

FINANCIAL INSTITUTION BOND – FORM 14 PLUS WITH AGGREGATE

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This form insures those coverages as specified in the Declaration Page(s). If "Not Covered" is inserted opposite any specified **Insuring Agreement** in the Declaration Page(s), such **Insuring Agreement** and any other reference thereto in this **Bond** shall be deemed to be deleted.

The **Underwriter**, in consideration of an agreed premium, and in reliance upon all statements made and information furnished to the Insurer shown in the Declaration Page(s) (hereinafter called the "**Underwriter**") by the **Insured** in applying for this **Bond**, and subject to the Declaration Page(s), **Insuring Agreements, General Agreements, Conditions and Limitations** and other terms hereof, agrees to indemnify the **Insured** for:

INSURING AGREEMENTS

Insuring Agreement A: Fidelity

Loss resulting directly from dishonest or fraudulent acts committed by an **Employee** acting alone or in collusion with others. Such dishonest or fraudulent acts must be committed by the **Employee** with the manifest intent:

- (a) to cause the **Insured** to sustain such loss; and
- (b) to obtain financial benefit for the **Employee** or another person or entity and which, in fact, results in obtaining such benefit, other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits whether obtained in the normal course of employment or otherwise.

Insuring Agreement B: On Premises

- (1) Loss of **Property** resulting directly from:
 - (a) robbery, burglary, misplacement, mysterious unexplainable disappearance and damage thereto or destruction thereof; or
 - (b) theft, false pretences, common-law or statutory larceny, committed by a person present in an office or on the premises of the **Insured**; while the **Property** is lodged or deposited within offices or premises located anywhere; and
- (2) Loss of or damage to:
 - (a) furnishings, fixtures, supplies or equipment excluding computers and peripheral equipment within an office of the **Insured** covered under this **Bond** resulting directly from larceny or theft in, or by burglary or robbery of, such office, or attempt thereat, or by vandalism or malicious mischief; or
 - (b) such office resulting from larceny or theft in, or by burglary or robbery of such office or attempt thereat, or to the interior of such office by vandalism or malicious mischief; provided that:
 - (i) the **Insured** is the owner of such furnishings, fixtures, supplies, equipment, or office or is liable for such loss or damage; and
 - (ii) the loss is not caused by fire.

Any reference to an office or premises of the **Insured** shall be deemed to include an office of any **Agent**, provided that coverage is carried under **Insuring Agreement H**.

Insuring Agreement C: In Transit – Messenger, Courier and Mail

Loss of **Property** resulting directly from robbery, common-law or statutory larceny, theft, misplacement, mysterious unexplainable disappearance, being lost or made away with, and damage thereto or destruction thereof, while the **Property** is in transit anywhere in the custody of:

- (a) a natural person acting as a messenger of the **Insured** (or another natural person acting as messenger or custodian during an emergency arising from the incapacity of the original messenger); or
- (b) a **Transportation or Courier Company**:
 - (i) while being transported in an armoured motor vehicle; or
 - (ii) while being transported in other than an armoured motor vehicle but limiting the **Property** covered to: records (in written or electronic form); unendorsed and fully registered **Certificated Securities; Negotiable Instruments** in non-bearer form or restrictively endorsed;
- (c) a postal service, including Canada Post, the United States Postal Service, or official postal services provided by other countries, but limiting the **Property** covered to records (in written or electronic form), any unendorsed and registered **Certificated Securities and Negotiable Instruments** in non-bearer form or restrictively endorsed.

For loss covered under sub-paragraph (b) a **Transportation or Courier Company**, and sub-paragraph (c) a postal service, the Deductible Amount shall be waived.

Coverage under this **Insuring Agreement** begins immediately upon the receipt of such **Property** by the natural person, **Transportation or Courier Company**, or postal service, and ends immediately upon delivery to the designated recipient or its **Agent**, or in the event of non-delivery, ends upon return to the premises of the **Insured**, or of any covered **Agent** provided that coverage is carried under **Insuring Agreement H**.

Insuring Agreement D: Forgery or Alteration

Loss resulting directly from:

- (1) **Forgery** or alteration of, on or in any **Negotiable Instrument** (except an **Evidence of Debt**), **Acceptance, Withdrawal Order**, receipt for the withdrawal of **Property, Certificate of Deposit** or **Letter of Credit**;
- (2) transferring, paying or delivering any funds or **Property** or establishing any credit or giving any value on the faith of any written instructions or advices directed to the **Insured** and authorizing or acknowledging the transfer, payment, delivery or receipt of funds or **Property**, which instructions or advices purport to have been signed or endorsed by any customer of the **Insured** or by any financial institution but which instructions or advices either bear a signature which is a **Forgery** or have been altered without the knowledge and consent of such customer or financial institution;
- (3) the **Insured** transferring, paying or delivering any funds or **Property** or establishing any credit or giving any value on the faith of any fraudulent instructions sent by a customer or another banking institution by **Telefacsimile** transmitted directly to the **Insured** authorizing, or acknowledging, the transfer, payment or delivery of said funds or **Property** by the **Insured**, which **Telefacsimile** instructions:
 - (a) bear a valid test key exchanged between the **Insured** and a customer or another banking institution with authority to use such test key or **Telefacsimile** instructions in the ordinary course of business, but which test key in fact proves to have been wrongfully obtained by a person who was not authorized to initiate, make, validate or authenticate a test key arrangement; and
 - (b) fraudulently purport to have been sent by such customer or banking institution, but which **Telefacsimile** instructions were transmitted without the knowledge or consent of such customer or banking institution by a person other than such customer or banking institution and bear a **Forged** signature.

A mechanically reproduced facsimile signature is treated the same as a hand-written signature.

Insuring Agreement E: Securities

Loss resulting directly from the **Insured** having, in good faith, for its own account or for the account of others:

- (1) acquired, sold or delivered, or given value, extended credit or assumed liability, on the faith of any original or equally valid copy of any of the documents listed hereunder:
 - (a) **Certificated Security**;
 - (b) deed, mortgage or other instrument conveying title to, or creating or discharging a lien upon, real property;
 - (c) **Evidence of Debt**;
 - (d) **Instruction**; or

(e) **Statement of Uncertificated Security** including a depository acknowledgement of The Canadian Depository for Securities Limited (C.D.S.), or that of any Federal Reserve Bank of the United States;

which:

- (i) bears a signature of any maker, drawer, issuer, endorser, assignor, lessee, transfer agent, registrar, acceptor, surety, guarantor, or of any person signing in any other capacity which is a **Forgery**;
- (ii) is altered; or
- (iii) is lost or stolen;

(2) authenticated in writing or witnessed any signature upon any transfer, assignment, bill of sale, power of attorney, **Guarantee**, or any sub-paragraph listed in (a) through (c) above;

(3) acquired, sold or delivered, or given value, extended credit or assumed liability, on the faith of any sub-paragraph shown in (a), (b) or (d) above which is a **Counterfeit**.

