons who have access to information about portfolio holdings of **Funds** (including pre-clearance of personal account trades, 'blackout' periods, limitations on short-term trading, use of non-public information)?  Yes  No

**3.15** Please provide the following in respect of the **Applicant**:

- (a) name of external auditor: \_\_\_\_\_
- (b) frequency of external audits: \_\_\_\_\_
- (c) number of dedicated internal audit staff: \_\_\_\_\_

**3.16** Have all recommendations from the most recent external auditors review been implemented?  Yes  No

If 'No', please provide details of any outstanding matters and a timeline for completion on a separate sheet.

**3.17** (a) Name of external law firms routinely acting for the **Applicant**: \_\_\_\_\_

(b) Please detail the type of work for which external law firms are typically engaged: \_\_\_\_\_

**3.18** Has the **Applicant** or any entity proposed for insurance, or any of its directors, officers, partners or employees been subject to any regulatory investigation in the last 5 years?  Yes  No

If 'Yes', please provide details on a separate sheet including details of any resulting disciplinary proceedings, admonishments or recommendations.

**3.19** If applicable, are all recommendations made following a regulatory visit fully implemented?  Yes  No

If 'No', please provide details on a separate sheet.

## **4. Insurance History**





4.1 Please provide the following information/details for pre-existing insurance policies:

Type	Insurer	Limit (\$,000)	Deductible (\$,000)	Period
(a) Directors Officers Liability:				
(b) Professional Indemnity:				
(c) Fidelity:				

4.2 Has any insurer ever cancelled or non-renewed any insurance policy held by the **Applicant** of the type listed above?  Yes  No

If 'Yes', please explain:

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## 5. Claims Information

This Section **MUST** be completed by the Applicant.

5.1 Is the **Applicant** aware, after full enquiry, of any form of client complaint (brought by a client, or on their behalf by a regulator)?  Yes  No

If 'Yes', please provide full details on a separate sheet.

5.2 Has any claim been brought against the **Applicant** or any of its directors, officers, partners, trustees or employees during the last 5 years?  Yes  No

If 'Yes', please provide full details on a separate sheet.

5.3 Does the **Applicant**, or any of its directors, officers, partners, trustees or employees, after full enquiry, have any knowledge of any act, omission, event or circumstance which could give rise to a claim?  Yes  No

If 'Yes', please provide full details on a separate sheet.



## 6. Required Information

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Please enclose with this proposal form:

- The latest Annual Report and Financial Accounts of the **Applicant**.
- A copy of standard engagement letters and/or service agreements.
- An organisational chart.
- A copy of the latest performance report for each **Fund**.
- The Prospectus/Information Memorandum for each **Fund**.
- CV's/Resume's for all Directors of the **Applicant**.
- Any supplementary information which is material to any questions herein (on the **Applicant's** company letterhead paper)

## 7. Declaration

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The undersigned authorized Chairman of the Board, President or General Partner of the **Applicant**:

- declares that this **Proposal** has been completed after full enquiry and that the statements and particulars herein are true and that no material facts have been misstated or omitted; and
- agrees that if the information supplied in this **Proposal** changes between the date of this **Proposal** and the effective date of the insurance, he/she (undersigned) will, in order for the information to be accurate on the effective date of the insurance, immediately notify the Insurer of such changes, and the Insurer may withdraw or modify any outstanding quotations and/or authorisations or agreements to bind the insurance; and
- agrees that this **Proposal** shall be the basis of the contract should a policy be issued, and it will be attached to and become part of the policy.

Signed .....

Title .....

(Must be signed by Chairman of the Board, President or General Partner)

Company .....

Date .....

***Signing this proposal form does not oblige the Applicant to purchase any insurance.***