



## Specialty Solutions Insurance Financial Institution Bond Form 14 Application

In order to obtain a quotation, the following documents are mandatory:

- Latest Audited Consolidated Financial Statement, Annual Report, or Form 1 Filing
- Organizational chart with percentage of ownership of subsidiaries (only if Organization has subsidiaries)
- Additional details on separate sheet when required below

### Applicant/General Information

1. Name of the Proposed Organization applying for this insurance (if the Organization has subsidiaries, give the name of the Parent Organization only):
2. Organization's mailing address: Website:
3. Incorporation date:
4. Does the Organization have any subsidiaries or affiliated companies that are to be included on this policy? YES ☐ NO ☐

**If "YES", please provide an organizational chart listing all subsidiaries and affiliated companies including percentage of ownership, nature of operations and country of incorporation for each.**

**Wherever used in this application, Proposed Organizations shall mean the Parent Organization and listed subsidiary and affiliated companies.**

5. Desired policy inception date: (month) (day) (year)
6. Proposed Organizations are (select all that apply):
  - ☐ Securities Broker (carrying ☐ | introducing ☐ | type ) ☐ Securities Dealer
  - ☐ Mutual Fund Dealer ☐ Hedge Fund
  - ☐ Asset Manager ☐ Portfolio Manager
  - ☐ Exempt Market Dealer

Other (describe fully):

\* For new entities, please include a description of your operations and a current business plan.

7. List all regulatory or self-regulatory organizations the Proposed Organizations are (or will be applying to be) a member of:
8. Proposed Organizations' total number of:  
Officers and employees (incl. employed Registered Representatives), retained attorneys and persons provided by employment contractors:  
Canada United States Other If other, describe:  
  
Agents or non-employee Registered Representatives not included above:  
Canada United States Other If other, describe:  
Is coverage desired for Agents or non-employee Registered Representatives? YES ☐ NO ☐  
If "Yes", please complete the **Agents Coverage Supplemental Application – Form 14**  
Locations (other than head office identified in section 2 above)  
Canada United States Other If other, describe:  
  
9. Total Assets Under Management / Administration: As of latest Dec 31  
As of latest June 30  
  
10. What is the total number of: Institutional Clients: Individual Retail Clients:

11. 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 such depository:

Name & Location

Name & Location

12. What percentage of your total AUM/AUA are held by a custodian? %

## Audit Procedures

### External Audit

13. Is there an annual ☐; semi-annual ☐; audit by an independent firm of Chartered Professional Accountants? YES ☐ NO ☐

14. Is the audit report rendered directly to all partners if a partnership, or to the Board of Directors? YES ☐ NO ☐

15. Name and location of the CPA:

16. Has there been an external audit report on internal controls issued within the past three years? YES ☐ NO ☐

(a) If "Yes", please include a copy with this submission. Included ☐ Not Included ☐

(b) If "Yes", have all items of concern been reviewed with management and solutions implemented? YES ☐ NO ☐

17. Has there been any change in the outside auditing firm in the last 3 years? YES ☐ NO ☐

(a) If "Yes", please provide details and an explanation for the change:

18. Are money and securities physically counted and verified? YES ☐ NO ☐

19. Are the ledger balances to the credit of customers verified? YES ☐ NO ☐

### Internal Audit

20. Is there an internal audit department? If "Yes", YES ☐ NO ☐

(a) Number of Employees in the internal audit team:

(b) To whom do they report?

(c) Are money and securities physically counted and verified? YES ☐ NO ☐

(d) Are the ledger balances of customers reviewed and verified? YES ☐ NO ☐

## Risk Management

21. Has the organization conducted a fraud risk assessment which highlights the Proposed Organizations' risk tolerance and outlined how it will manage its fraud risks (including cyber risk), within the past 3 years? YES ☐ NO ☐

If "Yes",

(a) Was a certified fraud examiner involved in the process? YES ☐ NO ☐

(b) Have all of the recommendations been implemented? YES ☐ NO ☐

(c) If "No" to (b) above, when will the recommendations be implemented?

