



National Union Fire Insurance Company of Pittsburgh, Pa.[®]

A capital stock company
(the "Underwriter")

Bond Number: 012849262

BROKER-DEALER GUARDSM
A BLANKET FIDELITY BOND FOR SECURITIES DEALERS
DECLARATIONS

Item 1. FIRST NAMED INSURED (the "Insured"): Boustead Securities, LLC

Principal Address: attn: Keith Moore
6 Venture, Suite 395
Irvine, CA 92618

Item 2. JOINT INSURED:

Item 3. BOND PERIOD: From: December 1, 2020 To: December 1, 2022

Item 4. LIMITS OF LIABILITY AND DEDUCTIBLE AMOUNTS (Subject to Clauses IX. and XI. hereof)

- (a) The Limit of Liability is \$120,000 and the Deductible Amount is \$10,000 for each Insuring Agreement (A) through (F).
- (b) The Limit of Liability and Deductible Amount with respect to each Insuring Agreement listed below shall be as follows:

<i>Insuring Agreement</i>	<i>Limit of Liability</i>	<i>Deductible Amount</i>
(G) Audit Expense	\$ 25,000	\$ 5,000
(H) Credit Card Forgery	\$ 120,000	\$ 10,000
(I) Unauthorized Signatures	\$ 25,000	\$ 5,000
(J) Stop Payment Liability	\$ 25,000/occurrence 100,000 aggregate	\$ 5,000
(K) Uncollectible Items of Deposit	\$ 25,000/occurrence 100,000 aggregate	\$ 5,000

Item 5. OFFICES OR PREMISES COVERED: All the Insured's offices or premises in existence at the time this bond becomes effective are covered under this bond except the offices or premises located as follows:

Item 6. The liability of the **Underwriter** is subject to the terms of the following riders attached hereto:

78711 (08/19), 109849 (6/16), 109831 (10/11), 119679 (9/15), 109828 (10/11), 91222 (04/13),
121467 (4/16),
115903 (10/13), 113022 (10/12),
52133 (3/07), 103451 (11-09),

Item 7. The **Insured** by the acceptance of this bond gives notice to the **Underwriter** terminating or cancelling prior bond(s) or policy(ies) number(s): 064060500

Such termination or cancellation to be effective as of the time this bond becomes effective.

Item 8. The **Underwriter** will mark its records to indicate that the following entity will be notified promptly concerning the cancellation, termination or substantial modification of this bond, whether at the request of the **Insured** or the **Underwriter**, and will use its best efforts to so notify such entity but failure to do so shall not impair or delay the effectiveness of any such cancellation, termination or modification: FINRA,

Item 9. **PREMIUM:** \$4,039

***TAXES AND SURCHARGES**

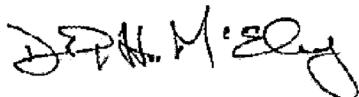
Surcharge Fees	\$0
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Item 10. UNDERWRITER:

(a) **Underwriter Address:** 175 Water Street, 18th Floor
New York, NY 10038

(b) **Notice of loss or circumstances to be sent to:** By E-mail: c-claim@aig.com
By Mail: AIG Property Casualty
Financial Lines Claims
P.O. Box 25947
Shawnee Mission, KS 66225

IN WITNESS WHEREOF, the Underwriter has caused this bond to be signed below by its President, Secretary and its duly authorized representative.



PRESIDENT



SECRETARY



AUTHORIZED REPRESENTATIVE

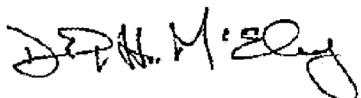
COUNTERSIGNATURE
(WHERE REQUIRED BY LAW)

DATE

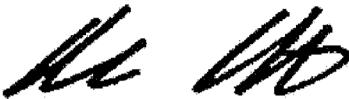
COUNTERSIGNATURE
LOCATION

ADDENDUM TO THE DECLARATIONS

By signing below, the President and the Secretary of the Insurer agree on behalf of the Insurer to all the terms of this Policy.



David H. McElroy
PRESIDENT



Tanya Kent
SECRETARY

This Policy shall not be valid unless signed at the time of issuance by an authorized representative of the Insurance Company, either below or on the Declarations page of the Policy.



Christopher J. Flatt
AUTHORIZED COMPANY REPRESENTATIVE

Granite State Insurance Company
The Insurance Company of the State of Pennsylvania
Illinois National Insurance Co.
New Hampshire Insurance Company
American Home Assurance Company
National Union Fire Insurance Company of Pittsburgh, Pa.
Commerce and Industry Insurance Company

COUNTERSIGNATURE
(only where required by law)

COUNTERSIGNATURE DATE

COUNTERSIGNED AT



Broker-Dealer GuardSM
A Blanket Fidelity Bond for Securities Dealers

In consideration of the **Insured** paying the premium and in reliance upon the statements made to the **Underwriter** by application forming a part hereof, the **Underwriter** agrees, subject to the Declarations, exclusions, terms and conditions of the bond, in accordance with the Insuring Agreements hereof to which an amount of insurance is applicable as set forth in Item 4 of the Declarations and with respect to loss sustained by the **Insured** at any time but discovered during the **Bond Period**, to indemnify and hold harmless the **Insured** for:

I. INSURING AGREEMENTS

(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:

- (1) to cause the **Insured** to sustain such loss; or
- (2) to obtain financial benefit for the **Employee** or another person or entity.

Notwithstanding the foregoing, however, it is agreed that, with regard to **Loans** and/or **Trading**, this bond covers only loss resulting directly from dishonest or fraudulent acts committed by an **Employee** with the intent to cause the **Insured** to sustain such loss and which results in a financial benefit for the **Employee**; or results in a financial benefit for another person or entity with whom the **Employee** committing the dishonest or fraudulent act was in collusion, provided the **Insured** establishes that the **Employee** intended to participate in the financial benefit.

As used in this Insuring Agreement, a financial benefit does not include any salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment.

(B) *On Premises*

Loss of **Property** (occurring with or without negligence or violence) through robbery, burglary, common law or statutory larceny, theft, holdup, or other fraudulent means, misplacement, mysterious unexplainable disappearance, damage thereto or destruction thereof, abstraction or removal from the possession, custody or control of the **Insured**, and loss of subscription, conversion, redemption or deposit privileges through the misplacement or loss of **Property** while the **Property** is or is supposed to be lodged or deposited within any offices or premises located anywhere, except in an office listed in Item 5 of the Declarations or amendment thereof or in the mail or with a carrier for hire other than an armored motor vehicle company, for the purpose of transportation.

All depositories used by the **Insured** shall be deemed to be premises of the **Insured**, but only as respects coverage on **Certificated Securities**.

With respect to offices and equipment:

- (1) loss of or damage to furnishings, fixtures, stationery, supplies or equipment, within any of the **Insured's** offices covered under this bond caused by larceny or theft in, or by



- burglary, robbery or hold-up of such office, or attempt thereat or by vandalism or malicious mischief; or
- (2) loss through damage to any such office by larceny or theft in, or by burglary, robbery or hold-up of such office or attempt thereat, or to the interior of any such office by vandalism or malicious mischief provided, in any event, that the **Insured** is the owner of such offices, furnishings, fixtures, stationery, supplies or equipment or is liable for such loss or damage, always excepting, however, all loss or damage through fire.

(C) *In Transit*

Loss of **Property** (occurring with or without negligence or violence) through robbery, common law or statutory larceny, theft, hold-up, misplacement, mysterious unexplainable disappearance, being lost or otherwise made away with, damage thereto or destruction thereof, and loss of subscription, conversion, redemption or deposit privileges through the misplacement or loss of **Property** while the **Property** is in transit anywhere in the custody of any person or persons acting as messenger, except while in the mail or with a carrier for hire, other than an armored motor vehicle company for the purpose of transportation, such transit to begin immediately upon receipt of such **Property** by the transporting person or persons, and to end immediately upon delivery thereof at destination.

(D) *Forgery or Alteration*

Loss through **Forgery** or alteration of, on or in any bills of exchange, checks, drafts, acceptances, **Certificates of Deposit**, promissory notes, or other written promises, orders or directions to pay sums certain in money, due bills, money orders, warrants, orders upon public treasuries, **Letters of Credit**, written instructions or advices directed to the **Insured**, 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 banking institution or stockbroker but which instructions or advices either bear the forged signature or endorsement or have been altered without the knowledge and consent of such customer, banking institution or stockbroker, **Withdrawal Orders** or receipts for the withdrawal of funds or **Property**, or receipts or **Certificates of Deposit** for **Property** and bearing the name of the **Insured** as issuer, excluding, however, coupon and serial notes, bonds, scrip, debentures and obligations of a similar nature, whether registered or unregistered, and coupons attached thereto or detached therefrom.

