

Pembroke

SYNDICATE 4000

Professional Liability

FSA Approved Persons

Policy Wording

In consideration of the payment of the premium shown in the Schedule, and in reliance upon the statements made in the **Proposal Information** which is hereby agreed to be the basis of this **Policy** and which is incorporated into this **Policy** and forms a part hereof, the **Insurer** agrees, subject to the terms of this **Policy**, as follows:

1. INSURING CLAUSE

The **Insurer** shall pay on behalf of:

- A. an **Approved Person, Legal Expenses** arising out of any **FSA Proceedings** brought against an **Approved Person** and commenced during the **Policy Period** except for and to the extent that the **Named Business** has indemnified the **Approved Person**; and
- B. the **Named Business, Legal Expenses** arising out of any **FSA Proceedings** brought against an **Approved Person** and commenced during the **Policy Period** but only when and to the extent that the **Named Business** shall be required or permitted to indemnify the **Approved Person** pursuant to the law, common or statutory, or the Memorandum and Articles of Association.

2. DEFINITIONS

For the purposes of this **Policy**, the terms in bold type shall have the meanings designated below.

- A. **Legal Representative** means a solicitor or other legal representative appointed by the **Approved Person** in accordance with the terms of this **Policy** to act on behalf of the **Approved Person** in connection with **FSA Proceedings**.
- B. **Approved Person** means each natural person who was a partner, member, principal, director, officer or employee of the **Named Business** at the inception of the **Policy Period** to whom the **FSA** has given its approval under section 59 of **FSMA** for the performance of a **Controlled Function** (but only for such time as that natural person was a partner, member, principal, director, officer or employee of the **Named Business**) and new **Approved Persons** in accordance with Clause 4 (Extensions) below.
- C. **Controlled Function** means any of functions 1 to 27 which are specified under section 59 of **FSMA** in the table of controlled functions found at SUP 10.4.5R of the **FSA Handbook** (version as at 1 January 2005).
- D. **Excess** means the excess stated in Item 7 of the Schedule.
- E. **FSA** means the Financial Services Authority.
- F. **FSA Handbook** means the **FSA's** Handbook of rules and guidance.
- G. **FSA Proceedings** means:
 - 1. proceedings brought by the **FSA** and initiated by the appointment of one or more persons to conduct an investigation pursuant to section

167 of **FSMA**. For the purposes of this **Policy**, such investigations are deemed to be commenced on the date the **Approved Person** is given written notice of the appointment of an investigator; or

2. proceedings brought by the **FSA** and initiated by the appointment of one or more persons to conduct an investigation pursuant to section 168(3) or (5) of **FSMA**. For the purposes of this **Policy**, such investigations are deemed to be commenced on, where applicable, the date the **Approved Person** is given written notice of the appointment of an investigator, or, where no written notice is given, where the **Approved Person** first becomes aware that an investigation has been commenced; or
3. proceedings brought by the **FSA** and initiated by the appointment of one or more persons to conduct an investigation pursuant to section 169 of **FSMA**. For the purposes of this **Policy**, such investigations are deemed to be commenced on, where applicable, the date the **Approved Person** is given written notice of the appointment of an investigator, or, where no written notice is given, where the **Approved Person** first becomes aware that an investigation has been commenced; or
4. actions taken by the **FSA** and initiated by the giving of a warning notice pursuant to section 126 of **FSMA**. For the purposes of this **Policy**, such actions are deemed to be commenced on the date the **Approved Person** is given a copy of the warning notice; or
5. disciplinary measures taken by the **FSA** and initiated by the giving of a warning notice pursuant to section 207 of **FSMA**. For the purposes of this **Policy**, such disciplinary measures are deemed to be commenced on the date the **Approved Person** is given a copy of the warning notice; or
6. the institution of proceedings for an offence pursuant to section 401 or 402 of **FSMA**. For the purposes of this **Policy**, such proceedings are deemed to be commenced on the date the **Approved Person** first becomes aware that proceedings have been instituted.

