

FINANCIAL INSTITUTION BOND – FORM No. 14

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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 Declarations 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**") to 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** and which, in fact, result 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 pretenses, 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.
- (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.

Insuring Agreement C: In Transit

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);
- (b) a **Transportation Company** and being transported in an armored motor vehicle; or
- (c) a **Transportation Company** and being transported in a conveyance other than an armored motor vehicle provided that covered **Property** transported in such manner is limited to the following:
 - (i) records, whether recorded in writing or electronically; and
 - (ii) **Certificated Securities** issued in registered form and not endorsed, or **Certificated Securities** with restrictive endorsements; and
 - (iii) **Negotiable Instruments** not payable to bearer and not endorsed, or **Negotiable Instruments** with restrictive endorsements.

Coverage under this **Insuring Agreement** begins immediately upon the receipt of such **Property** by the natural person or **Transportation Company** and ends immediately upon delivery to the designated recipient or its agent.

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.

A mechanically reproduced facsimile signature is treated the same as a handwritten 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** to a Federal Reserve Bank of the United States of America; or
 - (e) **Statement of Uncertificated Security** of any Federal Reserve Bank of the United States of America;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) guaranteed in writing or witnessed any signature upon any transfer, assignment, bill of sale, power of attorney, **Guarantee**, or any sub-paragraphs listed in sub-paragraphs (a) through (c) above;
- (3) acquired, sold or delivered, or given value, extended credit or assumed liability, on the faith of any sub-paragraphs listed in sub-paragraphs (a) and (b) above which is a **Counterfeit**.

A mechanically reproduced facsimile signature is treated the same as a handwritten signature.

Insuring Agreement F: Counterfeit Currency

Loss resulting directly from the receipt by the **Insured**, in good faith, of any **Counterfeit Money** of Canada, the United States of America, or any other country in which the **Insured** maintains a branch office.

Insuring Agreement G: Redemption of Canada Savings Bonds

Loss resulting directly from the **Insured** paying or redeeming, or guaranteeing 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**.

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

If the **Insured** shall, while this **Bond** is in force, establish any additional offices, other than by consolidation or merger with, or purchase or acquisition of assets or liabilities of, another institution, such offices shall be automatically covered hereunder from the date of such establishment without the requirement of notice to the **Underwriter** or the payment of additional premium for the remainder of the premium period.

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 not have such coverage as is afforded under this **Bond** for loss which:

- (a) has occurred or will occur in offices or premises;
- (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 unless the **Insured** shall:
 - (i) give the **Underwriter** written notice of the proposed consolidation, merger or purchase or acquisition of assets or liabilities prior to the proposed effective date of such action;
 - (ii) obtain 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
 - (iii) 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 ten percent (10%) 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 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 **Insured** next named 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 sub-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**, sub-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 sub-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) **Certificate of Deposit** means an acknowledgment in writing by a financial institution of receipt of **Money** with an engagement to repay it.

- (c) **Certificated Security** means a share, participation or other interest in **Property** of or an enterprise of the issuer or an obligation of the issuer, which is:
- (i) represented by an instrument issued in bearer or registered form;
 - (ii) of a type commonly dealt in on securities exchanges or markets or commonly recognized in any area in which it is issued or dealt in as a medium for investment; and
 - (iii) either one of a class or series or by its terms divisible into a class or series of shares, participations, interests or obligations.
- (d) **Counterfeit** means an imitation of an actual valid original which is intended to deceive and to be taken as the original.
- (e) **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) an attorney retained by the **Insured** and an employee of such attorney while either is performing legal services for the **Insured**;
 - (iii) 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; and a guest student pursuing studies or duties in any of said offices or premises;
 - (iv) an employee of an institution merged or consolidated with the **Insured** prior to the effective date of this **Bond**;
 - (v) 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**. A Federal Reserve Bank or clearing house shall not be construed to be a processor; and
 - (vi) a **Partner** of the **Insured**, only when **Partner** coverage is specifically indicated by endorsement attached to and forming part of this **Bond**.
- (f) **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**.
- (g) **Financial Interest** in the **Insured** of the **Insured's** general partner(s), or limited partner(s), committing dishonest or fraudulent acts covered by this **Bond** or concerned or implicated therein means:
- (i) as respects general partners the value of all right, title and interest of such general partner(s), determined as of the close of business on the date of discovery of loss covered by this **Bond**, in the aggregate of:
 - a. the "net worth" of the **Insured**, which for the purposes of this **Bond**, shall be deemed to be the excess of its total assets over its total liabilities, without adjustment to give effect to loss covered by this **Bond**, (except that credit balances and equities in proprietary accounts of the **Insured**, which shall include capital accounts of partners, investment and trading accounts of the **Insured**, participations of the **Insured** in joint accounts, and accounts of partners which are covered by agreements providing for the inclusion of equities therein as partnership property, shall not be considered as liabilities) with securities, spot commodities, commodity future contracts in such proprietary accounts and all other assets marked to market or fair value and with adjustment for profits and losses at the market value of contractual commitments for such proprietary accounts of the **Insured**; and
 - b. the value of all other **Money**, securities and property belonging to such general partner(s), or in which such general partner(s) have a pecuniary interest, held by or in the custody of and legally available to the **Insured** as set-off against loss covered by this **Bond**;