Any check or draft (1) made payable to a fictitious payee and endorsed in the name of such fictitious payee or (2) procured in a face to face transaction with the maker or drawer thereof or with one acting as agent of such maker or drawer by anyone impersonating another and made or drawn payable to the one so impersonated and endorsed by anyone other than the one impersonated, shall be deemed to be **forged** as to such endorsement.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

(E) *Securities*

Loss sustained by the **Insured**, including loss sustained by reason of liability imposed upon the **Insured** by law or by the constitution, rules or regulations of any self-regulatory organization or FINRA of which the **Insured** is a member or which would have been imposed upon the **Insured** by the constitution, rules or regulations of any self-regulatory organization or FINRA if the **Insured** had been a member thereof;



- (1) through the **Insured's** having, in good faith and in the course of business, whether for its own account or for the account of others, in any representative, fiduciary, agency or any other capacity, either gratuitously or otherwise, purchased or otherwise acquired, accepted or received, or sold or delivered, or given any value, extended any credit or assumed any liability, on the faith of or otherwise acted upon, any securities, documents, other written instruments, or **Uncertificated Securities**, in any book entry form which prove to have been:
 - (a) counterfeited or **Forged** as to the signature of any maker, drawer, issuer, endorser, assignor, lessee, transfer agent or registrar, acceptor, surety or guarantor or as to the signature of any person signing in any other capacity, or
 - (b) raised or otherwise altered or lost or stolen, or
- (2) through the **Insured's** having, in good faith and in the course of business, guaranteed in writing or witnessed any signatures whether for valuable consideration or not and whether or not such, guaranteeing or witnessing is outside the scope of the authority of the **Insured**, upon any transfers, assignments, bills of sale, powers of attorney, guarantees, endorsements or other obligations upon or in connection with any securities, documents or other written instruments and which pass or purport to pass title to such securities, documents or other written instruments; excluding, in any event, loss through **Forgery** or alteration of, or in any bills of exchange, checks, drafts, acceptances, **Certificates of Deposit**, promissory notes, or other written promises, orders or directions to pay sums certain in money, due bills, money orders, warrants, orders upon public treasuries, **Letters of Credit**, written instructions or advices directed to the **Insured**, 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 banking institution or stockbroker but which instructions or advices either bear the **Forged** signature or endorsement or have been altered without the knowledge and consent of such customer, banking institution or stockbroker, withdrawal orders or receipts for the withdrawal of funds or **Property**, or receipts or **Certificates of Deposit** for **Property** and bearing the name of the **Insured** as issuer.

Securities, documents or other written instruments shall be deemed to mean original (including original counterparts) negotiable or non-negotiable agreements in writing having value which value is, in the ordinary course of business transferable by delivery of such agreements with any necessary endorsement or assignment.

The word "counterfeited" as used in this Insuring Agreement shall be deemed to mean only an imitation of any such security, document or other written instrument which is intended to deceive and to be taken for an original.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

(F) *Counterfeit Currency*

Loss through the receipt by the **Insured**, in good faith, of any counterfeited or altered paper currencies or coin of any domestic or foreign government issued or purporting to have been issued by any domestic or foreign government or issued pursuant to any domestic or foreign statute for use as currency.



(G) *Audit Expense*

Expenses incurred by the **Insured** for that part of the costs of audits or examinations required by any governmental regulatory authority (other than as a result of the **Insured** being taken over by a liquidator or receiver or by state or federal officials) to be conducted either by such authority or by an independent accountant by reason of the discovery of loss sustained by the **Insured** through any dishonest or fraudulent act(s) of an **Employee**.

(H) *Credit Card Forgery*

- (1) Loss which the **Insured** shall sustain through **Forgery** or alteration of, on or in, any written instrument required in conjunction with any business credit card issued to the **Insured** or to any partner or **Employee** of the **Insured** or to the spouse or any child residing permanently in the residence of a partner or **Employee** of the **Insured**; provided, however, that the **Insured** shall fully comply with the requirements, conditions and other terms under which such business credit card shall have been issued.
- (2) Reasonable attorneys' fees, court costs or similar legal expenses incurred and paid by the **Insured** in the defense of any suit brought against the **Insured** to enforce payment on any written instrument specified in the preceding paragraph, alleging that such instrument is **Forged** or altered; provided, however, that such suit shall have resulted from the refusal of the **Insured** to pay such instrument, that the **Underwriter** shall have given its prior written consent to the defense of such suit and that the **Insured** shall have fully complied with the provisions, conditions and other terms under which any business credit card, as aforesaid, shall have been issued. The liability of the **Underwriter** under this Insuring Agreement for such attorneys' fees, court costs or similar legal expenses shall be in addition to any other liability under this Insuring Agreement.

(I) *Unauthorized Signatures*

Loss resulting directly from the **Insured** having accepted, paid or cashed any check or withdrawal order made or drawn on a customer's account which bears the signature or endorsement of one other than a person whose name and signature is on file with the **Insured** as an authorized signatory on such account.

It shall be a condition precedent to the **Insured**'s right of recovery under this Insuring Agreement that the **Insured** shall have on file signatures of all persons who are authorized signatories on such account.

(J) *Stop Payment Liability*

Loss by reason of the liability imposed upon the **Insured** by law for damages:

- (1) for having either complied with or failed to comply with any written notice of any depositor of the **Insured** or any authorized representative of such depositor to stop payment of any check or draft made or drawn by such depositor or any authorized representative of such depositor; or
- (2) for having refused to pay any check or draft made or drawn by any depositor of the **Insured** or any authorized representative of such depositor.

(K) *Uncollectible Items of Deposit*

Loss resulting directly from payments of dividends or funds shares, or withdrawals from a



customer's account as the direct result of **Items of Deposit** which are not paid for any reason, including but not limited to **Forgery** or any other fraud, except when covered under Insuring Agreement (A); provided, however, that loss shall not include uncollectible **Items of Deposit** which are drawn from a financial institution outside the fifty states of the United States of America, District of Columbia, Puerto Rico, territories and possessions of the United States of America, or Canada. **Items of Deposit** shall not be deemed uncollectible until the **Insured's** collection procedures have failed.

II. GENERAL AGREEMENTS

(A) *Additional Offices or Employees - Consolidation or Merger*

If the **Insured** shall, while this bond is in force, establish any additional office or offices, such office or offices shall be automatically covered hereunder from the dates of their establishment, respectively. No notice to the **Underwriter** of an increase during any premium period in the number of offices or in the number of **Employees** at any of the offices covered hereunder need be given and no additional premium need be paid for the remainder of such premium period, unless such increase shall result from the **Insured's** consolidation or merger with or purchase of assets of another firm.

(B) *Representations*

The **Insured** represents that the information furnished in the application for this bond is complete, true and correct. The individual signing the application hereby makes such representation on behalf of himself/herself and all **Insureds** under the bond.

Such application constitutes part of this bond. Any intentional misrepresentation, omission, concealment or incorrect statement of a material fact, in the application or otherwise, shall be grounds for the rescission of this bond.

(C) *Court Costs and Attorneys' Fees*

This General Agreement (C) is applicable to all Insuring Agreements (except Insuring Agreement (H)) now or hereafter forming part of this bond.

The **Underwriter** will indemnify the **Insured** against court costs and reasonable attorneys' fees incurred and paid by the **Insured** in defending any suit or legal proceeding brought against the **Insured** to enforce the **Insured's** liability or alleged liability on account of any loss, claim or damage which, if established against the **Insured**, would constitute a valid and collectible loss sustained by the **Insured** under the terms of this bond. In the event such loss, claim or damage is subject to a Deductible Amount or is in excess of the amount collectible under the terms of this bond, such court costs and attorneys' fees shall be prorated. Such indemnity shall be in addition to the amount of this bond. In consideration of such indemnity, the **Insured** shall promptly give notice to the **Underwriter** at the address stated in Item 10(b) of the Declarations of the institution of any such suit or legal proceeding; at the request of the **Underwriter** shall furnish it with copies of all pleadings and other papers therein; and at the **Underwriter's** election shall permit the **Underwriter** to conduct the defense of such suit or legal proceeding, in the **Insured's** name, through attorneys of the **Underwriter's** own selection. In the event of such election by the **Underwriter**, the **Insured** shall give all reasonable information and assistance, other than pecuniary, which the **Underwriter** shall deem necessary to the proper defense of such suit or legal proceeding.