FSA Proceedings shall, subject to sub-clause K.3. below, include any such proceedings referred to the **FSMT** and any appeal therefrom to the Court of Appeal and to the House of Lords.

Where **FSA Proceedings** are brought under more than one of the sub-clauses above, arising directly or indirectly out of the same cause or from a single event, they shall be considered a single proceeding deemed to have been commenced on the date of the first such proceeding.

- H. **FSMA** means the Financial Services and Markets Act 2000.
- I. **FSMT** means the Financial Services and Markets Tribunal.
- J. **Insurer** means the Lloyd's Syndicate or Syndicates and the Insurance Company or Companies as set out in the Table of Insurers.

- K. **Legal Expenses** mean necessary and reasonable legal costs and expenses incurred with the **Insurer's** prior written consent in the investigation, defence or negotiation of the settlement of any **FSA Proceeding**. Further:
1. **Legal Expenses** do not include remuneration of any kind due to (or internal costs incurred by) the **Named Business** or **Approved Person**.
 2. The **Insurer** shall not pay any VAT or other tax on goods and / or services which the **Approved Person** or the **Named Business** can recover. Where the **Approved Person** or the **Named Business** pays such recoverable VAT or other tax on goods and / or services, those payments shall be additional to and not part of the **Excess**.
 3. **Legal Expenses** do not include those costs and expenses incurred in the presentation of the **Approved Person's** case to **FSMT** nor any appeal from **FSMT** to the Court of Appeal (and subsequent appeals) unless the **Insurer** consents, such consent not to be withheld where Counsel (to be mutually agreed upon by the **Approved Person** and the **Insurer** or in default of agreement, to be appointed by the President for the time being of the Law Society) advises there is a reasonable prospect of the **Approved Person** succeeding.
 4. **Legal Expenses** do not include:
 - i. any financial penalty, fines, damages, restitution order, taxes or other duties or equivalent;
 - ii. costs and expenses incurred by the **Approved Person** in connection with any dispute resolution pursuant to clause 12 of this **Policy**; or
 - ii. any order requiring the **Approved Person** to pay the costs of any third party (including the **FSA** or any person or body appointed by or on behalf of the **FSA**).
- L. **Named Business** means the person, company or other business entity stated in item 3 of the Schedule.
- M. **Policy** means this FSA Approved Persons Insurance Policy, together with the attached Schedule, including all amendments and endorsements, and the **Proposal Information**.
- N. **Policy Period** means the period of time stated in Item 8 of the Schedule.
- O. **Proposal Information** means the application for this **Policy**, together with any other information in whatever medium or form supplied by or on behalf of the **Approved Person** and the **Named Business** to the **Insurer** in connection with the underwriting of this **Policy**, save that **Proposal Information** shall not include information contained on any website unless the **Insurer** is provided with hard copy pages printed from such website by or on behalf of the **Approved Person** or the **Named Business**.

Any reference in this **Policy** to any statute, order or rule are references to English statutes, orders and rules and shall (save where stated to the contrary in C. above)

be deemed to include any amendment, consolidation or re-enactment from time to time.

3. EXCLUSIONS

This **Policy** provides no indemnity for **Legal Expenses** arising out of, based upon or in consequence of, directly or indirectly resulting from, directly or indirectly caused by, resulting from or in any way involving:

- A. any:
1. deliberate or wilful breach by any **Approved Person** of any rules or principles contained in **FSMA** or in the **FSA Handbook**;
 2. actual dishonest or fraudulent act by an **Approved Person**; or
- B. any:
1. facts, circumstances or events which underlie the notification to other insurers (prior to the inception of this **Policy**) of either any claim (of whatever kind) against the **Approved Person** or **Named Business**, or any circumstances which may give rise to a claim (of whatever kind) against the **Approved Person** or **Named Business**; or
 2. facts, circumstances or events which (prior to inception of this **Policy**) the **Approved Person** or **Named Business** appreciated or should have appreciated may give rise to **FSA Proceedings**.
- C. or in connection with any of the following, regardless of any other cause or event contributing concurrently or in any other sequence to the loss:
1. any ionising radiations or contamination by radioactivity from any nuclear fuel, waste or substance or the radioactive, toxic, explosive or other hazardous properties of any explosive, nuclear assembly or nuclear component thereof;
 2. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, riot, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power, martial law;
 3. confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority; or
 4. any act of terrorism.

For the purpose of exclusion C., an act of terrorism means any act, including but not limited to the use of force or violence and/or the threat thereof, by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes or other ends including the intention to influence any government de jure or de facto and/or to put the public, or any section of the public, in fear.

Exclusion C. also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to sub-clause C. 2 and / or 3 and / or 4 above.

For clarification, exclusion C. does not apply in respect of any **Legal Expenses** incurred in the course of **FSA Proceedings** arising directly or indirectly out of any actual or alleged act, omission, dispute or other event in the professional conduct of the **Named Business** or **Approved Person's** business by the **Named Business** or **Approved Person**.

In any **Claim** and in any action, suit or other proceedings to enforce a **Claim** under this **Policy**, the burden of proving that such **Claim** does not fall within the exclusion C. above shall be upon the **Approved Person** or the **Named Business**.

In the event any element of the exclusions in this **Policy** is found to be invalid or unenforceable, the remainder shall continue to be in full force and effect.

4. EXTENSIONS

- A. With respect to those persons becoming an **Approved Person** during the **Policy Period** cover will be extended for such new **Approved Persons** upon receipt of written confirmation from the **Named Business** that their becoming an **Approved Person** does not materially change the information provided within the **Proposal Information**.
- B. Cover will be provided to the **Named Business** under Insuring Clause 1.B. with respect to those new **Approved Persons** insured pursuant to sub-clause 4.A above, provided the condition in that sub-clause has been satisfied.
- C. Unless otherwise agreed, cover as is afforded under this **Policy** pursuant to sub-clauses A and B above shall only apply to **Legal Expenses** arising out of any **FSA Proceedings** brought in respect of the activities of such **Approved Persons** occurring after such persons had become **Approved Persons**.

5. AGGREGATE LIMIT OF INDEMNITY AND CO-INSURANCE

- A. The Aggregate Limit of Indemnity for all **Legal Expenses** incurred in the course of any and all **FSA Proceedings** commenced or deemed to have been commenced during the **Policy Period** shall not exceed the Aggregate Limit of Indemnity stated in Item 6 of the Schedule irrespective of the number of such **FSA Proceedings**. All obligations of the **Insurer** under this **Policy** shall cease after the Aggregate Limit of Indemnity has been paid by the **Insurer**.
- B. The **Insurer** shall only be liable to pay 90% of any claim within the Aggregate Limit of Indemnity and the remaining 10% shall be borne by the **Approved Person** or by the **Named Business** (as the case may be) as co-insurer and shall remain uninsured.

6. EXCESS

- A. The **Insurer** shall only be liable in excess of the **Excess** (if any) which excess shall apply to each and every **FSA Proceeding**.
- B. The **Approved Person** and the **Named Business** hereby warrant that they will not take out any other insurance in respect of the **Excess** except with the **Insurer's** consent.
- C. Where in the **Insurer's** opinion, **FSA Proceedings** arise directly or indirectly out of the same cause or from a single event, those proceedings shall be regarded as one proceeding for all purposes under this **Policy**.

