

**FINANCIAL INSTITUTION BOND,
STANDARD FORM NO. 14 (Revised to May, 2011)**

I. INSTITUTIONS ELIGIBLE FOR FORM 14

- a. Stockbrokers or business houses engaged principally in the management of or dealing in securities listed on recognized Stock Exchanges, or in unlisted securities (not to be issued to any such concern engaged in any form of financing such as Finance Companies, Dealers in Mortgages or Commercial Paper, or Note Brokers).
- b. Stock Exchanges.
- c. Securities Investors Protection Corporation.
- d. Investment Bankers and Investment Trusts (but not Investment Companies licensed under the Small Business Administration Act or Real Estate Investment Trusts).
- e.* Mutual Funds (but not including non-employee sales representatives or sales organizations), Foundations and Endowment Funds.
- f. Commodity Brokers who are members of a recognized Stock Exchange the rules of which require that all members carry the bond required of Stockbrokers.
- g. By rider, Stockbrokers operating on a partnership basis.

*Mutual Funds having non-employee sales representatives, Foundations and Endowment Funds also are eligible for the Commercial Crime Policy.

II. FORM 14 COVERAGE SYNOPSIS

a. The basic bond coverage provided under Form 14 consists of Insuring Agreements A, B, C and F:

Insuring Agreement A - Fidelity

Covers loss resulting directly from dishonest or fraudulent acts committed by an employee acting alone or in collusion with others, with the manifest intent to cause the insured to sustain such loss and to obtain an improper financial benefit.

Insuring Agreement B - On Premises

Covers loss of property resulting directly from

1. robbery, burglary, misplacement, mysterious unexplainable disappearance and damage thereto or destruction thereof, or

2. theft, false pretenses, common-law or statutory larceny, committed by a person physically present in an office or on the premises of the insured at the time the property is surrendered, while the property is lodged or deposited within offices or premises located anywhere, except offices-premises specifically excludes.

Also covers loss or damage to the insured's furnishings, fixtures, supplies or equipment through specified perils, except loss or damage through fire.

Insuring Agreement C - In Transit

Covers loss of property resulting directly from robbery, common-law or statutory larceny, theft, misplacement, mysterious unexplainable disappearance and damage thereto or destruction thereof, while the property is in transit anywhere in the custody of a natural person acting as messenger, or in the custody of a Transportation Company.

Insuring Agreement F - Counterfeit Currency

Covers loss resulting directly from the receipt by the insured, in good faith, of any counterfeit money of the United States, Canada or any other country in which the insured maintains a branch office.

b. The following coverages contained in Form 14 are optional:

Insuring Agreement D - Forgery or Alteration

Covers loss resulting directly from forgery or alteration of, on or in any instrument specified in the Insuring Agreement.

Insuring Agreement E - Securities

Covers loss resulting directly from the insured having, in good faith, for its own account or for the account of others, acquired, sold or delivered, or given value, extended credit or assumed liability, on the faith of any original instrument specified in the Insuring Agreement which proves to bear a forged signature or which has been altered, lost or stolen.

Coverage on Partners or Members

Covers as employees, the partners or members of the insured for loss resulting directly from dishonest or fraudulent acts.

When Form 14 is written to provide coverage on partners or members only, the separate Partnership/Member Rider must be attached. The rider amends Form 14 to cover only the dishonest or fraudulent acts of any of the partners or members acting alone or in collusion with others. By the terms of the rider, all other coverage in form 14 is deleted.

c. The following optional coverages may be added to Form 14 by rider:

Computer Systems Fraud Insuring Agreement

The rider covers loss resulting directly from a fraudulent entry of electronic data or computer program into, or change of electronic data or computer program within a computer system covered under the terms of the rider.

Extortion - Threats to Persons Insuring Agreement

The rider covers loss of property surrendered away from an office of the insured as a result of a threat communicated to the insured to do bodily harm to a director, trustee, employee or partner of the insured or a relative of theirs who was, or allegedly was, kidnapped anywhere.

Extortion - Threats to Property Insuring Agreement

The rider covers loss of property surrendered away from an office of the insured as a result of a threat communicated to the insured to do damage to the premises or property of the insured located anywhere.

Registered Representatives (FINRA) Coverage

- The rider amends the definition of employee to include registered representatives performing broker/dealer services for the insured but not in the immediate employment of the insured.
- Another FINRA rider eliminate the aggregate limit of liability as required by FINRA rules.