(D) *Employee Welfare or Pension Benefit Plans*

If any **Employee** or director of the **Insured** is required to provide a bond to a health, welfare or pension plan subject to the Employee Retirement Income Security Act of 1974 (ERISA) (hereinafter “**Plan**”), the majority of whose beneficiaries are **Employees** or former **Employees** of the **Insured**, the **Plan** shall be deemed an **Insured** under this bond for the purposes of Insuring Agreement (A) only and, in addition to all other terms and conditions of this bond, subject to the following:

- (1) the Deductible Amount required by Clause XI. of this bond shall be applicable to a loss suffered by the **Plan** as follows:
 - (i) no Deductible Amount shall apply to that portion of a loss suffered by the **Plan** in an amount that is equal to or less than the minimum coverage requirement of Section 407(d)(1) of ERISA as determined by the date that such loss is discovered; and
 - (ii) the applicable Deductible Amount stated in the Declarations shall be applied to that portion of such loss suffered by the **Plan** that exceeds the minimum coverage requirement of Section 407(d)(1) of ERISA as determined by the date that such loss is discovered;
- (2) notwithstanding Clause IX(A) of this bond, loss suffered by the **Plan** is covered if discovered during the term of this bond or within one year thereafter, but if discovered during said one year period, the loss payable under this bond shall be reduced by the amount recoverable from any other bond or insurance protecting the assets of the **Plan** against loss through fraud or dishonesty; and
- (3) if more than one **Plan** subject to ERISA is an **Insured** pursuant to this General Agreement (D), the **Insured** shall purchase limits sufficient to provide the minimum amount of coverage required by ERISA for each **Plan** and shall distribute any payment made under this bond to said **Plans** so that each **Plan** receives the amount it would have received if insured separately for the minimum coverage which ERISA required it to have.

III. DEFINITIONS

Terms with “**Bold**” typeface are used in this bond with the meanings and values ascribed to them in this Clause III. and/or in the Declarations.

- (a) “**Bond Period**” means the period of time from the inception date shown in the Declarations to the earlier of the expiration date shown in the Declarations or the effective date of cancellation or termination of this bond. The **Bond Period** incepts and expires as of 12:01 A.M. at the **Principal Address**. Upon effective cancellation or termination of this bond, the expiration date above shall be deemed amended to reflect the effective date of cancellation or termination. The liability of the **Underwriter** under this bond shall not be cumulative from period to period.
- (b) “**Certificate of Deposit**” means a written acknowledgment 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:
- (1) represented by a written instrument issued in bearer or registered form;
 - (2) 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
 - (3) either one of a class or series or by its terms divisible into a class or series of shares, participations, interests or obligations.
- (d) “Consultant” as used in the definition of **Employee**, means a professional consultant under contract, either directly or through such consultant’s company or firm, with the **Insured** to provide solely consulting services regarding the improved operation of the **Insured**’s business. **Consultant** does not include any individual or entity providing services to the **Insured** pursuant to any contract, whether verbal, written, express or implied, to provide services to the **Insured**, in whole or in part, other than consulting services.
- (e) “Employee” means any of the following:
- (1) an officer or other employee of the **Insured**, while employed in, at or by any of the **Insured**’s offices or premises covered hereunder, including a part-time employee, an employee on an approved leave of absence and a guest student pursuing studies or duties in any of said offices or premises;
 - (2) an attorney retained by the **Insured** and an employee of such attorney while either is performing legal services for the **Insured**;
 - (3) officers or other employees of any predecessor of the **Insured** whose principal assets are acquired by the **Insured** by consolidation or merger with, or purchase of assets of, such predecessor;
 - (4) each natural person, partnership or corporation authorized by the **Insured** to perform services as a data processor of checks or other accounting records of the **Insured** (herein called “Processor”) and each such Processor, and the partners, officers and employees of such Processor shall, collectively be deemed to be one **Employee** for all purposes of this bond, excepting, however, Clause XII(B);
 - (5) any registered representative or registered principal or other registered person of the **Insured**;
 - (6) any director, or non-compensated officer or trustee, of the **Insured** when performing acts coming within the scope of the usual duties of an **Employee**, or while acting as a member of any committee duly elected or appointed by a resolution of the board of directors of the **Insured** to perform specific, as distinguished from general, directorial acts on behalf of the **Insured**;
 - (7) any 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 a **Plan** (as defined in General Agreement (D)) owned, controlled or operated by the **Insured** or any natural person who is a trustee, manager, officer or employee of any such **Plan**, provided any such **Plan** is listed as a **Joint Insured** under this bond;
 - (8) any natural person who is a partial owner or partner of the **Insured** when such natural person is performing acts coming within the scope of the usual duties of an officer or employee of the **Insured**; provided, however:
 - (i) no partner or partial owner who has committed, or has been implicated, in a fraudulent or dishonest act causing a loss under this bond, shall have any right to,



- or interest in, any payment made to the **Insured** indemnifying it for such loss; and
- (ii) if a partial owner or partner shall commit or be involved or implicated in an act which causes a loss hereunder, the **Underwriter** shall only be liable for that part of the loss which is in excess, in the aggregate, of:
- a. any applicable Deductible Amount; and
 - b. any amounts owed by the **Insured** to such partial owner or partner; and
 - c. the partial owner's or partner's ownership interest in the **Insured** as determined by closing the **Insured**'s books as of the date of the discovery of the loss by persons not in collusion with such partners or partial owners;
- and then, for such excess only, but in no event for more than the maximum amount of coverage applicable under this bond.
- (9) any non-fund soliciting volunteer workers while working under the direction and control of the **Insured**;
- (10) **Consultants**, but only while:
- (i) a consultancy agreement is in effect between the **Insured** and such **Consultant** or between the **Insured** and such **Consultant**'s company or firm;
 - (ii) such **Consultant** is performing acts within the scope of such consultancy agreement; and
 - (iii) such **Consultant** is under the supervision, direction and control of the **Insured**;
- (11) any retired employee employed on a consulting, contingent or part-time basis;
- (12) any former employee for up to sixty (60) days after termination, provided termination was not due to a loss covered by the bond;
- (13) any employee who has been granted a waiver of a prior dishonesty situation by any insurer providing a fidelity bond or similar type of coverage for the **Insured**;
- (14) each natural person, partnership or corporation authorized under written contract with the **Insured** to design, prepare, supply or service electronic computer instructions for computer systems of the **Insured**, herein called independent software contractor; each such independent software contractor and the partners, officers and employees of such independent software contractor shall, collectively, be deemed to be one employee for all the purposes of the bond, excepting, however, Clause XII(B); and
- (15) a natural person assigned to perform employee duties for the **Insured** by any agency furnishing either temporary or leased personnel, or by an employment contractor, on a contingent, part-time or full-time basis; provided, however, this bond will be excess of any other insurance or suretyship held by such agency or employment contractor.

An **Employee** of one **Insured** shall be considered an **Employee** of all **Insureds**.

- (f) “**Evidence of Debt**” means a written instrument, including a **Negotiable Instrument**, executed, or purportedly 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) “**FINRA**” means the Financial Industry Regulatory Authority.
- (h) “**Forgery**” means the signing of the name of another with intent to deceive; it does not include the signing of one’s own name with or without authority, in any capacity, for any purpose.



- (i) “**Items of Deposit**” any one or more checks and drafts.
- (j) “**Letter of Credit**” means a written engagement by a bank made at the request of a customer that the bank will honor drafts or other demands for payment upon compliance with the conditions specified in the engagement.
- (k) “**Loans**” means all extensions of credit by the **Insured** and all transactions creating a creditor relationship in favor of the **Insured** and all transactions by which the **Insured** assumes an existing creditor relationship.
- (l) “**Money**” means a medium of exchange in current use authorized or adopted by a domestic or foreign government as a part of its currency.
- (m) “**Negotiable Instrument**” means any writing:
 - (1) signed by the maker or drawer;
 - (2) 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;
 - (3) payable on demand or at a definite time; and
 - (4) payable to order or bearer.
- (n) “**Property**” means **Money**, postage and revenue stamps, U.S. Savings Stamps, bullion, precious metals of all kinds and in any form and articles made therefrom, jewelry, watches, necklaces, bracelets, gems, precious and semi-precious stones, bonds, securities, **Evidences of Debt**, debentures, scrip, certificates, interim receipts, warrants, rights, puts, calls, straddles, spreads, transfers, coupons, drafts, bills of exchange, acceptances, notes, checks, **Withdrawal Orders**, money orders, warehouse receipts, bills of lading, conditional sales contracts, abstracts of title, insurance policies, deeds, mortgages under real estate and/or chattels and upon interests therein, and assignments of such policies, mortgages and instruments, and other valuable papers, including books of account and other records used by the **Insured** in the conduct of its business, and all other instruments similar to or in the nature of the foregoing including electronic representations of such instruments enumerated above (but excluding all data processing records) in which the **Insured** has an interest or in which the **Insured** acquired or should have acquired an interest by reason of a predecessor’s declared financial condition at the time of the **Insured’s** consolidation or merger with, or purchase of the principal assets of, such predecessor or which are held by the **Insured** for any purpose or in any capacity and whether so held by the **Insured** for any purpose or in any capacity and whether so held gratuitously or not and whether or not the **Insured** is liable therefor. **Certificated Securities** held by a depository used by the **Insured** shall be deemed to be **Property** to the extent of the **Insured’s** interest therein as effected by the making of appropriate entries on the books and records of such depository.