7. NOTICE OF CLAIM

- A. An **Approved Person** and / or the **Named Business** as appropriate, as a condition precedent to their right to indemnity under this **Policy**, shall give the **Insurer** written notice as soon as practicable but in any event within 28 days of the earlier of:
 - 1. the commencement of any **FSA Proceedings**;
 - 2. the receipt by the **Approved Person** or the **Named Business** of notice that the **FSA** is considering bringing **FSA Proceedings**.
- B. If during the **Policy Period** an **Approved Person** or the **Named Business** becomes aware of any actual or alleged act, omission, dispute or other event which is reasonably expected to be likely to give rise to **FSA Proceedings** and the **Approved Person** or the **Named Business** seeks indemnity in respect of such **FSA Proceedings**, then, as a condition precedent to their right to indemnity under this **Policy**, the **Approved Person** or the **Named Business** must as soon as practicable but in no event later than the end of the **Policy Period** give written notice to the **Insurer** of:
 - 1. the specific actual or alleged act, omission, dispute or other event;
 - 2. the identity of the **Approved Person**;
 - 3. if appropriate, the reasons for anticipating the likelihood of **FSA Proceedings**; and
 - 4. how and when the **Approved Person** or the **Named Business** first became aware of such specific actual or alleged act, omission, dispute or other event.

If such details are provided in full then any **FSA Proceedings** subsequently commenced and arising out of such specific actual or alleged act, omission, dispute or other event shall be deemed to have been commenced at the time such notice was received by the **Insurer**.

- C. The **Approved Person** and the **Named Business** shall give notice under this clause to the **Insurer** (via the **Named Business's** broker or other agent only) at

the address stated in Item 10 of the Schedule. Notice shall be deemed made on the date and at the time of receipt by the **Insurer**.

- D. The **Insurer** shall not be liable to pay any **Legal Expenses** until they have investigated the **FSA Proceedings** and until they have given their written consent to the **Approved Person** to incur those **Legal Expenses**. The **Insurer** need only pay **Legal Expenses** so long as the **Insurer** considers that it is reasonable to incur those **Legal Expenses** in the overall circumstances of the **FSA Proceedings** and provided a reasonable person without insurance would choose to incur the same **Legal Expenses**.

8. FREEDOM TO CHOOSE LAWYER

- A. The **Approved Person** shall be free to choose any appropriately qualified lawyer (or other person having such qualifications as may be necessary) as its **Legal Representative**. In making this decision, the **Approved Person** is asked to take note that the **Insurer** considers Reynolds Porter Chamberlain to have specialist and cost-effective expertise in this area. In all cases the **Legal Representative** shall be appointed in the name and on behalf of the **Approved Person**. In selecting the **Legal Representative**, the **Approved Person** shall have regard to its duty to minimise the cost of the **FSA Proceedings**. The **Approved Person** notes that the **Insurer** considers the standard hourly charging rates of Reynolds Porter Chamberlain existing from time to time to be reasonable. The **Approved Person** shall not confirm the instruction of the **Legal Representative** nor change the identity of the **Legal Representative** without the written consent of the **Insurer**, such consent not to be unreasonably withheld.
- B. Where **FSA Proceedings** which arise out of the same type of act, omission, dispute or other event are commenced against more than one **Approved Person**, unless there is a conflict of interest then the same **Legal Representative** shall be appointed in respect of each such related **FSA Proceeding**.
- C. Where the **Approved Person** chooses to instruct Reynolds Porter Chamberlain as its **Legal Representative**, it shall contact that firm at the following address:

Mr Jonathan Davies (Partner)
Reynolds Porter Chamberlain
Tower Bridge House
St. Katharine's Way
London E1W 1AA

Tel. +44 (0)20 3060 6466
Fax: +44 (0)20 3060 7000

9. CONDUCT OF PROCEEDINGS

- A. The **Approved Person** and the **Named Business**, as a condition precedent to their right to indemnity under this **Policy**, shall strictly comply with each of the terms and conditions in this clause 9.