A mechanically reproduced facsimile signature is treated the same as a hand-written signature.

Insuring Agreement F: Counterfeit Currency

Loss resulting directly from the receipt by the **Insured**, in good faith, of any **Counterfeit Money**.

Insuring Agreement G: Redemption of Canada Savings Bonds

Loss resulting directly from the **Insured** paying or redeeming, or authenticating in writing or witnessing any signature upon any Canada Savings Bonds which shall have been **Forged, Counterfeited**, raised or otherwise altered, or lost or stolen or on which the signature to the request for payment shall have been **Forged**.

Insuring Agreement H: Agent Fidelity

Loss resulting directly from dishonest or fraudulent acts committed by an **Agent** acting alone or in collusion with others. Such dishonest or fraudulent acts must be committed by the **Agent** with the manifest intent:

- (a) to cause the **Insured** to sustain such loss; and
- (b) to obtain financial benefit for the **Agent** or another person or entity and which, in fact, results in obtaining such benefit, other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other benefits whether obtained in the normal course of the agency relationship or otherwise.

This **Insuring Agreement H** does not afford coverage in favour of any **Agent**, and upon payment to the **Insured** by the **Underwriter** on account of any loss or losses for which such **Agent** is liable to the **Insured**, an assignment of such of the **Insured's** rights and causes of action as it may have against such **Agent** by reason of such liability shall be given by the **Insured** to the **Underwriter**, as stipulated in **Section 7. ASSIGNMENT – SUBROGATION – RECOVERY – COOPERATION** of this **Bond**.

Insuring Agreement I: Claims Expense – Fidelity Loss

Fees and expenses incurred and paid by the **Insured**, with the prior approval of the **Underwriter**, for independent external accountants to determine the amount and extent of loss covered under **Insuring Agreements A or H** only, of this **Bond**.

The total liability of the **Underwriter** under this **Insuring Agreement I** is limited to the lesser of:

- (a) ten per cent (10%) of the amount of any loss payable under **Insuring Agreements A or H** only, after the application of the Deductible Amount of such **Insuring Agreement**, but before deduction of any recoveries; or
- (b) the Limit of Liability stipulated in the Declaration Page(s) for **Insuring Agreement I**.

The Limit of Liability stated in the Declaration Page(s) for **Insuring Agreement I** shall be a part of and not in addition to the Limit of Liability stated in the Declaration Page(s) for **Insuring Agreements A or H**.

Insuring Agreement J: Computer Systems Fraud

Loss resulting directly from a fraudulent:

- (1) entry of **Electronic Data** or **Computer Program** into; or
- (2) change of **Electronic Data** or **Computer Program** within;

any **Computer System** operated by the **Insured**, whether owned or leased, or any **Computer System** identified in the application for this **Bond**, or a **Computer System** first used by the **Insured** during the Bond Period, as provided by **General Agreement (B)** of this **Bond**, provided that the entry or change causes:

- (a) **Property** to be transferred, paid, or delivered;
- (b) an account of the **Insured**, or of its customer, to be added, deleted, debited, or credited; or
- (c) an unauthorized account or a fictitious account to be debited, or credited.

In this **Insuring Agreement**, fraudulent entry or change shall include such entry or change made by an **Employee** of the **Insured** acting in good faith on an instruction from a software contractor committing a fraudulent act and who has a written agreement with the **Insured** to design, implement or service programs for a **Computer System** covered by this **Insuring Agreement**.

With respect to the coverage provided by this **Insuring Agreement**, all loss or series of losses involving the fraudulent acts of one individual, or involving fraudulent acts in which one individual is implicated, whether or not that individual is specifically identified, shall be treated as a **Single Loss**. A series of losses involving unidentified individuals but arising from the same method of operation shall be deemed to involve the same individual and in that event shall be treated as a **Single Loss**.

Insuring Agreement K: Extortion – Threats to Persons

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:

- (1) a director, trustee, **Employee** or **Partner** of the **Insured** or to the proprietor (if the **Insured** is a sole proprietorship); or
- (2) a relative or invitee of any person enumerated in sub-paragraph (1) above;

who was, or allegedly was, kidnapped anywhere, provided that prior to the surrender of such **Property**, (a) the person receiving the threat has made a reasonable effort to report the extortionist's demand to a responsible colleague, and (b) a reasonable effort has been made to report the extortionist's demand first to the Royal Canadian Mounted Police (R.C.M.P.), or equivalent thereof, when the kidnapping or alleged kidnapping occurs in a country other than Canada and thereafter to local law enforcement authorities.

Insuring Agreement L: Extortion – Threats to Property

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, provided that prior to the surrender of such **Property**:

- (a) the person receiving the threat has made a reasonable effort to report the extortionist's demand to a responsible colleague; and
- (b) a reasonable effort has been made to report the extortionist's demand first to the Royal Canadian Mounted Police (R.C.M.P.), or equivalent thereof;

when the threatened premises or **Property** are located in a country other than Canada and thereafter to local law enforcement authorities.

GENERAL AGREEMENTS

(A) NOMINEES

Loss sustained by any nominee organized by the **Insured** for the purpose of handling certain of its business transactions and composed exclusively of its **Employees** shall, for all the purposes of this **Bond** and whether or not any partner of such nominee is implicated in such loss, be deemed to be loss sustained by the **Insured**.