Solely with respect to Insuring Agreement (E), “**Property**” also means **Uncertificated Securities**.

- (o) “**Trading**” means trading or other dealings in securities, commodities, futures, options, swaps, foreign or federal funds, currencies, foreign exchange and the like.
- (p) “**Uncertificated Security**” means a share, participation or other interest in property of or on



an enterprise of the issuer or an obligation of the issuer, which is:

- (1) 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;
 - (2) of a type commonly dealt in on securities exchanges or markets; and
 - (3) either one of a class or series or by its terms divisible into a class of shares, participations, interest or obligations.
- (q) “**Withdrawal Order**” means a written non-negotiable instrument signed by a customer of the **Insured** authorizing the **Insured** to debit the customer’s account in the amount of funds stated therein.

IV. EXCLUSIONS

This bond does not cover:

- (a) loss resulting directly or indirectly by means of **Forgery** or alteration of, on or in any instrument, except when covered by Insuring Agreement (A), (D), (E), (F) or (H);
- (b) loss due to riot or civil commotion outside the United States of America and Canada; 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, in time of peace or war, directly or indirectly caused by or resulting from the effects of nuclear fission or fusion or radioactivity;
- (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, partial owner or partner 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 from the complete or partial non-payment of, or default upon, any loan or transaction in the nature of, or amounting to, a loan made by or obtained from the **Insured** or any of its partners, directors or **Employees**, whether authorized or unauthorized and whether procured in good faith or through trick, artifice, fraud or false pretenses, unless such loss is covered under Insuring Agreement (A), (D), (E) or (H);
- (f) loss resulting from any violation by the **Insured** or by any **Employee**:
 - (1) of law regulating (a) the issuance, purchase or sale of securities, (b) securities transactions upon securities exchanges or over the counter market, (c) investment companies, or (d) investment advisers; or
 - (2) 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 statutes, rules or regulations;



- (g) loss of **Property** contained in customers' safe deposit boxes unless such loss is sustained through any dishonest or fraudulent act of an **Employee** in such circumstances as shall make the **Insured** legally liable therefor;
- (h) loss of **Property** or loss of privileges through the misplacement or loss of **Property** as set forth in Insuring Agreement (B) or (C) while the **Property** is in the custody of any armored motor vehicle company, unless such loss shall be in excess of the amount recovered or received by the **Insured** under (1) the **Insured's** contract with said armored motor vehicle company, (2) insurance carried by said armored motor vehicle company for the benefit of users of its service, and (3) all other insurance and indemnity in force in whatsoever form carried by or for the benefit of users of said armored motor vehicle company's service, and then this bond shall cover only such excess;
- (i) loss resulting from trading, with or without the knowledge of the **Insured**, in the name of the **Insured** or otherwise, whether or not represented by any indebtedness or balance shown to be due the **Insured** on any customer's account, actual or fictitious, except when covered under Insuring Agreement (A), (D) or (E);
- (j) any person who is a partner, officer or employee of any **Processor** covered under this bond, from and after the time that the **Insured** or any partner or officer thereof not in collusion with such person shall have knowledge or information that such person has committed any fraudulent or dishonest act in the service of the **Insured** or otherwise, whether such act be committed before or after the time this bond is effective;
- (k) potential income, including but not limited to interest and dividends, not realized by the **Insured** or by any customer of the **Insured**, except for loss of accrued interest and/or dividends for which the **Insured** is legally liable;
- (l) all damages of any type for which the **Insured** is legally liable, except direct compensatory damages arising from a loss covered under this bond;
- (m) loss through the surrender of **Property** away from an office of the **Insured** as a result of a threat:
 - (1) 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
 - (2) to do damage to the premises or **Property** of the **Insured**, except when covered under Insuring Agreement (A);
- (n) all costs, fees and other expenses incurred by the **Insured** in establishing the existence of or amount of loss covered under this bond; or
- (o) loss resulting from payments made or withdrawals from a customer's account involving funds erroneously credited to such account, unless such payments are made to or withdrawn by such depositor or representative of such customer who is within the office of the **Insured** at the time of such payment or withdrawal or unless such loss is covered under Insuring Agreement (A).



V. ASSIGNMENT OF RIGHTS

This bond does not afford coverage in favor of any **Processor**, as aforesaid, and upon payment to the **Insured** by the **Underwriter** on account of any loss through fraudulent or dishonest acts committed by any of the partners, officers or employees of such **Processor**, whether acting alone or in collusion with others. An assignment of the **Insured's** rights and causes of action as it may have against such **Processor** by reason of such acts so committed shall, to the extent of such payment, be given by the **Insured** to the **Underwriter**, and the **Insured** shall execute all papers necessary to secure to the **Underwriter** the rights herein provided for.

Insuring Agreement (B) does not afford coverage in favor of any depository used by the **Insured**. Further, when the **Underwriter** indemnifies the **Insured** for a covered loss, the **Insured** will assign the rights and causes of action to the extent of the claim payment against such depository, or any other entity or person against whom it has a cause of action, to the **Underwriter**. If the rules of the depository used by the **Insured** provide that the **Insured** shall be assessed for a portion of the judgment (or agreed settlement) taken by the **Underwriter** based upon the foregoing assignment, and the **Insured** actually pays such assessment, then the **Underwriter** will reimburse the **Insured** for the amount of the assessment but not exceeding the amount of the loss payment by the **Underwriter**.

VI. LOSS PROVISIONS

This bond is for the use and benefit only of the **Insured** named in the Declarations and the **Underwriter** shall not be liable hereunder for loss sustained by anyone other than the **Insured** unless the **Insured**, in its sole discretion and at its option, shall include such loss in the **Insured's** proof of loss. Any notice or proof of loss as described in this Clause VI shall be given in writing to the **Underwriter** at the address stated in Item 10(b) of the Declarations.

(A) *Discovery*

Discovery occurs when the **Insured** becomes aware of facts which would cause a reasonable person to assume that a loss covered by the bond has been or will be incurred even though the exact amount or details of loss may not be then known. Notice to the **Insured** of an actual or potential claim by a third party which alleges that the **Insured** is liable under circumstances, which if true would create a loss under this bond constitutes such discovery.

(B) *Notification*

Upon knowledge or discovery by the **Insured** of loss in excess of Five Thousand Dollars (\$5,000), or of an occurrence which would cause a reasonable person to believe would give rise to a claim for loss in excess of Five Thousand Dollars (\$5,000), the **Insured** shall:

- (1) give notarized written notice to the **Underwriter** of such loss or occurrence as soon as practicable after discovery or first obtaining such knowledge;
- (2) provide all requested information and documents and cooperate with the **Underwriter** in all matters pertaining to such loss; and
- (3) give written notice to the **Underwriter** of the **Insured's** election to apply either the *Loss Settlement Clause 1* or *Loss Settlement Clause 2* to such loss, no later than thirty (30) days after the submission of the notarized written notice of loss to the **Underwriter**. If the **Insured** fails to give written notice to the **Underwriter** of such election, this bond shall apply as if the **Insured** had elected to apply *Loss Settlement Clause 2* to such loss.



(C) *Loss Settlement Clause 1: Election of the Fidelity Research Investigative Settlement Clause (FRISC)*

An independent investigative specialist will investigate the facts and determine the quantum of loss. The **Insured** and the **Underwriter** shall jointly task and budget the investigative specialist regarding the scope and cost of the investigation to be performed. The final report issued by the investigative specialist will be definitive as respects the facts and the quantum of loss and shall be provided to both the **Insured** and the **Underwriter**.