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- B. The **Approved Person** shall at all times provide proper and timely instructions to the **Legal Representative** and cooperate fully with the **Legal Representative** and the **Insurer** in the conduct of the **FSA Proceedings**. In particular, the **Approved Person** will:
1. provide a complete and truthful account of the facts of the case;
 2. provide all relevant documentary or other evidence in the **Approved Person's** possession;
 3. promptly obtain or execute all documents as requested;
 4. attend any meetings or conferences when requested;
 5. comply with all relevant rules and regulations governing the **FSA Proceedings**;
 6. comply with all orders and directions made in the course of the **FSA Proceedings**; and
 7. follow all proper and reasonable advice given and requests made by the **Legal Representative**.
- C. The **Approved Person** and the **Named Business** shall take all reasonable steps to minimise the level of **Legal Expenses** payable under this **Policy** and will conduct the **FSA Proceedings** with the same care and economy as if this **Policy** did not exist.
- D. The **Approved Person** must before any **Legal Representative** is appointed obtain from them an irrevocable undertaking addressed to the **Insurer** that they will immediately inform the **Insurer** any material fact, matter or development in the **FSA Proceedings** and that the **Legal Representative** will supply the **Insurer** with any information, document or advice the **Insurer** may require about the **FSA Proceedings**, whether or not privileged.
- E. The **Insurer** is entitled to obtain from the **Legal Representative** any information, document or advice relating to **FSA Proceedings**, whether or not privileged. On request, the **Approved Person** will give any instructions necessary to ensure such access. If the **Legal Representative** refuses to grant such access, no further **Legal Expenses** will be paid.
- F. The **Approved Person**, the **Named Business** and the **Legal Representative** shall keep the **Insurer** (or such representative notified to the **Approved Person** and the **Named Business** by the **Insurer**) informed in writing immediately of all material developments in the **FSA Proceedings**. For the avoidance of doubt, material developments will include any offer to settle the **FSA Proceedings** and any matter affecting the likely cost of the **FSA Proceedings**.
- G. The **Approved Person** and the **Named Business** must not, without **Insurer's** consent, enter into any fee agreement with the **Legal Representative**. All bills of costs relating to any **FSA Proceedings** which the **Approved Person** and / or the **Named Business** receive from the **Legal**

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Representative must be forwarded to the **Insurer** without delay. The **Insurer** may require the **Approved Person** and / or the **Named Business** to submit any accounts for **Legal Expenses** for taxation or assessment by the Law Society or any other competent tribunal, or for assessment by any costs draftsman nominated by the **Insurer**.

- H. If, in the course of any **FSA Proceedings**, the **Legal Representative** recommends instruction of any expert or Leading Counsel, the **Insurer** will not withhold their consent to the instruction of such expert or Leading Counsel provided the **Legal Representative** submits to the **Insurer** an explanation of the necessity for such instruction and the **Insurer** is satisfied it is both necessary and reasonable.
- I. The **Approved Person** and the **Named Business** must co-operate in referring the **Approved Person's** case to **FSMT** and in bringing any subsequent appeal if the **Insurer** so requires.
- J. Although the **Approved Person** is responsible for the payment of all **Legal Expenses**, the **Insurer** will settle these direct (subject to payment by the **Approved Person** or the **Named Business** of any recoverable VAT or other tax on the sale of goods and /or services) if requested by the **Approved Person** or the **Named Business** provided that the **Approved Person** or the **Named Business** certifies that such charges have been properly incurred and that the **Insurer** is authorised to settle on the **Approved Person's** behalf.
- K. If there is an order for costs in favour of the **Approved Person** or where the **Approved Person** or the **Named Business** is otherwise entitled under any contract or by reason of any law to any indemnity in respect of any **Legal Expenses**, the **Approved Person** or the **Named Business** must pass all such recoveries to the **Insurer** in full. Any sums so recovered shall first be paid to the **Insurer** up to the full amount of the **Legal Expenses** paid on behalf of the **Approved Person** or the **Named Business**. Any sums remaining shall be paid to the **Approved Person** or the **Named Business**.
- L. If it becomes clear during the course of the **FSA Proceedings** that those **FSA Proceedings** are not covered under this **Policy**, the **Insurer** will be entitled to withdraw consent and reclaim from the **Approved Person** or the **Named Business** those **Legal Expenses** that might have already been paid.