22. Is there an ongoing process for regular identification of significant fraud risks? YES ☐ NO ☐

23. Who has ultimate responsibility for fraud risk management at the Proposed Organization?

24. Does the Proposed Organization have a full-time, dedicated human resource employee or department? YES ☐ NO ☐

25. Is the administrative human resource person/department segregated from the payroll function? YES ☐ NO ☐

26. Are the following items verified (internally or outsourced) prior to new employees commencing?

(a) Licensing for all licensed employees YES ☐ NO ☐

(b) Credit checks for financially sensitive positions YES ☐ NO ☐

(c) Criminal record checks in all jurisdictions in which the prospective employee has lived for the past 5 years YES ☐ NO ☐

(d) Education, training, and certifications YES ☐ NO ☐

27. Does the Proposed Organization enforce a software update process including installation of software "patches"? YES ☐ NO ☐

(a) If "Yes": are critical "patches" installed within thirty (30) days of release? YES ☐ NO ☐

28. Does the Proposed Organization use multi-factor authentication to access all critical systems? YES ☐ NO ☐

29. How often is critical information backed-up and stored off-site?

Daily ☐ Weekly ☐ Bi-Monthly ☐ Monthly or greater ☐ Never ☐

## Payment Controls

### Proposed Organizations' Own Accounts

30. Are all bank reconciliations completed by person(s) not authorized to:

- |   |                              |                             |
|---|------------------------------|-----------------------------|
| (a) Deposit funds   | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| (b) Withdraw funds  | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| (c) Sign cheques  | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| (d) Have access to cheque signing machines/software                 | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| (e) Have access to approved reproductions of handwritten signatures | YES <input type="checkbox"/> | NO <input type="checkbox"/> |

For all "No" answers, please describe controls implemented to mitigate this weakness:

31. Is there a countersignature requirement for all cheques?

YES ☐ NO ☐

(a) If "No", over what threshold are at least two signatures required?

32. Does the Proposed Organization use Positive Pay or Reverse Positive Pay for all cheques issued?

YES ☐ NO ☐

33. Can a manual cheque be written outside of the accounts payable system?

YES ☐ NO ☐

(a) If "Yes", under what circumstances, and what controls are in place to mitigate the risk of fraud?

34. Are all expense reports reviewed and approved by a manager familiar with the employee's travel, entertainment and spending history, prior to payment?

YES ☐ NO ☐

35. Can transfers of the Proposed Organization's own funds be requested by employees by email or phone?

YES ☐ NO ☐

(a) If "Yes", detail the approval, documentation, and validation process to ensure the request is legitimate:

36. Is the review/approval of at least 2 authorized employees required at all times prior to transferring the Proposed Organization's own funds?

YES ☐ NO ☐

37. Are the employees responsible for the review/approval of the transfer of the Proposed Organization's own funds provided with anti-fraud training, including but not limited to detection of social engineering, phishing and other impersonation scams?

YES ☐ NO ☐

### Proposed Organizations' Client Accounts

38. Is the review/approval of at least 2 authorized employees required at all times prior to transferring client funds?

YES ☐ NO ☐

39. Are all changes to authority grants pertaining to the transfer of client funds authenticated and documented prior to the change taking effect?

YES ☐ NO ☐

40. Does the Proposed Organization accept funds transfer instructions, requests to link or grant access to customer's external accounts, or change contact information of a customer over the telephone, email, text message or similar methods of communication?

YES ☐ NO ☐

If "Yes",

(a) Does the Proposed Organization confirm every request to change client account information (including routing numbers, account numbers, telephone numbers and contact information) by a direct call using only the contact number previously provided by the client before the request was received?

YES ☐ NO ☐

(b) Are customers' funds transfers reconciled daily by a person who did not approve or transmit such wire transfers?

YES ☐ NO ☐

(c) Are employees that are responsible for customers' funds transfer provided anti-fraud training, including but not limited to detection of social engineering, phishing and other scams?