Upon receipt and acceptance of written notification by the **Underwriter**, the **Insured** shall choose an investigative specialist from the FRISC Appendix to this bond, provided the choice does not present a clear conflict of interest. The **Underwriter** and the **Insured** will share equally the cost of the investigative specialist. The Deductible Amount is not applicable to the cost of the investigative specialist, and the expense paid by the **Underwriter** will be a part of, and not in addition to, the applicable Limit of Liability.

After a joint review of the investigative report, if the **Insured** disputes the **Underwriter's** coverage determination, the **Underwriter**, at the **Insured's** request, will submit the dispute to mediation and/or arbitration (if applicable). The rules of the American Arbitration Association shall apply to this proceeding except for the selection of the mediator and/or arbitrator.

Upon receipt and acceptance of written notification by the **Underwriter**, the **Insured** shall choose a mediator and/or arbitrator from the FRISC Appendix, provided the choice does not present a clear conflict of interest. The **Underwriter** and the **Insured** will bear their own costs in the event of a mediation and/or arbitration.

(D) *Loss Settlement Clause 2: Waiver of FRISC*

- (1) The **Insured** shall be required to meet the following conditions in presenting loss to the **Underwriter**: (i) the **Insured** shall give notarized written notice to the **Underwriter** as soon as practicable after knowledge or discovery of the loss; (ii) the **Insured** shall file a detailed proof of loss, duly sworn to, with the **Underwriter** within six (6) months after knowledge or discovery of the loss; and (iii) the **Insured** shall provide all requested information and documents and cooperation with the **Underwriter** in all matters pertaining to such loss.

If claim is made under this bond for loss of securities, the **Underwriter** shall not be liable unless each of such securities is identified in such proof of loss by certificate or bond number. If claim is made under this bond for loss under Insuring Agreement (H) for Credit Card Forgery, the proof of loss shall include the **Forged** or altered instrument(s).

Upon the **Underwriter's** request, the **Insured** shall submit to examination by the **Underwriter**, subscribe the same, under oath if required, and produce for the **Underwriter's** examination all pertinent records, all at such reasonable times and places as the **Underwriter** shall designate, and shall cooperate with the **Underwriter** in all matters pertaining to the loss or the claim.

- (2) Claims Expense: Coverage is extended to include reasonable expenses (excluding the cost of services rendered by **Employees** of the **Insured**) incurred by the **Insured** for producing and certifying particulars or details of the **Insured's** business required by the



Underwriter in order to arrive at a covered loss payable under this bond ("Claims Expense Coverage"). If no covered loss is established hereunder, then the **Insured** will bear all such expenses. The Limit of Liability for all Claims Expense Coverage provided hereunder shall be Ten Thousand Dollars (\$10,000), which shall be part of and not in addition to the applicable Limit of Liability. There shall be no coverage hereunder for any expenses arising out of any legal dispute, suit or arbitration with the **Underwriter**. The Claims Expense Coverage afforded hereunder shall be subject to a Deductible Amount of Five Thousand Dollars (\$5,000).

- (3) No action shall lie against the **Underwriter** unless, as a condition precedent thereto: (i) the **Insured** has complied with all the terms and conditions of this bond; (ii) sixty (60) days have elapsed after the date the required proof of loss was filed with the **Underwriter**; and (iii) such action is commenced within two years after knowledge or discovery of the loss, except that any action or proceeding to recover hereunder on account of any judgment against the **Insured** in any suit mentioned in General Agreement (C) or to recover attorneys' fees paid in any such suit, shall be begun within twenty-four (24) months from the date upon which the judgment in such suit shall become final.

If any limitation is prohibited by any law controlling the construction of this bond, the limitation shall be deemed to be amended to comply with the minimum period of limitation permitted by law.

Any dispute between the **Insured** and the **Underwriter** involving the amount or valuation of the covered loss will be submitted to mediation or arbitration for resolution.

VII. 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 United States of America dollar equivalent thereof determined at the rate of exchange published in The Wall Street Journal on the day preceding the discovery of such loss.

(A) *Securities*

The **Underwriter** shall settle in kind its liability under this bond on account of a loss of any securities or, at the option of the **Underwriter** shall pay to the **Insured** the cost of replacing such securities, determined by the market value thereof published in The Wall Street Journal on the day preceding the discovery of such loss. 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.

(B) *Books of Account and Other Records*

In case of loss of, or damage to, **Property** consisting of books of account or other records used



by the **Insured** in the conduct of 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 blank books, blank pages or other materials plus the cost of labor 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.

(C) *Property other than Securities or Records*

In case of loss of, or damage to, any **Property** other than securities, books of account or other records as aforesaid or damage to the **Insured's** offices covered under this bond, or loss of, or damage to, the furnishings, fixtures, stationery, supplies and equipment therein, the **Underwriter** shall not be liable for more than the actual cash value of such **Property**, or of such furnishings, fixtures, stationery, supplies and equipment, or for more than the actual cost of repairing such **Property** or offices, furnishings, fixtures, stationery, supplies and equipment, or of replacing same with property or material of like quality and value. The **Underwriter** may, at its election, pay such actual cash value, or make such repairs or replacements. If the **Underwriter** and the **Insured** cannot agree upon such cash value or such cost of repairs or replacements, such cash value or such cost shall be determined by arbitration.

VIII. SALVAGE AND RECOVERY

If the **Insured** shall sustain any loss covered by this bond which exceeds the amount of coverage provided by this bond plus the Deductible Amount, if any, applicable to such loss, the **Insured** shall be entitled to all recoveries made after payment by the **Underwriter** of loss covered by this bond, except recoveries on account of loss of securities as set forth in Clause VII(A) of this bond or recoveries from suretyship, insurance, reinsurance, security and indemnity taken by or for the benefit of the **Underwriter**, by whomsoever made, less the actual cost of effecting such recoveries, until reimbursed for such excess loss; and any remainder, or, if there be no such excess loss, any such recoveries shall be applied first in reimbursement of the **Underwriter** and thereafter in reimbursement of the **Insured** for that part of such loss within such Deductible Amount. The **Insured** shall execute all necessary papers to secure to the **Underwriter** the rights herein provided for. The **Insured** shall do nothing after discovery of loss to prejudice such rights.

IX. LIMITS PROVISIONS

(A) *Limits of Liability*

Payment of covered loss under this bond shall not reduce the liability of the **Underwriter** under this bond for other covered losses arising from unrelated acts whenever sustained; provided, however, that the total liability of the **Underwriter** for any single loss under this bond shall not exceed the applicable Limit of Liability stated in Item 4 of the Declarations or elsewhere in this bond.

The Limit of Liability stated in Item 4 of the Declarations for an Insuring Agreement shall be the maximum liability of the **Underwriter** for all loss, other than court costs and attorneys' fees incurred under General Agreement (C), arising from a single act or series of related acts under such Insuring Agreement, including all:

- (1) loss caused by any one act of burglary, robbery or hold-up, or attempt thereat, in which no **Employee** is concerned or implicated; or



- (2) loss with respect to any one unintentional or negligent act or omission on the part of any person (whether one of the **Employees** or not) resulting in damage to or destruction or misplacement of **Property**; or
- (3) loss other than those specified in (1) and (2) above, caused by all acts or omissions by any person (whether one of the **Employees** or not) or all acts or omissions in which such person is concerned or implicated; or
- (4) loss other than those specified in (1), (2) and (3) above, resulting from any one casualty or event.

In the event a loss triggers coverage under multiple Insuring Agreements and all such Insuring Agreements are subject to equal Limits of Liability, then the most the **Underwriter** will pay for all loss arising from any single act or series of related acts shall be an amount equal to one such Limit of Liability regardless of the Insuring Agreement(s) under which payment is made. In the event a loss triggers coverage under multiple Insuring Agreements that are subject to Limits of Liability that are not equal, then the most the **Underwriter** will pay for all loss arising from any single act or series of related acts shall be an amount equal to the highest applicable Limit of Liability set forth in the Declarations for such Insuring Agreements; provided, however, the lower applicable Limit(s) of Liability for such Insuring Agreements shall serve as a sublimit(s) of liability for loss covered under the respective Insuring Agreement(s) and such sublimit(s) of liability shall be part of and not in addition to the Limit of Liability applicable to all loss arising from such single act or series of related acts.

(B) *Non-Accumulation of Liability*

Regardless of the number of years this bond shall continue in force and the number of premiums which shall be payable or paid, the liability of the **Underwriter** under this bond with respect to any loss specified in Clause IX(A) of this bond shall not be cumulative in amounts from year to year or from period to period.

(C) *Limit of Liability Under this Bond and Prior Insurance*

With respect to any loss set forth in subparagraph (3) of Clause IX(A) 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 canceled 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 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, canceled 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.