10. GENERAL CONDITIONS

A. Allocation

- 1. If **FSA Proceedings** are commenced both against an **Approved Person** and against the **Named Business** (or otherwise against both the **Approved Persons** and against any other persons not insured under this **Policy**) the **Insurer** shall only pay **Legal Expenses** incurred by the **Approved Person**.
- 2. In respect of **Legal Costs** incurred on behalf of both an **Approved Person** and the **Named Business** (or any other person not insured under this **Policy**) the **Insurer** shall pay only such proportion of such **Legal Expenses** as is reasonable having regard to the respective culpability of the **Approved Person** and the **Named Business**. The

Named Business and the **Approved Person** and the **Insurer** shall use their best efforts to determine a fair and proper allocation of **Legal Expenses** as between the **Named Business** and the **Approved Person** but in default of agreement such allocation shall be determined on the principles set out in this condition by a Queen's Counsel to be mutually agreed upon by the **Approved Person**, the **Named Business** and the **Insurer** or, in default of agreement, to be appointed by the President for the time being of the Law Society.

B. Premium Payment

In the absence of a specific written agreement to the contrary, this **Policy** can be voided with effect from inception by the **Insurer** in the event that the **Insurer** does not receive full payment of premium within sixty (60) days of inception.

C. Proposal Information

The **Proposal Information** shall be construed as a separate application by each **Approved Person** and the **Named Business** and no statement or omission in the **Proposal Information** nor any other knowledge, act or omission by any one **Approved Person** or the **Named Business** shall be imputed to any other **Approved Person** or the **Named Business** for the purpose of determining the availability of any payment under this **Policy**.

D. Other Insurance

The insurance provided by this **Policy** shall apply only as excess over any other valid and collectible insurance or other indemnity, unless such other insurance or indemnity is written only as specific excess insurance over the Aggregate Limit of Indemnity provided by this **Policy**. Therefore, where there is other valid and collectible insurance or other indemnity, the **Approved Person** or the **Named Business** must first claim under that other insurance or indemnity and not under this **Policy**.

In the event a **Claim** is insured by another policy then the **Insurer's** Aggregate Limit of Indemnity for such **Claim** shall be reduced by any amounts paid or payable under such other insurance policy or indemnity.

E. Subrogation

1. The **Insurer** shall be subrogated to all the **Approved Person's** and the **Named Business's** rights of recovery against any person before or after any payment or indemnity under this **Policy** and the **Approved Person** and the **Named Business**, as a condition precedent to their right of indemnity under this **Policy**, shall take all steps necessary to preserve the **Insurer's** rights of subrogation and shall give all such assistance in the exercise of rights of recovery as the **Insurer** may require.
2. The **Insurer** shall not exercise any right of subrogation against an **Approved Person** or the **Named Business** except to the extent that it is established by a regulator or any other court of competent

jurisdiction that any of the conduct as specified in exclusion 3.A. did occur.

3. The **Insurer** shall not exercise any right of subrogation against an employee of the **Named Business** who is not an **Approved Person** except where that employee has acted dishonestly or fraudulently.
4. Any sums recovered from any third party pursuant to sub-clause 1 shall first be paid to the **Insurer** up to the full amount of **Legal Expenses** paid on behalf of an **Approved Person** or the **Named Business** in respect of **FSA Proceedings**. Any sums remaining shall be paid to the **Approved Person** or the **Named Business**, less the costs of recovery by the **Insurer**.