provided, however, that if such "net worth" adjusted to give effect to loss covered by this **Bond** and such value of all other **Money**, securities and **Property** as set forth in sub-paragraph b. preceding, plus the amount of coverage afforded by this **Bond** on account of such loss, is not sufficient to enable the **Insured** to meet its obligations, including its obligations to its **Partners** other than to such general partner(s), then the **Financial Interest** in the **Insured**, as above defined, of such general partner(s) shall be reduced in an amount necessary, or eliminated if need be, in order to enable the **Insured** upon payment of loss under this **Bond** to meet such obligations, to the extent that such payment will enable the **Insured** to meet such obligations, without any benefit accruing to such general partner(s) from such payment; and
 - (ii) as respects limited partners the value of such limited partner(s) investment in the **Insured**.
- (h) **Forgery** 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.
- (i) **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.
- (j) **Instruction** means a written order to the issuer of an **Uncertificated Security** requesting that the transfer, pledge, or release from pledge of the **Uncertificated Security** specified be registered.
- (k) **Insured** means the entity described in the Declaration Page(s).
- (l) **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**.
- (m) **Money** means a medium of exchange in current use authorized or adopted by a domestic or foreign government as a part of its currency.
- (n) **Negotiable Instrument** means any writing:
- (i) signed by the maker or drawer;
 - (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;
 - (iii) is payable on demand or at a definite time; and
 - (iv) is payable to order or bearer.
- (o) **Partner** means a natural person who:
- (i) is a general partner of the **Insured**; or
 - (ii) is a limited partner and an **Employee** (as defined in paragraph (e) (vi) of the **Bond**) of the **Insured**.
- (p) **Property** means **Money**, **Certificated Securities**, **Uncertificated Securities** of any Federal Reserve Bank of the United States of America, **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, jewelry, precious metals of all kinds and in any form, and tangible items of personal property which are not hereinbefore enumerated.
- (q) **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.
- (r) **Transportation Company** means any organization which provides its own or leased vehicles for transportation or which provides freight forwarding or air express services.
- (s) **Uncertificated Security** means a share, participation or other interest in **Property** of or an enterprise of the issuer or an obligation of the issuer, which is:
 - (i) 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) of a type commonly dealt in on securities exchanges or markets; and
 - (iii) either one of a class or series or by its terms divisible into a class or series of shares, participations, interests or obligations.
- (t) **Withdrawal Order** means a non-negotiable instrument, other than an **Instruction**, signed by a customer of the **Insured** authorizing the **Insured** to debit the customer's account in the amount of funds stated therein.

Section 2. EXCLUSIONS

This Bond does not cover:

- (a) loss resulting directly or indirectly from **Forgery** or alteration, except when covered under **Insuring Agreements A, D, E or G**;
- (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 or G**;
- (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;
 - (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**, except when covered under **Insuring Agreement A** 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** provided such unlawful withdrawal and conversion is covered under **Insuring Agreement A**;
- (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** under circumstances which result directly in a loss to the **Insured** covered by **Insuring Agreement A**. 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;
 - (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 Agreement A**;
- (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 Agreement A**;
- (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**;
- (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 Agreement A**;
- (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 Agreement A**;
- (p) loss resulting directly or indirectly from **Counterfeiting**, except when covered under **Insuring Agreements A, E, F or G**;
- (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 or B (2)**;

- (r) loss of **Property** while:
 - (i) in the mail; or
 - (ii) in the custody of any **Transportation Company**, unless covered under **Insuring Agreement C**, except when covered under **Insuring Agreement A**;
- (s) potential income, including but not limited to interest and dividends, not realized 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**; 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 of America or when covered under **Insuring Agreement A**;
- (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 or C**;
- (y) loss caused directly or indirectly by a **Partner** of the **Insured** unless the amount of such loss exceeds the **Financial Interest** in the **Insured** of such **Partner** and the Deductible Amount applicable to this **Bond**, and then for the excess only;
- (z) loss resulting directly or indirectly from any actual or alleged representation, advice, warranty or guarantee as to the performance of any investments;
- (aa) 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.

Section 3. DISCOVERY

This **Bond** applies to loss discovered by the **Insured** during the Bond Period. Discovery occurs when 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 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**.

Section 4. 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 applicable Limit of Liability shown in the Declaration Page(s). If a loss is covered under more than one **Insuring Agreement** or Coverage, the maximum payable shall not exceed the largest applicable Limit of Liability. Upon exhaustion of the Limit of Liability by such payment, 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 Limit of Liability has been exhausted, the **Insured** shall assume all responsibility for its defense at its own cost.

Payment of loss under this **Bond** shall not reduce the liability of the **Underwriter** under this **Bond** for other losses whenever sustained; provided, however, that the total liability of the **Underwriter** under this **Bond** on account of all covered loss, including court costs and attorneys' 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** is concerned or implicated;
- (b) any one act or series of related unintentional or negligent acts or omissions on the part of any person (whether one of the **Employees** or not) resulting in damage to or destruction or misplacement of **Property**;
- (c) all acts or omissions other than those specified in sub-paragraphs (a) and (b) preceding, caused by any person (whether one of the **Employees** or not) 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;

is limited to the Limit of Liability stated in the Declaration Page(s) of this **Bond** or amendment thereof or to the amount of the applicable coverage of this **Bond** if such amount be smaller, irrespective of the total amount of such loss.

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.
- (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 or action is first brought in a court of competent jurisdiction within Canada.

Section 6. VALUATION

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 in the Canadian dollar equivalent thereof determined at the rate of exchange at the time of payment of such loss.

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, 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** causing the loss if such loss is covered under **Insuring Agreement A**.

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 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 the attached **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 attached **Bond** on such 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) thirty (30) days after the receipt by the **Insured** of a written notice from the **Underwriter** of its desire to cancel this **Bond**;
- (b) immediately upon the receipt by the **Underwriter** of a written notice from the **Insured** of its desire to cancel this **Bond**;
- (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 the 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 attached **Bond**.

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

- (a) as soon as any **Insured**, or any director or officer 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 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.

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.