X. OTHER INSURANCE OR INDEMNITY

If the **Insured** carries or holds any other insurance or indemnity covering any loss covered by this bond, the **Underwriter** shall be liable hereunder only for that part of such loss which is in excess of the amount recoverable or recovered from such other insurance or indemnity. In no event shall the **Underwriter** be liable for more than the amount of the coverage of this bond applicable to such loss; subject, nevertheless, to Clause IX(A) of this bond.

XI. DEDUCTIBLE AMOUNT

The **Underwriter** shall be liable hereunder only for the amount by which any loss exceeds the Deductible Amount for the Insuring Agreement or coverage applicable to such loss, subject to the Limit of Liability for such Insuring Agreement or coverage. In the event a loss triggers coverage under more than one Insuring Agreement, then as to such loss the highest applicable Deductible Amount shall be deemed the Deductible Amount applicable to all loss arising from a single act or a series of related acts.

XII. TERMINATION AND CANCELLATION PROVISIONS

(A) *The Bond*

This bond shall be deemed terminated or canceled as an entirety:

- (1) ninety (90) days after the receipt by the **Insured** of a written notice from the **Underwriter** of its desire to terminate or cancel this bond, or fifteen (15) days if such cancellation is for non-payment of premium by the **Insured**, or
- (2) immediately upon the receipt by the **Underwriter** of a written request from the **Insured** to terminate or cancel this bond, or
- (3) immediately upon the taking over of the **Insured** by a receiver or other liquidator or by state or federal officials, or
- (4) immediately upon the taking over of the **Insured** by another business entity, or
- (5) if the **Insured** is a Registered Management Investment Company covered as a sole **Insured**, this bond shall not be canceled, terminated or modified except after written notice shall have been given by the acting party to the affected party, and to the Securities and Exchange Commission, Washington, D.C., not less than sixty (60) days prior to the effective date of such cancellation, termination or modification.

The **Underwriter** shall have the right to the premium amount for the portion of the **Bond Period** during which the bond was in effect. If this bond is terminated or canceled by the **Insured**, the **Underwriter** shall retain the pro rata proportion of the premium herein.

(B) *To Any Employee*

This bond shall be deemed terminated or canceled as to any **Employee**:

- (1) as soon as the **Insured** learns of any acts of fraud or dishonesty (other than a dishonesty situation described in subparagraph (13) of the definition of **Employee**) committed by such person:
 - (i) while in the service of the **Insured**, or otherwise during the term of employment by



- the **Insured**; or
- (ii) prior to employment by the **Insured**;
- provided that, in the case of subparagraph (ii) above only, such act or acts of fraud or dishonesty involved loss of **Money**, securities or **Property** valued at Five Thousand Dollars (\$5,000) or more; or
- (2) fifteen (15) days after the receipt by the **Insured** of a written notice from the **Underwriter** of its desire to terminate or cancel this bond as to such **Employee**.

(C) Rights After Termination or Cancellation of the Bond

At any time prior to the termination or cancellation of this bond as an entirety under Clause XIII(A) above, whether by the **Insured** or the **Underwriter**, the **Insured** may give to the **Underwriter** notice that it desires under this bond an additional period of twelve (12) months within which to discover loss sustained by the **Insured** prior to the effective date of such termination or cancellation and shall pay an additional premium therefor.

Upon receipt of such notice from the **Insured**, the **Underwriter** shall give its written consent thereto; provided, however, that such additional period of time shall terminate immediately:

- (a) on the effective date of any other insurance obtained by the **Insured**, its successor in business or any other party, replacing in whole or in part the insurance afforded by this bond, whether or not such other insurance provides coverage for loss sustained prior to its effective date, or
- (b) upon takeover of the **Insured's** business by any state or federal official or agency, or by any receiver or liquidator, acting or appointed for this purpose without the necessity of the **Underwriter** giving notice of such termination. In the event that such additional period of time is terminated, as provided above, the **Underwriter** shall refund any unearned premium.

The right to purchase such additional period for the discovery of loss may not be exercised by any state or federal official or agency, or by any receiver or liquidator, acting or appointed to takeover the **Insured's** business for the operation or for the liquidation thereof or for any other purpose.

In witness whereof, the **Underwriter** has caused this bond to be executed on the Declarations page.

This endorsement, effective at 12:01 AM 12/01/2020 forms a part of

Bond No: 012849262

Issued to: Boustead Securities, LLC

By: National Union Fire Ins. Co. of Pitts PA

COMPUTER CRIME COVERAGE RIDER

It is agreed that:

1. All the terms and conditions of the attached bond form shall apply to the coverage as is afforded by this rider unless specifically stated otherwise herein or in any other rider attached hereto.
2. Item 4 of the Declarations is amended by adding the following at the end thereof:
 - (c) The Limit of Liability and Deductible Amount with respect to each Insuring Agreement listed below shall be as follows:

Insuring Agreement	Limit of Liability	Deductible Amount
(L) Computer Systems Fraud	\$ 120,000	\$ 10,000
(M) Data Processing Service Operations	\$ 120,000	\$ 10,000
(N) Telephone or E-mail Transfer Fraud	\$ 120,000	\$ 10,000
(O) Telefacsimile Transfer Fraud	\$ 120,000	\$ 10,000
(P) Destruction of Data or Programs by Hacker	\$ 120,000	\$ 10,000
(Q) Destruction of Data or Programs by Virus	\$ 120,000	\$ 10,000
(R) Voice Computer Systems Fraud	\$ 120,000	\$ 10,000

3. The Declarations is amended by adding the following Item to the end thereof:

Item 11.

Telephone or E-mail Transfer Fraud

Under the terms of Insuring Agreement (N), the **Insured** must place verification call-back (or execute other approved verification procedure) for each transfer in excess of \$ 10,000.

Telefacsimile Transfer Fraud

Under the terms of Insuring Agreement (O), the **Insured** must place a verification call-back for each transfer in excess of \$ 10,000.

4. Clause I. INSURING AGREEMENTS is amended by adding the following Insuring Agreements to the bond:

(L) **COMPUTER SYSTEMS FRAUD**

Loss resulting directly from the:

- (1) fraudulent accessing of, and
- (2) insertion of fraudulent Electronic Data or Computer Program into, or
- (3) fraudulent alteration of Electronic Data or Computer Program in,

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 Clause II(A); provided the insertion or alteration causes:

- (i) Property to be transferred, paid or delivered,
- (ii) an account of the Insured, or of its customer, to be added, deleted, debited or credited, or
- (iii) an unauthorized account or a fictitious account to be debited or credited.

For purposes of this Insuring Agreement, fraudulent accessing of a Computer System, as described in (1) above, shall not be required for any loss resulting directly from any insertion or alteration of Electronic Data or Computer Program, as described in (2) and (3) above, by an Employee of the Insured acting in good faith:

- (a) on an instruction from a software contractor who is not an Employee and who has a written agreement with the Insured to design, implement or service programs for a Computer System covered by this Insuring Agreement, or
- (b) on an instruction transmitted by Tested telex or similar means of Tested communications identified in the application for this bond purportedly sent by a customer, financial institution or automated clearing house.

(M) **DATA PROCESSING SERVICE OPERATIONS**

Loss sustained by a Client of the Insured resulting directly from a fraudulent:

- (1) entry of Electronic Data or a Computer Program into, or
- (2) change of Electronic Data or a Computer Program within a Computer System covered under the terms of Insuring Agreement (L) (Computer Systems Fraud), or
- (3) entry or change of Electronic Data during electronic transmission or physical transit from the Insured to its Client, provided that the entry or change causes:
 - (i) Property to be transferred, paid or delivered,
 - (ii) an account of the Client, or a customer of the Client, to be added, deleted, debited or credited, or
 - (iii) an unauthorized account or a fictitious account to be debited or credited,

(iv)

and for which loss the **Insured** is legally liable to the **Client** as a provider of data processing services for such **Client**.

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:

- (a) on an instruction from a software contractor who has a written agreement with the **Insured** to design, implement or service programs for a **Computer System** covered by this Insuring Agreement, or
- (b) on an instruction transmitted by **Tested** telex or similar means of **Tested** communication identified in the application for this bond purportedly sent by a customer, financial institution or automated clearing house.

In this Insuring Agreement, “**Client**” means an entity for which the **Insured** serves as data processor under the terms of a written agreement.