F. Cancellation

This **Policy** may be cancelled as follows:

1. by the **Named Business** immediately upon receipt of written notice by the **Insurer**. In such case, the **Insurer** shall refund any unearned premium calculated at short rate of the annual premium; or
2. by the **Insurer** 60 days after receipt of written notice by the **Named Business** at the address stated in Item 10 of the Schedule. In such case, the **Insurer** shall refund any unearned premium calculated at pro-rata of the annual premium. Any notice sent by post shall be deemed received on the second working day after the date of posting.

G. Assignment

This **Policy** and any and all rights under it are not assignable without the written consent of the **Insurer**.

H. Entire Agreement

The terms and provisions of this **Policy** shall not be waived, changed or modified, unless by written endorsement. Notices to, by or from any agent or representative of the **Approved Person** or **Named Business** or the **Insurer** shall not effect a waiver, change or modification of this **Policy** and shall not prevent the **Insurer** from asserting any rights under this **Policy**.

I. Authorisation

By acceptance of this **Policy**, each **Approved Person** agrees that the **Named Business** shall act on behalf of all **Approved Persons** for all purposes including the giving of notice pursuant to clause 7 of this **Policy**, the negotiation of the terms of this **Policy**, payment of or return of premiums, receipt and acceptance of any endorsement issued to form a part of this **Policy** and giving and receiving notice of cancellation of this **Policy**.

J. Third Party Rights

A person who is not an **Approved Person** or the **Named Business** has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this **Policy**.

K. Material Change

The **Named Business** shall immediately notify the **Insurer** in writing of any material change in the facts and circumstances disclosed to the **Insurer** in the **Proposal Information** which may increase the risk accepted by the **Insurer** under this **Policy**. Where the **Insurer** is given such notice, the **Insurer** may elect to terminate this **Policy** or to offer the **Named Business** a continuation of cover on such revised terms and conditions (including premium) as the **Insurer** in its sole discretion shall specify.

L. Fraudulent Claims

If an **Approved Person** or the **Named Business** makes any claim for indemnity under this **Policy** knowing the same to be false or fraudulent, the **Insurer** may elect (in its sole discretion) to terminate this **Policy** in its entirety and in which case this **Policy** shall be of no effect whatsoever and all claims for indemnity hereunder (including such false or fraudulent claim) shall be forfeited. In such circumstances, where the **Insurer** has already settled other claims for indemnity under this **Policy**, the **Insurer** shall be entitled to recover those amounts already paid, whether or not those claims were also tainted by fraud. Further, in circumstances where the **Insurer** is entitled to avoid this **Policy**, whether for fraud by the **Approved Person** or the **Named Business** or otherwise, the **Insurer** may instead elect (in its sole discretion) to give notice to the **Approved Person** or the **Named Business** that this **Policy** remains in full force and effect, but no indemnity is provided for any **Claim** based upon, directly or indirectly arising out of, or in any way involving the circumstances that entitled the **Insurer** to avoid this **Policy**.

11. LAW

The construction, interpretation and meaning of the provisions of this **Policy** and any issue concerning its formation shall be determined in accordance with the laws of England and Wales.

12. DISPUTE RESOLUTION

1. Any dispute arising out of or in connection with this **Policy**, including any question regarding its formation, existence, validity or termination, shall be referred to arbitration in London, England in accordance with the Arbitration Act 1996. The rules for the conduct of the arbitration shall, subject to the provisions of the Arbitration Act 1996, be in the discretion of the arbitrator.
2. There shall be a sole arbitrator whose identity shall be mutually agreed upon between the **Approved Person** or the **Named Business** (depending on whether cover is afforded under Insuring Clause 1.A or 1.B) and the **Insurer**. In the absence of agreement, the arbitrator shall be selected by the Chairman of the Bar Council from a list comprised of three nominations from each of the **Approved Person** or the **Named Business** and the **Insurer**.
3. The arbitrator shall be a present or former member of the English Commercial Bar with experience in insurance law who has attained the status of Queen's Counsel.

