

Proposal Form for Pembroke 4000 Civil Liability Policy

1. Please answer all questions leaving no blank spaces.
2. If there is insufficient space to complete any answers, please continue on your headed paper.
3. This form must be signed and dated by a director of the Proposer.
4. Please attach the most recent Annual Statement and Report and any Interim Report issued since.
5. Any contract of insurance made by the Underwriter and the Proposer shall be based upon the answers and information provided in this Proposal Form and any other additional information provided by the Proposer.
6. This proposal is an application for insurance which shall be subject to the terms and conditions of the Pembroke 4000 Civil Liability Policy as varied by Underwriters.

SECTION A – PARTICULARS OF PROPOSER

1. Please State the name and address of the Proposer, listing all subsidiaries for which cover is requested, indicating the location, date of establishment and principal activity of each company.

Proposer:

Address:

<u>Name of Subsidiary</u>	<u>Location</u>	<u>Date Established</u>	<u>Principal activity</u>
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2. a) Has the Proposer been acquired by another entity, merged with or acquired any other business during the last 5 years? If so, provide details.
- b) Has the Proposer provided any new services to its clients during the last 3 years? If so, provide details.
- c) Does the Proposer intend to offer any new services to its clients during the next 12 months? If so, provide details.

3. State at the dates indicated:

	Currently or at date of last interim report	At last year end	At previous year end
Total Assets			
Total Loans (as an asset)			
Profit before tax			
Market Capitalisation			
Funds under management			
Funds under discretionary management			
Total employees			

4. State the names of all executive and non executive directors, their length of service, specific responsibilities and professional qualifications:

Name	Length of service	Specific responsibilities	Professional Qualifications

SECTION B – PROPOSER’S ACTIVITIES

5. In the last financial year please state the percentage of revenues derived from the following activities and locations:

Activity	% of all income from activity	% of income from UK	% of income from Worldwide excluding USA and UK	% of income from USA
Securities Underwriting				
Mergers and Acquisitions advice				
Other Corporate finance				
Fund management (non discretionary)				
Fund management (discretionary)				
Securities dealing (execution only)				
Securities dealing (with advice)				
Portfolio Management				
Financial / Investment advice				
Retail Lending				
Commercial Lending				
Interbank Lending				
Total	100	100	100	100

- 6 a) Please list the five largest takeover or merger situations in which the Proposer acted on behalf of clients in the last twelve months, indicating by asterisk, on behalf of whom the Proposer was acting, and the values involved.

Offeror	Offeree	Outcome	Value
1.			
2.			
3.			
4.			
5.			

- b) How many flotations has the Proposer undertaken in the last twelve months?

Please list the largest five indicating the share capital involved

Company	Shares Placed	Value
1.		
2.		
3.		
4.		
5.		

- c) How many rights issues has the Proposer undertaken in the last twelve months?

Please list the largest five indicating the share capital involved.

Company	Shares Placed	Value
1.		
2.		
3.		
4.		
5.		

7. Does the Proposer undertake trust activities or discretionary account management?

If Yes:

- a) Are all clients' agreements reviewed annually?
- b) Are all trust / discretionary transactions subject to the same procedures and review as the Proposer's own account transactions?

If not, please describe:

- c) Please state: i) the number of trust/discretionary accounts
ii) the asset value of the largest managed account.
- d) How often are financial reports rendered to clients?
- e) How does the Proposer select securities recommended to clients?

8. a) Is the Proposer a member of a securities exchange? Please state which
- b) With respect to securities dealing, does the Proposer contract out settlement duties?

If yes, please state whether model A or B.

- c) Does the Proposer knowingly permit bear sales?

- d) Does the Proposer allow customer trading against uncleared funds?

If yes, please describe what procedures are adopted to manage the risk of default.

- e) Please describe the procedures adopted when instructions are received by telephone concerning the purchase / sale of securities.

SECTION C – PROCEDURES

9. To which regulatory authorities are the Proposer and the subsidiaries listed in the answer to question 1. accountable?
10. a) Does the Proposer have a Risk Management department?
b) If so, please describe the approach taken.
11. a) Does the Proposer have an internal audit department?
b) If so, how many staff are employed in this function?
12. a) Please state the name and address of external auditors.
b) Please state the frequency of auditing services performed by the external auditor.
c) Does the external auditor regularly review the system of internal controls and furnish written reports?
d) Has the external auditor made any recommendations in the last two audits? If so, please state the recommendations and confirm that they

have been implemented. If not implemented, please give reasons for not doing so.

- e) Has the external auditing firm been changed in the last five years? If so, please explain why the change was made.
 - f) Please attach a copy of the most recent management letter from the external auditing firm and the Proposer's response thereto.
- 13.
- a) Does the Proposer have an in-house Legal Department? If so, how many legally qualified staff does it consist of and what are the department's responsibilities?
 - b) Does it offer services to customers or other third parties? Please give details.
 - c) Does the Proposer use a standard form of contract, agreement or letter of appointment with regard to services performed?

Are these regularly reviewed, and if so, by whom?
- 14.
- a) Does the Proposer have a Compliance Officer?
 - b) If so, please state duties and to whom he or she reports.
 - c) Please attach curriculum vitae.
- 15.
- a) Does the Proposer have a written code of ethics encompassing all employees which includes a statement on the principles of acceptable conduct, and with guidelines for acceptable outside activities, conflict of interests, gifts from customers, and prohibition on other employment?

- b) Are employees required to agree in writing that they have read the ethics code and are abiding by it?

- c) Do you require all directors and employees to declare their outside business interests and specify relationships which could lead to possible conflicts of interest?

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SECTION D – PARTICULARS OF COVERAGE

16. Please state details of current professional indemnity insurance as follows:

Insurer:	
Sum Insured:	
Deductible:	

17. Please state the level of cover desired:

Sum Insured:	
Deductible:	

18. a) Has any application made by the Proposer or its predecessors in business for Professional Indemnity Insurance ever been declined?

If so, please state reasons.

b) Has any Professional Indemnity Policy in the name of the Proposer or its predecessors in business ever been cancelled?

If so, please state reasons.

SECTION E – CLAIMS HISTORY

19. During the last five years has the Proposer received any admonishment or critical directive from any regulatory authority?

If so, please give details.

20. Is the Proposer currently involved in any litigation as a defendant?

If so, please give details.

21. Has the Proposer any knowledge or information, after full enquiry, of any circumstance whatsoever which might give rise to claims being made against it, its subsidiaries or any branches to which this application applies?

22. Has any demand or claim of a type being the subject of this insurance been made against the Proposer, its subsidiaries or any branches to which this application applies during the past five years?

WE HEREBY DECLARE THAT the above statements and particulars are true and complete to the best of our knowledge and that we have not suppressed or misstated any material facts and we agree that this application shall be the basis of any contract subsequently effected between the Proposer and the Underwriters.

Date

Signature

(Director)

Signing this Proposal Form does not bind the Proposer to complete this insurance.

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