(N) **TELEPHONE OR E-MAIL TRANSFER FRAUD**

Loss resulting directly from the **Insured** having, in good faith, transferred Funds from a **Customer**’s account, or a **Customer**’s **Certificated Securities**, in reliance upon a fraudulent instruction transmitted to the **Insured** via telephone or electronic mail and which purported to be from:

- (1) such **Customer**;
- (2) an **Employee** of the **Insured** who was acting on instructions or authority of such **Customer**; or
- (3) another financial institution acting on behalf of such **Customer** with authority to make such instructions,

and the instruction was received by an **Employee** of the **Insured** specifically designated to receive and act upon such instructions, but the instruction was not from a person described in (1), (2) or (3) above, provided that:

- (i) for any transfer exceeding the amount set forth in Item 11 of the Declarations, the **Insured** verified the instruction via a password, PIN, other security code, call back to a predetermined telephone number set forth in the **Insured**’s written agreement with such **Customer** or other verification procedure approved in writing by the **Underwriter**; and
- (ii) solely with respect to instructions transmitted via telephone, the **Insured** preserved a contemporaneous record of the instruction that verifies the use of a password, PIN, other security code, call back or other verification procedure approved in writing by the **Underwriter**.

As used in this Insuring Agreement, “**Customer**” means an entity or individual which has a written agreement with the **Insured** authorizing the **Insured** to transfer money on deposit in an account or **Certificated Securities** in reliance upon instructions transmitted to the **Insured** via the means utilized to transmit the fraudulent instruction.

(O) ***TELEFACSIMILE TRANSFER FRAUD***

Loss resulting directly from the **Insured** having, in good faith, transferred or delivered **Funds, Certificated Securities or Uncertificated Securities** through a **Computer System** covered under the terms of Insuring Agreement (L) (Computer System Fraud) in reliance upon a fraudulent instruction received through a **Telefacsimile Device**, and which instruction:

- (1) purports and reasonably appears to have originated from:
 - (a) a **Customer of the Insured**,
 - (b) another financial institution, or
 - (c) another office of the **Insured**but, in fact, was not originated by the **Customer** or entity whose identification it bears, and
- (2) contains a valid test code which proves to have been used by a person who was not authorized to make use of it, and
- (3) contains the name of a person authorized to initiate such transfer;

provided that, if the transfer was in excess of the amount shown in Item 11 of the Declarations as the verification call-back amount for this Insuring Agreement, the instructions were verified by a call-back according to a prearranged procedure.

As used in this Insuring Agreement, “**Customer**” means an entity or individual which has a written agreement with the **Insured** authorizing the **Insured** to rely on **Telefacsimile Device** instructions to initiate transfers and has provided the **Insured** with the names of persons authorized to initiate such transfers, and with which the **Insured** has established an instruction verification mechanism.

(P) ***DESTRUCTION OF DATA OR PROGRAMS BY HACKER***

Loss resulting directly from the malicious destruction of, or damage to, **Electronic Data or Computer Programs** owned by the **Insured** or for which the **Insured** is legally liable while stored within a **Computer System** covered under the terms of the Insuring Agreement (L) (Computer Systems Fraud).

The liability of the **Underwriter** shall be limited to the cost of duplication of such **Electronic Data or Computer Programs** from other **Electronic Data or Computer Programs** which shall have been furnished by the **Insured**.

In the event, however, that destroyed or damaged **Computer Programs** cannot be duplicated from other **Computer Programs**, the **Underwriter** will pay the cost incurred for computer time, computer programmers, consultants or other technical specialists as is reasonable necessary to restore the **Computer Programs** to substantially the previous level of operational capability.

(Q) ***DESTRUCTION OF DATA OR PROGRAMS BY VIRUS***

Loss resulting directly from the malicious destruction of, or damage to, **Electronic Data or Computer Programs** owned by the **Insured** or for which the **Insured** is legally liable while stored within a **Computer System** covered under the terms of Insuring Agreement (L) (Computer System Fraud) if such

destruction or damage was caused by a computer program or similar instruction which was written or altered to incorporate a hidden instruction designed to destroy or damage **Electronic Data or Computer Programs** in the **Computer System** in which the computer program or instruction so written or so altered is used.

The liability of the **Underwriter** shall be limited to the cost of duplication of such **Electronic Data or Computer Programs** from other **Electronic Data or Computer Programs** which shall have been furnished by the **Insured**.

In the event, however, that destroyed or damaged **Computer Programs** cannot be duplicated from other **Computer Programs**, the **Underwriter** will pay the cost incurred for computer time, computer programmers, consultants or other technical specialists as is reasonably necessary to restore the **Computer Programs** to substantially the previous level of operational capability.

Special Condition: Under this Insuring Agreement, "single loss," as such term is used in Clause IX. of this bond, means all covered costs incurred by the **Insured** between the time destruction or damage is discovered and the time the **Computer System** is restored to substantially the previous level of operational capability. Recurrence of destruction or damage after the **Computer System** is restored shall constitute a separate "single loss."

(R) **VOICE COMPUTER SYSTEMS FRAUD**

Loss resulting directly from charges for voice telephone long-distance toll calls which were incurred due to the fraudulent use or fraudulent manipulation of an **Account Code** or **System Password** required to obtain access to a **Voice Computer System** owned or leased by the **Insured**, installed on the **Insured's** premises, whose **System Administration** is performed and controlled by the **Insured**; provided, however, that the unauthorized access was not made possible by:

- (1) failure to incorporate a **System Password** feature or failure to change the **System Password** at least once every thirty (30) days thereafter, or
- (2) failure to have a call-disconnect feature in operation to automatically terminate a caller's access to the **Voice Computer System** after not more than three unsuccessful attempts to input an **Account Code**.

Special Condition: Under this Insuring Agreement, "single loss," as such term is used in Clause IX. of this bond, means loss resulting from toll call charges made only on telephone lines directly controlled by one **Voice Computer System** and only toll call charges occurring for a period of not more than thirty (30) days inclusive of the date on which the first such toll call charge was made.

5. With respect to Insuring Agreements (L), (M), (N), (O) and (P), all loss or losses involving one natural person or entity, or one group of natural persons or entities acting together, shall be a "single loss" for the purposes of Clause IX. of this bond, without regard to the number of transfers, debits or credits or instructions involved. A series of losses involving unidentified natural persons or entities but arising from the same method of operation shall also be deemed to involve the same natural person or

entity and shall be treated as single loss.

6. Clause II.(C), “*Court Costs and Attorneys’ Fees*” shall not apply to the coverage afforded by this rider.
7. Solely with respect to the coverage afforded by this rider, in Clause II. GENERAL AGREEMENTS, paragraph (A) is deleted in its entirety and replaced with the following:

(A) *Additional Offices or Employees or Computer Systems - Consolidation or Merger*

If the **Insured** shall, while this bond is in force, establish any additional office or offices, other than by consolidation or merger with, or purchase or acquisition of assets or liabilities or computer systems of, another institution, such offices and computer systems 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 or computer systems 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 such offices or premises or computer systems, 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 or computer systems acquired by the **Insured** as a result of such consolidation, merger or purchase of assets or liabilities or computer systems unless the **Insured** shall:
 - (i) give the **Underwriter** written notice of the proposed consolidation, merger or purchase of assets or liabilities or computer systems prior to the proposed effective date of such action; and
 - (ii) obtain the written consent of the **Underwriter** to extend the coverage provided by this bond to such additional offices or premises or computer systems, **Employees** and other exposures; and
 - (iii) upon obtaining such consent, pay to the **Underwriter** an additional premium.

8. Solely with respect to the coverage afforded by this rider, the definition of “**Property**” is amended to include **Electronic Data** and **Computer Programs**.
9. Clause III. DEFINITIONS is amended to include the following:

CS-1. “**Account Code**” means a confidential and protected string of characters which identifies or authenticates a person and permits that person to gain access to a **Voice Computer System** for the purpose of making toll calls or

utilizing voice mail box messaging capabilities or other similar functional features of the **Voice Computer System**.

- CS-2. “**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**.
- CS-3. “**Computer System**” means:
- (a) computers with related peripheral components, including storage components wherever located
 - (b) systems and applications software;
 - (c) terminal devices; and
 - (d) related communication networks, including the internet; by which **Electronic Data** are electronically collected, transmitted, processed, stored and retrieved.
- CS-4. “**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;
- CS-5. “**Funds**” means **Money** on deposit in an account.
- CS-6. “**System Administration**” means the performance of security functions including but not limited to defining authorized persons to access a **Voice Computer System** and adding, changing and deleting **Account Codes** or passwords in connection therewith; and invoking or revoking a **Voice Computer System** option which directs telephone call routing or which adds, moves or drops telephone lines or which performs any other similar activity allowed by a hardware or software-based **Voice Computer System** option that has been incorporated by a manufacturer or vendor into a **Voice Computer System** or any component thereof provided said **Voice Computer System** option is not intended for the sole use of such manufacturer or vendor.
- CS-7. “**System Maintenance**” means the performance of hardware and software installation, diagnostics and corrections and similar activities that are performed in the usual custom and practice by a manufacturer or vendor to establish or maintain the basic operational functionality of a **Voice Computer System** or any component thereof.
- CS-8. “**System Password**” means a confidential and protected string of characters which identifies or authenticates a person and permits that person to gain access to a **Voice Computer System** or any portion thereof for the purpose of performing **System Administration** or **System Maintenance** activities.
- CS-9. “**Telefacsimile Device**” means a machine capable of sending or receiving a duplicate image of a document by means of electronic impulses transmitted through a telephone line and which reproduces the duplicate image on paper.