(B) ADDITIONAL OFFICES OR EMPLOYEES - CONSOLIDATION, MERGER OR PURCHASE OF ASSETS – NOTICE

- (1) If the **Insured** shall, while this **Bond** is in force:
 - (a) establish any additional offices, other than by consolidation or merger with, or purchase or acquisition of assets or liabilities of, another institution; or
 - (b) create a new corporate entity more than fifty per cent (50%) owned and controlled by the **Insured**;such offices or entity shall be automatically covered hereunder from the date of such establishment or creation without the requirement of notice to the **Underwriter** or the payment of additional premium for the remainder of the Bond Period.
- (2) If the **Insured** shall, while this **Bond** is in force, consolidate or merge with, or purchase or acquire assets or liabilities of another institution, the **Insured** shall have such coverage as is afforded under this **Bond** for loss which:
 - (a) has occurred or will occur in the offices or premises; or
 - (b) has been caused or will be caused by an employee or employees of such institution; or
 - (c) has arisen or will arise out of the assets or liabilities acquired by the **Insured** as a result of such consolidation, merger or purchase or acquisition of assets or liabilities if:
 - (i) the **Insured** gives the **Underwriter** written notice of the proposed consolidation, merger or purchase or acquisition of assets or liabilities within thirty (30) days after the proposed effective date of such action; and
 - (ii) the **Insured** pays an additional premium to be agreed to by the **Underwriter**; and
 - (iii) at the time of the transaction, the institution involved:
 - a. has assets of an amount which is less than fifty per cent (50%) of the consolidated assets of the **Insured** immediately before such time;
 - b. has no more than fifty per cent (50%) of the consolidated number of employees the **Insured** had immediately before such time; and
 - c. has not discovered or reported or incurred losses in the aggregate greater than \$100,000. (immediately before any applicable deductibles and recoveries) of the type that would have been covered under this **Bond** within the last three (3) years.
- (3) If any of the conditions under sub-paragraph (iii) above are not met, then the **Insured** shall not have such coverage as is afforded under this **Bond** for loss as specified above in (a), (b), and (c) in this **General Agreement (B) (2)** unless, the **Insured** shall:
 - (a) have given the **Underwriter** written notice prior to the effective date of the proposed consolidation, merger or purchase or acquisition of assets or liabilities; and
 - (b) have obtained the written consent of the **Underwriter** to extend the coverage provided by this **Bond** to such additional offices or premises, employees and other exposures; and
 - (c) upon obtaining such consent, pay to the **Underwriter** an additional premium.

(C) CHANGE OF CONTROL – NOTICE

When the **Insured** learns of a change in control, it shall give written notice to the **Underwriter**. As used in this General Agreement, control means the power to determine the management or policy of a controlling holding company or the **Insured** by virtue of voting stock ownership. A change in ownership of voting stock, which results in direct or indirect ownership by a stockholder or an affiliated group of stockholders of twenty percent (20%) or more of such stock, shall be presumed to result in a change of control for the purpose of the required notice.

Failure to give the required notice shall result in termination of coverage for any loss involving a transferee, to be effective upon the date of the stock transfer.

(D) REPRESENTATION OF INSURED

The **Insured** represents that the information furnished in and with the application for this **Bond** is complete, true and correct. Such application constitutes part of this **Bond**.

Any misrepresentation, omission, concealment or incorrect statement of a material fact in the application or otherwise, shall be grounds for the rescission of this **Bond**.

(E) JOINT INSURED

If two or more **Insureds** are covered under this **Bond**, the first named **Insured** shall act for all **Insureds**. Payment by the **Underwriter** to the first named **Insured** of loss sustained by any **Insured** shall fully release the **Underwriter** on account of such loss. If the first named **Insured** ceases to be covered under this **Bond**, the next named **Insured** shall thereafter be considered as the first named **Insured**. Knowledge possessed or discovery made by any **Insured** shall constitute knowledge or discovery by all **Insureds** for all purposes of this **Bond**. The liability of the **Underwriter** for loss or losses sustained by all **Insureds** shall not exceed the amount for which the **Underwriter** would have been liable had all such loss or losses been sustained by one **Insured**.

(F) NOTICE OF LEGAL PROCEEDINGS AGAINST INSURED – ELECTION TO DEFEND

The **Insured** shall notify the **Underwriter** at the earliest practicable moment, not to exceed thirty (30) days after notice thereof, of any legal proceeding brought to determine the **Insured's** liability for any loss, claim or damage, which, if established, would constitute a collectible loss under this **Bond**. Concurrently, the **Insured** shall furnish copies of all pleadings and pertinent papers to the **Underwriter**.

The **Underwriter**, at its sole option, may elect to conduct the defense of such legal proceeding, in whole or in part. The defense by the **Underwriter** shall be in the **Insured's** name through attorneys selected by the **Underwriter**. The **Insured** shall provide all reasonable information and assistance required by the **Underwriter** for such defense.

If the **Underwriter** elects to defend the **Insured**, in whole or in part, any judgment against the **Insured** on those counts or causes of action which the **Underwriter** defended on behalf of the **Insured** or any settlement in which the **Underwriter** participates and all attorneys' fees, costs and expenses incurred by the **Underwriter** in the defense of the litigation shall be a loss covered by this **Bond**, provided, however, that such amount shall be part of and not in addition to the Limit of Liability.

If the **Insured** does not give the notices required in paragraph (a) of **Section 5. NOTICE/PROOF – LEGAL PROCEEDINGS AGAINST UNDERWRITER** of this **Bond** and in the first paragraph of this General Agreement, or if the **Underwriter** elects not to defend any causes of action, neither a judgment against the **Insured**, nor a settlement of any legal proceeding by the **Insured**, shall determine the existence, extent or amount of coverage under this **Bond** for loss sustained by the **Insured**, and the **Underwriter** shall not be liable for any attorneys' fees, costs and expenses incurred by the **Insured**.

With respect to this General Agreement, paragraphs (b) and (d) of **Section 5. NOTICE/PROOF – LEGAL PROCEEDINGS AGAINST UNDERWRITER** of this **Bond** apply upon the entry of such judgment or the occurrence of such settlement instead of upon discovery of loss. In addition, the **Insured** must notify the **Underwriter** within thirty (30) days after such judgment is entered against it or after the **Insured** settles such legal proceeding, and, subject to paragraph (e) of **Section 5. NOTICE/PROOF – LEGAL PROCEEDINGS AGAINST UNDERWRITER**, the **Insured** may not bring legal proceedings for the recovery of such loss after the expiration of twenty-four (24) months from the date of such final judgment or settlement.

CONDITIONS AND LIMITATIONS

Section 1. DEFINITIONS

For the purpose of this **Bond**, the following expressions have the meaning defined below when they appear in bold; otherwise, they have the common meaning that is usually attributed to them.