YES ☐ NO ☐

41. Does the Proposed Organization require all changes to a client's information be reviewed by a Supervisor prior to effecting the change, including change of email address, mailing address, method of delivering account statements, and contact information?

YES ☐ NO ☐

42. With respect to clients (directly or through a custodian) what is the monthly average:

- |                                |                                     |
|--------------------------------|-------------------------------------|
| (a) number of funds transfers: | (b) dollar value of funds transfers |
|--------------------------------|-------------------------------------|

43. Please provide details of any other controls or procedures in place to minimize the risk of fraudulent activities in client accounts, or authenticate requests from clients to transfer funds or make changes to their account.

### Vendor or Supplier Controls

44. Does the Proposed Organization confirm every request to change vendor or supplier account information (including routing numbers, account numbers, telephone numbers and contact information) by a direct call using only the contact number previously provided by the vendor/supplier before the request was received? YES ☐ NO ☐
45. Are all changes to the vendor or supplier account information required to be approved by a secondary individual prior to the change being made? YES ☐ NO ☐
46. Is there a separation of duties between the entering, amendment, and removal of suppliers/vendors from your system and the reviewing of current supplier / vendor information? YES ☐ NO ☐
47. With respect to vendors / suppliers / others, what is the monthly average:
- (a) number of funds transfers: (b) dollar value of funds transfers

### Regulatory Condition

Is your firm or anyone in your firm, expected to be, currently is, or within the past three years, been under any special or non-standard reporting, condition, disciplinary action, licensing requirement, control, tutorship, or investigation of any sort, to any regulatory or governing bodies? YES ☐ NO ☐

If "Yes", please provide complete details (attach an addendum if more space is needed):

#### Special Conditions

#### Reason

### Loss History

Has there been any employee theft, forgery, computer fraud, social engineering or other crime losses discovered by the proposed Organizations within the last five (5) years whether or not reported to an insurer? If yes, please attach a list and itemize each loss separately with the date of loss, description of loss, amount of loss and post loss measures implemented by the proposed Organization and indicate whether or not the loss was covered under another insurance policy. YES ☐ NO ☐

### Prior Insurance

Within the past five (5) years, has any insurer declined, refused to renew or cancelled any of the crime policy coverages requested? YES ☐ NO ☐

If "YES", please provide full details:

### Desired Limits & Deductibles

Coverage	Requested Limit(s) of Liability	Expiring Limit(s) of Liability	Expiring Deductible	Expiry Date
Financial Institution Bond Limit				
Social Engineering Fraud Coverage				

## Declaration for the Application

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The undersigned designated as an officer of the Organization:

- (a) declares that they have been duly authorized by the Organization to complete this Application and that all statements and representations contained herein are true and complete;
- (b) reasonable efforts have been made to obtain sufficient information from each person proposed for this insurance in order to complete this Application properly and accurately;
- (c) the financial statements submitted with this Application reflect the current financial situation of the Organization and its subsidiaries (if this is not the case, please provide details on a separate sheet).
- (d) acknowledges that these statements, representations and information submitted are relied on by Intact Insurance and shall be deemed material to the acceptance of the risk assumed by the Insurer under the insurance applied for, should the insurance be issued.
- (e) agrees that if between the date of this Application and the effective date of the Policy, the statements and information contained in this Application change in any way, they will immediately advise Intact Insurance in writing and, without prejudice to any other legal remedy available to it, Intact Insurance may modify or withdraw any outstanding quotation or any authorization or agreement to bind;
- (f) acknowledges this application and all documents attached hereto shall be form part of the Policy and shall be the basis of the contract, should one be issued.

It is agreed that the statements, representations and attached supplemental information submitted contained within this Application are true and are the basis of the Policy contract. Terms and conditions, including limits of coverage, offered by Intact Insurance, may differ from those applied for from the Applicant. It is further agreed that this Policy shall not be voided, rescinded or coverage excluded as a result of any untrue statement in this Application, except as to the Organization, its Subsidiaries and those Insured Persons making such statement or having knowledge of its untruth.

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Signature

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Position (Chief Executive Officer, Chairman or General Counsel)

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Date

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Organization