13. HEADINGS

The descriptions in the headings and any subheading of this **Policy** (including any titles given to any endorsement attached hereto) are inserted solely for convenience and do not constitute any part of the terms or conditions of this **Policy**.

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NOTICE TO THE INSURED

Data Protection Act 1998

We may store your information on a computer and use it for administration, risk assessment, research and statistical purposes, marketing purposes and for crime prevention (see further details below). We will only disclose your personal details to third parties, if it is necessary for the performance of your contract with us.

In order to assess the terms of the insurance contract or administer claims that arise, we may need to collect data that the Data Protection Act defines as sensitive, such as medical history or criminal convictions. By proceeding with this contract you will signify your consent to such information being processed by us or our agents.

We will keep your information secure at all times. In certain circumstances, for example for systems administration purposes, we may have to transfer your information to another country, which may be a country outside the European Economic Area (EEA). By proceeding with your insurance application, we will assume you are agreeable for us to transfer your information to a country outside the EEA.

Should you wish to receive a copy of the information we hold on you, please contact the Compliance Officer, Lloyd's Syndicate 4000, Box 146, Lloyd's, 1 Lime Street, London EC3M 7HA.

Complaint Procedure

The **Insurer** is committed to providing a first class service at all times.

If at any time there are questions or concerns regarding this **Policy** or the handling of a **Claim**, you should in the first instance refer to your insurance broker or intermediary, if any. If your problem cannot be resolved, any question or complaint should then be addressed to:

Director of Claims
Lloyd's Syndicate 4000
2nd Floor South
3 Minster Court
Mincing Lane
London EC3R 7DD

Telephone: +44 (0) 20 7337 4507

If after following the above procedure your complaint has not been resolved to your satisfaction, you should write to the Chief Executive at the address above.

In the event you wish to pursue matters further, where appropriate, you can refer the matter at any time to the:

Complaints Department
Lloyd's
One Lime Street,
London EC3M 7HA
Telephone: 020 7327 5693 Fax: 020 7327 5255
E-mail: Lloyds-Regulatory-Complaints@lloyds.com

Complaints that cannot be resolved by the Complaints Department may, where appropriate, be referred to the Financial Ombudsman Service to review the case.

The address is:

Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR

Telephone: 0845 080 1800

www.financial-ombudsman.org.uk

The Financial Ombudsman's Service decision is binding upon the **Insurer** but you are free to reject it without affecting your legal rights.

Financial Services Compensation Scheme

The **Insurer** is covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if the **Insurer** cannot meet their obligations. This depends on the type of business and the circumstances of the claim. Further information about compensation scheme arrangements is available from the FSCS.

**FSA APPROVED PERSONS
INSURANCE POLICY**

SCHEDULE

1. **Policy Number:**
2. **The Assured:** **The Named Business and those
Approved Persons as defined in the Policy**
3. **The Named Business:**
4. **Address:**
5. **Nature of Business:**
6. **Aggregate Limit of Indemnity:** £ in the aggregate
7. **Excess:** £ each and every Claim
8. **Policy Period:**
9. **Premium:** £ + IPT @ the rate from time to
time in force, currently 5% = £
10. **Address for notification:
(via broker or other agent)** Pembroke Syndicate 4000
One Lime Street
London EC3M 7HA
11. **Proposal Form dated:**

TABLE OF INSURERS

Where Pembroke Syndicate 4000 has underwritten this policy with one or more other insurers (as listed in the Table of Insurers below), Pembroke Syndicate 4000 and such other insurers bind themselves severally and not jointly, each for their own part and not for one another. Pembroke Syndicate 4000 and each such insurer shall only be liable for their percentage of the risk shown below.

The insurers subscribing to this policy are:

- | | | |
|----|---|------|
| 1. | Pembroke Syndicate 4000
One Lime Street
London EC3M 7HA
United Kingdom | [%] |
| 2. | [] | [%] |
| 3. | [] | [%] |

Pembroke