- (a) **Acceptance** means a draft which the drawee has, by signature written thereon, engaged to honour as presented.
- (b) **Agent** means a natural person (who is not an **Employee**), firm or corporation engaged or authorized by the **Insured** to sell any financial products or services on behalf of the **Insured**. The term **Agent** shall be deemed to include the **Partners**, officers and employees of such **Agent** and all such persons shall collectively be deemed to be one person for the purposes of determining the Limit of Liability in the event of loss.
- (c) **Certificate of Deposit** means an acknowledgment in writing by a financial institution of receipt of **Money** with an engagement to repay it.
- (d) **Certificated Security** means a document that is:
 - (i) issued in bearer, order or registered form;
 - (ii) of a type commonly dealt in upon securities exchanges or markets or commonly recognized in any area in which it is issued or dealt in as a medium for investment;
 - (iii) one of a class or series or by its terms is divisible into a class or series of documents; and
 - (iv) evidence of a share, participation or other interest in **Property** or in an enterprise or is evidence of an obligation of the issuer;but does not include an **Uncertificated Security**.
- (e) **Computer Program** means a set of related electronic instructions which direct the operations and functions of a computer or devices connected to it which enable the computer or devices to receive, process, store or send **Electronic Data**.
- (f) **Computer System** means:
 - (i) computers with related peripheral components, including storage components wherever located;
 - (ii) systems and applications software;
 - (iii) terminal devices; and
 - (iv) related communication networks by which **Electronic Data** are electronically collected, transmitted, processed, stored and retrieved.
- (g) **Counterfeit/Counterfeited/Counterfeiting** means an imitation of an actual valid original which is intended to deceive and to be taken as the original.
- (h) **Electronic Data** means facts or information converted to a form usable in a **Computer System** by **Computer Programs**, and which is stored on magnetic tapes or disks, or optical storage disks or other bulk media.
- (i) **Employee** means:
 - (i) a natural person in the service of the **Insured** at any of the **Insured's** offices or premises covered hereunder whom the **Insured** compensates directly by salary or commissions and whom the **Insured** has the right to direct and control while performing services for the **Insured**;
 - (ii) a **Partner** (general or limited) of the **Insured**, only when **Partner** Coverage is specifically indicated by endorsement attached to and forming part of this **Bond**;
 - (iii) a retired **Employee** of the **Insured** or any other natural person who is in the service of the **Insured** in the capacity of a consultant, whose engagement by the **Insured** is confirmed by written contract or agreement, while performing services for the **Insured** at any of the **Insured's** offices or premises covered hereunder;
 - (iv) an attorney, barrister, solicitor or notary public retained by the **Insured** and an employee of such attorney, barrister, solicitor or notary public while either is performing legal services for the **Insured**;
 - (v) a person provided by an employment contractor to perform employee duties for the **Insured** under the **Insured's** supervision at any of the **Insured's** offices or premises covered hereunder;
 - (vi) a guest student pursuing studies or duties in any of said offices or premises;
 - (vii) an employee of an institution merged or consolidated with the **Insured** prior to the effective date of this **Bond**;
 - (viii) each natural person, partnership or corporation authorized by written agreement with the **Insured** to perform services as electronic data processor of cheques or other accounting records of the **Insured** (not including preparation or modification of computer software or programs), herein called **Processor** (each such **Processor**, and the **Partners**, officers and employees of such **Processor** shall, collectively, be deemed to be one **Employee** for all the purposes of this **Bond**, excepting, however, the third paragraph of **Section 12. TERMINATION OR CANCELLATION**. The Bank of Canada, The Canadian Depository for Securities Limited (C.D.S.) and any Federal Reserve Bank of the United States or clearing house shall not be construed to be a **Processor**);
 - (ix) a natural person who is in a training position with the **Insured** and whose compensation is provided by any type of government program or similar publicly funded program, while such person is performing services for the **Insured** at any of the **Insured's** offices or premises covered hereunder, and whom the **Insured** has the right to direct and control while performing services for the **Insured**;
 - (x) a natural person who is a director or trustee of the **Insured** while such director or trustee is engaged in handling funds or other **Property** of any Employee Welfare or Pension Benefit Plan included as an **Insured** by endorsement attached to, or any natural person who is a trustee, manager, officer or employee of any such plan.An **Employee** of one **Insured** under this **Bond** shall be deemed to be an **Employee** of any other **Insured** under this **Bond**.
Any **Employee** as defined in sub-paragraphs (i), (ii), (iv), (v), (vi), (viii), (ix) and (x) above, shall be deemed to be an **Employee** for a period of sixty (60) days following termination of employment, subject to the terms of the third paragraph of **Section 12. TERMINATION OR CANCELLATION**.
- (j) **Evidence of Debt** means an instrument, including a **Negotiable Instrument**, executed by a customer of the **Insured** and held by the **Insured** which in the regular course of business is treated as evidencing the customer's debt to the **Insured**.
- (k) **Financial Interest** means the value of all right, title and interest in the **Insured** held by the **Partner(s)** committing the dishonest or fraudulent act, without adjustment to give effect to loss covered by this **Bond**, determined as at the close of business on the date of discovery of the loss covered by this **Bond**.
- (l) **Forgery/Forged** means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
- (m) **Guarantee** means a written undertaking obligating the signer to pay the debt of another to the **Insured** or its assignee or to a financial institution from which the **Insured** has purchased participation in the debt, if the debt is not paid in accordance with its terms.
- (n) **Instruction** means a written order to the issuer of an **Uncertificated Security** signed by the registered owner, the registered pledgee or a person acting in a fiduciary capacity for the registered owner requesting that the transfer, pledge, or release from pledge of the **Uncertificated Security** specified be registered.
- (o) **Insurance Representative** means the **Insured's Employee(s)** designated to represent the **Insured** for the purpose of effecting and maintaining insurance.
- (p) **Insured** means the entity described in the Declaration Page(s).
- (q) **Letter of Credit** means an engagement in writing by a bank or other person made at the request of a customer that the bank or other person will honour drafts or other demands for payment upon compliance with the conditions specified in the **Letter of Credit**.
- (r) **Manager** means any **Employee** to whom the **Insured** has given the authority to direct and control any other **Employees** in the performance of their services for the **Insured**.
- (s) **Money** means a medium of exchange in current use authorized or adopted by a domestic or foreign government as a part of its currency.

- (t) **Negotiable Instrument** means any writing:
- (i) signed by the maker or drawer; and
 - (ii) containing any unconditional promise or order to pay a sum certain in **Money** and no other promise, order, obligation or power given by the maker or drawer; and
 - (iii) is payable on demand or at a definite time; and
 - (iv) is payable to order or bearer.
- (u) **Partner** means a natural person who is a limited, or general partner of the **Insured** and an **Employee** as defined in **Section 1. DEFINITIONS** (i) (ii) of the **Insured**.
- (v) **Property** means **Money, Certificated Securities, Uncertificated Securities** of any Federal Reserve Bank of the United States, depository acknowledgements of The Canadian Depository for Securities Limited (C.D.S.), **Negotiable Instruments, Certificates of Deposit**, documents of title, **Acceptances, Evidences of Debt**, Security Agreements, **Withdrawal Orders**, Certificates of Origin or Title, **Letters of Credit**, Insurance Policies, Abstracts of Title, Deeds and Mortgages on real estate, revenue and other stamps, tokens, unsold federal, provincial or state lottery tickets, books of account and other records whether recorded in writing or electronically, gems, jewellery, precious metals of all kinds and in any form, and tangible items of personal property which are not hereinbefore enumerated.
- (w) **Statement of Uncertificated Security** means a written statement of the issuer of an **Uncertificated Security** containing:
- (i) a description of the issue of which the **Uncertificated Security** is a part;
 - (ii) the number of shares or units:
 - a. transferred to the registered owner;
 - b. pledged by the registered owner to the registered pledgee;
 - c. released from pledge by the registered pledgee;
 - d. registered in the name of the registered owner on the date of the statement; or
 - e. subject to pledge on the date of the statement;
 - (iii) the name and address of the registered owner and registered pledgee;
 - (iv) a notation of any liens and restrictions of the issuer and any adverse claims to which the **Uncertificated Security** is or may be subject or a statement that there are none of those liens, restrictions or adverse claims; and
 - (v) the date:
 - a. the transfer of the shares or units to the new registered owner of the shares or units was registered;
 - b. the pledge of the registered pledgee was registered; or
 - c. of the statement, if it is a periodic or annual statement.
- (x) **Telefacsimile** means a system of transmitting written documents by means of electronic signals over telephone lines to equipment maintained by the **Insured** on the **Insured's** premises, for the purpose of reproducing a copy of said document. It does not mean electronic communications sent by Telex or through an automated interbank communication system, or automated customer communication system or any similar electronic communication system.
- (y) **Transportation or Courier Company** means any organization which provides transportation, courier, delivery, freight forwarding or air express services.
- (z) **Uncertificated Security** means a share, participation or other interest in **Property** or of an enterprise of the issuer or an obligation of the issuer, which:
- (i) is not represented by an instrument and the transfer of which is registered upon books maintained for that purpose by or on behalf of the issuer;
 - (ii) is of a type commonly dealt in on securities exchanges or markets; and
 - (iii) is either one of a class or series or by its terms divisible into a class or series of shares, participations, interests or obligations.
- (aa) **Withdrawal Order** means a non-negotiable instrument, other than an **Instruction**, signed by a customer of the **Insured** authorizing the **Insured** to debit/reduce the customer's account in the amount of funds stated therein.

Section 2. EXCLUSIONS

(1) This Bond does not cover:

- (a) loss resulting directly or indirectly from **Forgery** or alteration, except when covered under **Insuring Agreements A, D, E, G or H**;
- (b) loss due to riot or civil commotion outside Canada and the United States of America; or loss due to military, naval or usurped power, war or insurrection unless such loss occurs in transit in the circumstances recited in **Insuring Agreement C**, and unless, when such transit was initiated, there was no knowledge of such riot, civil commotion, military, naval or usurped power, war or insurrection on the part of any person acting for the **Insured** in initiating such transit;
- (c) loss resulting directly or indirectly from the effects of nuclear fission or fusion or radioactivity; provided, however, that this paragraph shall not apply to loss resulting from industrial uses of nuclear energy;
- (d) loss resulting from any act or acts of any person who is a member of the Board of Directors of the **Insured** or a member of any equivalent body by whatsoever name known unless such person is also an **Employee** or an elected official of the **Insured** in some other capacity, nor, in any event, loss resulting from the act or acts of any person while acting in the capacity of a member of such Board or equivalent body;
- (e) loss resulting directly or indirectly from the complete or partial non-payment of, or default upon, any loan or transaction involving the **Insured** as a lender or borrower, or extension of credit, including the purchase, discounting or other acquisition of false or genuine accounts, invoices, notes, agreements or **Evidences of Debt**, whether such loan, transaction or extension was procured in good faith or through trick, artifice, fraud or false pretenses, except when covered under **Insuring Agreements A, D, E, G or H**;
- (f) loss resulting from any violation by the **Insured** or by any **Employee**:
 - (i) of law regulating:
 - a. the issuance, purchase or sale of securities;
 - b. securities transactions upon security exchanges or over-the-counter markets;
 - c. investment companies; or
 - d. investment advisers; or
 - (ii) of any rule or regulation made pursuant to any such law;

unless it is established by the **Insured** that the act or acts which caused the said loss involved fraudulent or dishonest conduct which would have caused a loss to the **Insured** in a similar amount in the absence of such laws, rules or regulations;
- (g) loss resulting directly or indirectly from the failure of a financial or depository institution, or its receiver or liquidator, to pay or deliver, on demand of the **Insured**, funds or **Property** of the **Insured** held by it in any capacity, except when covered under **Insuring Agreements A or B (1)(a)**;
- (h) loss caused by an **Employee** or **Agent**, except when covered under **Insuring Agreements A or H** or when covered under **Insuring Agreements B or C** and resulting directly from misplacement, mysterious unexplainable disappearance or destruction of or damage to **Property**;
- (i) loss resulting directly or indirectly from transactions in a customer's account, whether authorized or unauthorized, except the unlawful withdrawal and conversion of **Money**, securities or precious metals, directly from a customer's account by an **Employee** or **Agent** provided such unlawful withdrawal and conversion is covered under **Insuring Agreements A or H**;

- (j) damages resulting from any civil, criminal or other legal proceeding in which the **Insured** is alleged to have engaged in criminal organization offence, except when the **Insured** establishes that the act or acts giving rise to such damages were committed by an **Employee** or **Agent** under circumstances which result directly in a loss to the **Insured** covered by **Insuring Agreements A or H**. For the purposes of this exclusion, "criminal organization offence" is defined in the *Criminal Code*, R.S.C. [1985], c. C-46 and "racketeering activity" is defined in 18 *United States Code* 1961 et seq., as amended;
 - (k) loss resulting directly or indirectly from the use or purported use of credit, debit, charge, access, convenience, identification, cash management or other cards:
 - (i) in obtaining credit or funds; or
 - (ii) in gaining access to automated mechanical devices which, on behalf of the **Insured**, disburse **Money**, accept deposits, cash cheques, drafts or similar written instruments or make credit card loans; or
 - (iii) in gaining access to point-of-sale terminals, customer-bank communication terminals, or similar electronic terminals of electronic funds transfer systems; whether such cards were issued, or purport to have been issued, by the **Insured** or by anyone other than the **Insured**, except when covered under **Insuring Agreements A or H**;
 - (l) loss involving automated mechanical devices which, on behalf of the **Insured**, disburse **Money**, accept deposits, cash cheques, drafts or similar written instruments or make credit card loans, except when covered under **Insuring Agreements A or H**;
 - (m) loss through the surrender of **Property** away from an office of the **Insured** as a result of a threat:
 - (i) to do bodily harm to any person, except loss of **Property** in transit in the custody of any person acting as messenger provided that when such transit was initiated there was no knowledge by the **Insured** of any such threat; or
 - (ii) to do damage to the premises or property of the **Insured**; except when covered under **Insuring Agreement A, K or L**;
 - (n) loss resulting directly or indirectly from payments made or withdrawals from a depositor's or customer's account involving erroneous credits to such account, unless such payments or withdrawals are physically received by such depositor or customer or representative of such depositor or customer who is within the office of the **Insured** at the time of such payment or withdrawal, or except when covered under **Insuring Agreements A or H**;
 - (o) loss involving items of deposit which are not finally paid for any reason, including but not limited to **Forgery** or any other fraud, except when covered under **Insuring Agreements A or H**;
 - (p) loss resulting directly or indirectly from **Counterfeiting**, except when covered under **Insuring Agreements A, E, F, G or H**;
 - (q) loss of any tangible item of personal property which is not specifically enumerated in the paragraph defining **Property** if such **Property** is specifically insured by other insurance of any kind and in any amount obtained by the **Insured**, and in any event, loss of such **Property** occurring more than sixty (60) days after the **Insured** takes possession of such **Property**, except when covered under **Insuring Agreements A, B (2) or H**;
 - (r) loss of **Property** while in the mail or in the custody of any **Transportation or Courier Company**, unless covered under **Insuring Agreements A or C**;
 - (s) potential income, including but not limited to interest and dividends, not realised by the **Insured** or by any customer of the **Insured**;
 - (t) damages of any type for which the **Insured** is legally liable, except compensatory damages, but not multiples thereof, arising directly from a loss covered under this **Bond**;
 - (u) all fees, costs and expenses incurred by the **Insured**:
 - (i) in establishing the existence of or amount of loss covered under this **Bond** unless covered under **Insuring Agreement I**; or
 - (ii) as a party to any legal proceeding whether or not such legal proceeding exposes the **Insured** to loss covered by this **Bond**;
 - (v) indirect or consequential loss of any nature;
 - (w) loss involving any **Uncertificated Security** except an **Uncertificated Security** of any Federal Reserve Bank of the United States or when covered under **Insuring Agreements A, E, H or J**;
 - (x) loss resulting directly or indirectly from any dishonest or fraudulent act or acts committed by any non-**Employee** who is acting in the capacity of a securities, commodities, money, mortgage, real estate, loan, insurance, property management, investment banking broker, **Agent** or other representative of the same general character, except when covered under **Insuring Agreements B, C or H**;
 - (y) loss resulting directly or indirectly from any actual or alleged representation, advice, warranty or guarantee as to the performance of any investments;
 - (z) loss due to liability imposed upon the **Insured** as a result of the unlawful disclosure of non-public material information by the **Insured** or any **Employee**, or as a result of any **Employee** acting upon such information, whether authorized or unauthorized;
 - (aa) loss resulting directly or indirectly from use of **Telefacsimile** except when covered under **Insuring Agreement D**.
- (2) **Without limiting the application of the foregoing Exclusions, Insuring Agreement J does not cover:**
- (a) loss resulting directly or indirectly from the assumption of liability by the **Insured** by contract unless the liability would be imposed on the **Insured** regardless of the existence of the contract;
 - (b) loss resulting directly or indirectly from **Negotiable instruments**, securities, documents or other written instruments which bear a **Forged** signature, or are **counterfeit**, altered or otherwise fraudulent and which are used as source documentation in the preparation of **Electronic Data** or manually keyed into a data terminal;
 - (c) loss resulting directly or indirectly from:
 - (i) mechanical failure, faulty construction, error in design, latent defect, fire, wear or tear, gradual deterioration, electrical disturbance or electrical surge which affects a **Computer System**;
 - (ii) failure or breakdown of electronic data processing media;
 - (iii) error or omission in programming or processing;
 - (iv) loss resulting directly or indirectly from the entry of **Electronic Data** into a **Computer System** terminal device either on the premises of a customer of the **Insured** or under the control of such a customer by a person who had authorized access to the customer's authentication mechanism;
 - (v) loss resulting directly or indirectly from the theft of confidential information.

Section 3. DISCOVERY

This **Bond** applies to loss discovered by the **Insured** during the Bond Period. Discovery occurs when a sole proprietor, **Partner**, director, officer, **Manager** or **Insurance Representative** of the **Insured** first becomes aware of facts which would cause a reasonable person to assume that a loss of a type covered by this **Bond** has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

Discovery also occurs when a sole proprietor, **Partner**, director, officer, **Manager** or **Insurance Representative** of the **Insured** receives notice of an actual or potential claim in which it is alleged that the **Insured** is liable to a third party under circumstances which, if true, would constitute a loss under this **Bond**.

Notwithstanding the foregoing, with respect to loss covered under **Insuring Agreement A or H** of this **Bond** involving an **Employee** or **Agent**, discovery shall only be deemed to have occurred when any of the aforementioned individuals not in collusion with such **Employee** or **Agent** first becomes aware of such facts or first receives such notice.

Section 4. LIMITS OF LIABILITY

(1) SINGLE LOSS LIMIT OF LIABILITY

Subject to the Aggregate Limit of Liability, the **Underwriter's** liability for each **Single Loss** shall not exceed the applicable Single Loss Limit of Liability shown in the Declaration Page(s). If a **Single Loss** is covered under more than one Insuring Agreement or Coverage, the maximum payable shall not exceed the largest applicable Single Loss Limit of Liability.

(2) **Aggregate Limit of Liability**

The **Underwriter's** total liability for each loss discovered during the Bond Period shown in the Declaration Page(s), including court costs and attorneys' fees incurred by the **Underwriter** under **General Agreement (F)**, shall not exceed the Aggregate Limit of Liability shown in the Declaration Page(s); it being understood that the Limit of Liability under **Insuring Agreement I** shall be part of and not in addition to the Limit of Liability of **Insuring Agreements A or H**.

The **Underwriter's** Limit of Liability under **Insuring Agreement A – Partner Coverage** – shall be limited to the amount of loss in excess of the **Financial Interest** in the **Insured** of the **Partner(s)** involved in perpetrating the loss.

The Aggregate Limit of Liability shall be reduced by the amount of any payment made under the terms of this **Bond**. Upon exhaustion of the Aggregate Limit of Liability by such payments:

- (a) the **Underwriter** shall have no further liability for loss or losses regardless of when discovered and whether or not it was previously reported to the **Underwriter**; and
 - (b) the **Underwriter** shall have no obligation under **General Agreement (F)** to continue the defense of the **Insured**, and upon notice by the **Underwriter** to the **Insured** that the Aggregate Limit of Liability has been exhausted, the **Insured** shall assume all responsibility for its defense, at its own cost;
 - (c) The Aggregate Limit of Liability shall not be increased or reinstated by any recovery made and applied in accordance with paragraphs (a), (b) and (c) of **Section 7. ASSIGNMENT – SUBROGATION – RECOVERY – COOPERATION**. In the event that a loss of **Property** is settled by the **Underwriter** through the use of a Lost Instrument Bond, such loss shall not reduce the Aggregate Limit of Liability.
- (3) **Single Loss** means all covered loss, including court costs and attorney's fees incurred by the **Underwriter** under **General Agreement (F)**, resulting from:
- (a) any one act or series of related acts of burglary, robbery or attempt thereof, in which no **Employee** or **Agent** is concerned or implicated; or
 - (b) any one act or series of related unintentional or negligent acts or omissions on the part of any person (whether or not one of the **Employees** or **Agents**) resulting in damage to or destruction or misplacement of **Property**; or
 - (c) all acts or omissions other than those specified in sub-paragraphs (a) and (b) preceding, caused by any person (whether or not one of the **Employees** or **Agents**) or all acts or omissions in which such person is concerned or implicated; or
 - (d) any one casualty or event not specified in sub-paragraphs (a), (b) or (c) preceding.

Section 5. NOTICE/PROOF – LEGAL PROCEEDINGS AGAINST UNDERWRITER

- (a) At the earliest practicable moment, not to exceed thirty (30) days, after discovery of loss, the **Insured** shall give the **Underwriter** notice thereof.
- (b) Within six (6) months after such discovery, the **Insured** shall furnish to the **Underwriter** proof of loss, duly sworn to, with full particulars.
- (c) Lost **Certificated Securities** listed in a proof of loss shall be identified by certificate or bond numbers if such securities were issued therewith; lost **Uncertificated Securities** including those held in book-entry form or in bulk shall be presented in a **Statement(s) of Uncertificated Securities** from the issuer, clearing agency or custodian and show the **Insured's** interest therein.
- (d) Legal proceedings for the recovery of any loss hereunder shall not be brought prior to the expiration of sixty (60) days after the original proof of loss is filed with the **Underwriter** nor after the expiration of twenty-four (24) months from the discovery of such loss.
- (e) If any limitation embodied in this **Bond** is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to equal the minimum period of limitation provided by such law.
- (f) This **Bond** affords coverage only in favour of the **Insured**. No suit, action or legal proceedings shall be brought hereunder by anyone other than the named **Insured**.
- (g) No suit or action by the **Insured** or by any other person claiming through the **Insured** or on the **Insured's** behalf shall lie against the **Underwriter** unless such suit is first made or action is first brought in a court of competent jurisdiction within Canada.

Section 6. VALUATION

Money

Any loss of **Money**, or loss payable in **Money**, shall be paid, at the option of the **Insured**, in the **Money** of the country in which the loss was sustained or the amount in Canadian dollars required to purchase such amount in the **Money** of such country at the main branch of a Canadian chartered bank at the close of business on the first day on which such bank quotes a Canadian dollar rate for the purchase of such amount of such **Money** before the day on which payment of such loss is made.

Securities

The **Underwriter** shall settle in kind its liability under this **Bond** on account of a loss of any securities or shall pay to the **Insured** the cost of replacing such securities, determined by the market value thereof at the time of such settlement. However, if prior to such settlement the **Insured** shall be compelled by the demands of a third party or by market rules to purchase equivalent securities, and gives written notification of this to the **Underwriter**, the cost incurred by the **Insured** shall be taken as the value of those securities. In case of a loss of subscription, conversion or redemption privileges through the misplacement or loss of securities, the amount of such loss shall be the value of such privileges immediately preceding the expiration thereof. If such securities cannot be replaced or have no quoted market value, or if such privileges have no quoted market value, their value shall be determined by agreement or arbitration.

If the applicable coverage of this **Bond** is subject to a Deductible Amount and/or is not sufficient in amount to indemnify the **Insured** in full for the loss of securities for which claim is made hereunder, the liability of the **Underwriter** under this **Bond** is limited to the payment for, or the duplication of, so much of such securities as has a value equal to the amount of such applicable coverage.

Books of Account and Other Records

In case of loss of, or damage to, any books of account or other records used by the **Insured** in its business, the **Underwriter** shall be liable under this **Bond** only if such books or records are actually reproduced and then for not more than the cost of the blank books, blank pages or other materials plus the cost of labour for the actual transcription or copying of data which shall have been furnished by the **Insured** in order to reproduce such books and other records.

Property other than Money, Securities or Records

In case of loss of, or damage to, any **Property** other than **Money**, securities, books of account or other records, or damage covered under **Insuring Agreement B (2)**, the **Underwriter** shall not be liable for more than the actual cash value of such **Property**, or of items covered under **Insuring Agreement B (2)**. The **Underwriter** may, at its election, pay the actual cash value of, or replace or repair such **Property**. Disagreement between the **Underwriter** and the **Insured** as to the cash value or as to the adequacy of repair or replacement shall be resolved by arbitration.

Set-Off

Any loss covered under this **Bond** shall be reduced by a set-off consisting of any amount owed to the **Employee** or **Agent** causing the loss if such loss is covered under **Insuring Agreements A or H**.

Section 7. ASSIGNMENT – SUBROGATION – RECOVERY – COOPERATION

- (a) In the event of payment under this **Bond**, the **Insured** shall deliver, if so requested by the **Underwriter**, an assignment of such of the **Insured's** rights, title and interest and causes of action as it has against any person or entity to the extent of the loss payment.
- (b) In the event of payment under this **Bond**, the **Underwriter** shall be subrogated to all of the **Insured's** rights of recovery therefor against any person or entity to the extent of such payment.
- (c) Recoveries, whether effected by the **Underwriter** or by the **Insured**, shall be applied net of the expense of such recovery first to the satisfaction of the **Insured's** loss which would otherwise have been paid but for the fact that it is in excess of the Limit of Liability, secondly, to the **Underwriter** as reimbursement of amounts paid in settlement of the **Insured's** claim, and thirdly, to the **Insured** in satisfaction of any Deductible Amount. Recovery on account of loss of securities as set forth in the second paragraph of **Section 6. VALUATION** or recovery from reinsurance and/or indemnity of the **Underwriter** shall not be deemed a recovery as used herein.

- (d) Upon the **Underwriter's** request and at reasonable times and places designated by the **Underwriter** the **Insured** shall:
- (i) submit to examination by the **Underwriter** and subscribe to the same under oath; and
 - (ii) produce for the **Underwriter's** examination all pertinent records; and
 - (iii) cooperate with the **Underwriter** in all matters pertaining to the loss.
- (e) The **Insured** shall execute all papers and render assistance to secure to the **Underwriter** the rights and causes of action provided for herein. The **Insured** shall do nothing after discovery of loss to prejudice such rights or causes of action.

Section 8. LIMIT OF LIABILITY UNDER THIS BOND AND PRIOR INSURANCE

With respect to any loss set forth in sub-paragraph (c) of the PROVIDED clause of **Section 4. LIMIT OF LIABILITY** of this **Bond** which is recoverable or recovered in whole or in part under any other bonds or policies issued by the **Underwriter** to the **Insured** or to any predecessor in interest of the **Insured** and terminated or cancelled or allowed to expire and in which the period for discovery has not expired at the time any such loss thereunder is discovered, the total liability of the **Underwriter** under this **Bond** and under such other bonds or policies shall not exceed, in the aggregate, the amount carried hereunder on such loss or the amount available to the **Insured** under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss if the latter amount be the larger.

If the coverage of this **Bond** supersedes in whole or in part the coverage of any other bond or policy of insurance issued by an Insurer other than the **Underwriter** and terminated, cancelled or allowed to expire, the **Underwriter**, with respect to any loss sustained prior to such termination, cancellation or expiration and discovered within the period permitted under such other bond or policy for the discovery of loss thereunder, shall be liable under this **Bond** only for that part of such loss covered by this **Bond** as is in excess of the amount recoverable or recovered on account of such loss under such other bond or policy, anything to the contrary in such other bond or policy notwithstanding.

Section 9. OTHER INSURANCE OR INDEMNITY

Coverage afforded hereunder shall apply only as excess over any valid and collectible insurance or indemnity obtained by the **Insured**, or by one other than the **Insured** on **Property** subject to exclusion (q) or by a **Transportation or Courier Company**, or by another entity on whose premises the loss occurred or which employed the person causing the loss or the messenger conveying the **Property** involved.

Section 10. OWNERSHIP

This **Bond** shall apply to loss of **Property**:

- (a) owned by the **Insured**;
- (b) held by the **Insured** in any capacity; or
- (c) for which the **Insured** is legally liable.

This **Bond** shall be for the sole use and benefit of the **Insured** named in the Declaration Page(s).

Section 11. DEDUCTIBLE AMOUNT

The **Underwriter** shall not be liable under this **Bond** on account of any loss as specified in **Section 4. LIMIT OF LIABILITY** unless the amount of such loss, after deducting all recoveries on account of such loss prior to payment of such loss by the **Underwriter** shall exceed the Deductible Amount, as stated in the Declaration Page(s), and then for such excess only, but in no event for more than the Limit of Liability carried under the **Bond** for such loss.

Notwithstanding the foregoing, no Deductible Amount shall apply to:

- (a) any loss sustained by any Employee Welfare or Pension Benefit Plan included as **Insured** by endorsement attached to and forming part of this **Bond**;
- (b) any loss covered under sub-paragraph (b) or (c) of **Insuring Agreement C**;
- (c) any loss under **Insuring Agreements B or C** to which a Deductible Amount applies if such loss consists solely of **Certificated Securities** replaceable by the issuance of a lost instrument bond, subject to the **Insured's** written agreement to indemnify the **Underwriter** under or in connection with the issuance of any such lost instrument bond or bonds to secure replacement securities to an amount equal to the Deductible Amount applicable to any one loss.

The **Insured** shall, in the time and in the manner prescribed in this **Bond**, give the **Underwriter** notice of any loss of the kind covered by the terms of this **Bond**, whether or not the **Underwriter** is liable therefore and upon the request of the **Underwriter** shall file with it a brief statement giving the particulars concerning such loss.

Section 12. TERMINATION OR CANCELLATION

This **Bond** terminates as an entirety upon occurrence of any of the following:

- (a) sixty (60) days after the receipt by the **Insured** of a written notice from the **Underwriter** of its desire to cancel this **Bond**; or
- (b) immediately upon the receipt by the **Underwriter** of a written notice from the **Insured** of its desire to cancel this **Bond**; or
- (c) immediately upon the taking over of the **Insured** by another institution or entity; or
- (d) immediately upon expiration of the Bond Period as set forth in Declaration Page(s).

The **Underwriter** shall, on request, refund to the **Insured** the unearned premium, computed pro-rata, if this **Bond** be terminated or cancelled or reduced by notice from, or at the instance of, the **Underwriter**, or if terminated or cancelled as provided in sub-paragraph (c) of the preceding paragraph. The **Underwriter** shall refund to the **Insured** the unearned premium computed at short rates if this **Bond** be terminated or cancelled or reduced by notice from, or at the instance of the **Insured**. Failure or delay in tendering such unearned premium shall not delay or impair the termination or cancellation of the **Bond**.

This **Bond** terminates as to any **Employee** or any **Partner**, officer or employee of any **Processor**:

- (a) as soon as a sole proprietor, **Partner**, director, officer, **Manager** or **Insurance Representative** of the **Insured** or any sole proprietor, partner, director or officer of any **Processor** not in collusion with such person, learns of any dishonest or fraudulent act committed by such person at any time, whether in the employment of the **Insured** or the **Processor** or otherwise, whether or not of the type covered under **Insuring Agreement A** against the **Insured** or any other person or entity, without prejudice to the loss of any **Property** then in transit in the custody of such person; or
- (b) fifteen (15) days after the receipt by the **Insured** of a written notice from the **Underwriter** of its desire to cancel this **Bond** as to such person.

This **Bond** terminates as to any **Agent** for which coverage is carried by the **Insured** under **Insuring Agreement H**:

- (a) as soon as a sole proprietor, **Partner**, director, officer, **Manager** or **Insurance Representative** of the **Insured** or any sole proprietor, partner, director or officer of any **Agent** not in collusion with such person, learns of any dishonest or fraudulent act committed by such person at any time, whether as an **Agent** of the **Insured** or in the employment of the **Agent** or otherwise, whether or not of the type covered under **Insuring Agreement H** against the **Insured** or any other person or entity, without prejudice to the loss of any **Property** then in transit in the custody of such person; or
- (b) fifteen (15) days after the receipt by the **Insured** of a written notice from the **Underwriter** of its desire to cancel the **Bond** as to such person.

Termination of the **Bond** as to any **Insured** terminates liability for any loss sustained by such **Insured**, which is discovered after the effective date of such termination.