- CS-10. “**Tested**” means a method of authenticating the contents of a communication by placing a valid test key on it which has been agreed upon by the Insured and a customer, automated clearing house, or another financial institution for the purpose of protecting the integrity of the communication in the ordinary course of business.
- CS-11. “**Voice Computer System**” means a **Computer System** installed in one location which functions as a private branch exchange (PBX), voice mail processor, automated call attendant or provides a similar capability used for the direction or routing of telephone calls in a voice communications network.
10. Solely with respect to the coverage afforded by this rider, Clause IV. EXCLUSIONS is amended by appending the following to the end thereof:

This bond does not cover:

- CS-1. with respect to Insuring Agreements (L), (M), (N), (O), (P), (Q) and (R), any loss of the type or kind covered by any other Insuring Agreement provided in this bond, regardless of any Deductible Amount or Limit of Liability;
- CS-2. loss caused by a director or **Employee** of the **Insured** or by a person in collusion with any director or **Employee** of the **Insured** (“collusion” shall include the willful withholding of knowledge from the **Insured** by any director or **Employee** that a fraudulent act by a person not an **Employee** has been or will be perpetrated against the **Insured**);
- CS-3. loss resulting directly or indirectly from entry or change of **Electronic Data** or **Computer Programs** in a **Computer System**, unless covered under Insuring Agreements (L) (Computer Systems Fraud) or (M) (Data Processing Service Operations);
- CS-4. loss resulting directly or indirectly from the **Insured** having transferred **Funds** or **Certificated Securities** in reliance on the validity of a voice instruction, unless covered under Insuring Agreements (L) (Computer Systems Fraud) or (N) (Telephone or E-mail Transfer Fraud);
- CS-5. loss resulting directly or indirectly by the **Insured** having transferred or delivered **Funds**, **Certificated Securities** or **Uncertificated Securities** in reliance on an instruction received through a **Telefacsimile Device**, unless covered under Insuring Agreement (O) (Telefacsimile Transfer Fraud);
- CS-6. loss resulting directly or indirectly from theft of confidential information;
- CS-7. loss resulting directly or indirectly from the assumption of liability by the **Insured** by contract unless the liability arises from a loss covered by this rider and would be imposed on the **Insured** regardless of the existence of the contract;

- CS-8. the cost of duplication of **Electronic Data or Computer Programs**, unless covered under Insuring Agreements (P) (Destruction of Data or Programs by Hacker) or (Q) (Destruction of Data or Programs by Virus);
- CS-9. loss involving a **Voice Computer System**, unless covered under Insuring Agreement (R) (Voice Computer Systems Fraud);
- CS-10. loss resulting directly or indirectly from:
 - (a) written instructions or advices, or
 - (b) telegraphic or cable instructions or advices;unless either: (i) the instructions or advices are **Tested** and the loss is covered under Insuring Agreements (L) (Computer Systems Fraud) or (M) (Data Processing Service Operations); or (ii) the loss is covered under Insuring Agreement (N) (Telephone or E-mail Transfer Fraud);
- CS-11. 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;
- CS-12. loss resulting directly or indirectly from the fraudulent preparation, or fraudulent modification of **Computer Programs** unless covered under Insuring Agreements (L) (Computer Systems Fraud) or (M) (Data Processing Service Operations);
- CS-13. loss resulting directly or indirectly from:
 - (a) 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**; or
 - (b) failure or breakdown of electronic data processing media; or
 - (c) error or omission in programming or processing;
- CS-14. loss as a result of a threat to **Computer System** operations;
- CS-15. loss resulting directly or indirectly from the use of a telephone, credit, debit, charge, identification or similar card to gain access to the **Insured's Voice Computer System**;
- CS-16. loss resulting directly or indirectly from the input 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 customer by a person who had authorized access to the customer's authentication mechanism.
- CS-17. loss resulting directly or indirectly from payments made to or withdrawals from a depositor's account involving items of deposit which are not finally paid for any reason;
- CS-18. loss of potential income, including but not limited to interest and dividends;

- CS-19. loss 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 policy;
- CS-20. any fees, costs and expenses incurred by the **Insured**;
- CS-21. indirect or consequential loss of any nature;
- CS-22. loss involving automated mechanical devices which, on behalf of the **Insured**, disburse money, accept deposits, cash checks, drafts or similar written instruments, or make credit card loans;
- CS-23. loss due to riot or civil commotion or loss due to military, naval or usurped power, war or insurrection;
- CS-24. loss as a result of a threat:
- (a) to do bodily harm to any person;
 - (b) to do damage to the premises or property of the **Insured**; or
 - (c) to **Computer Systems** operations;
- CS-25. solely with respect to Insuring Agreement (N) (Telephone or E-mail Transfer Fraud), loss resulting directly or indirectly from a fraudulent instruction if the sender, or anyone acting in collusion with the sender, ever had authorized access to such **Customer's** password, PIN or other security code;
10. Subparagraph (1) of Clause VI(D) "*Loss Settlement Clause 2: Waiver of FRISC*" is amended by appending the following section to the end thereof:
- If a claim is made under this bond for loss under Insuring Agreement (N) (Telephone or E-mail Transfer Fraud), the proof of loss shall include electronic recordings or of such voice instructions and the verification call-back, if such call-back was required, and electronic copies of any electronic mail instructions. If a claim is made under this bond for loss under Insuring Agreement (O) (Telefacsimile Transfer Fraud), proof of loss shall include a copy of the document reproduced by the **Telefacsimile Device**.
11. Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, limitations conditions or agreements or the attached bond other than as above stated.

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AUTHORIZED REPRESENTATIVE

POLICYHOLDER NOTICE

Thank you for purchasing insurance from a member company of American International Group, Inc. (AIG). The AIG member companies generally pay compensation to brokers and independent agents, and may have paid compensation in connection with your policy. You can review and obtain information about the nature and range of compensation paid by AIG member companies to brokers and independent agents in the United States by visiting our website at www.aig.com/producercompensation or by calling 1-800-706-3102.

This Rider, effective 12/01/2020

at 12:01 AM

forms a part of

Bond No: 012849262

Issued To: Boustead Securities, LLC

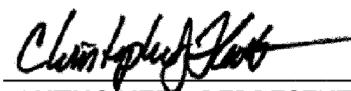
By: National Union Fire Insurance Company of Pittsburgh, Pa. ®

**FRISC APPENDIX
INVESTIGATIVE SPECIALISTS, MEDIATORS AND ARBITRATORS**

It is agreed that Clause VI(C). *Loss Settlement Clause 1* of the bond is amended to include the following:

Names	Address	Telephone No.	Profession
BDO Seidman LLP	100 Park Avenue 10th Floor New York, NY 10017 Attn: Glenn Pomerantz	(212) 885-8379	Accountants
Grant Thornton	1717 Main Street Suite 1500 Dallas, TX 75201 Attention: Susana Franco	(214) 561-2309	Accountants
Hagen, Streiff, Newton & Oshiro LLP	1325 4th Avenue, Suite 1705 Seattle, WA 98101 Attn: Mark Newton And 595 Putnam Pike Greenville, RI 02828 Attn: Peter Fogarty	(206) 447-3338 (401) 949-8001	Accountants
Kroll	Two Logan Square Philadelphia, PA 19103 Attn: John Slavik	(215) 568-8313	Accountants
RGL Forensics	1422 Elbridge Payne Road Chesterfield, MO 63017 Attention: Randall H. Wilson	(636) 537-5589	Accountants
RSM McGladrey	191 N. Wacker Drive Suite 1400 Chicago, IL 60606 Attn: Richard J Contorno	(312) 282-4995	Accountants

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS SHALL REMAIN UNCHANGED.
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AUTHORIZED REPRESENTATIVE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ENDORSEMENT #

This endorsement, effective 12:01 A.M. December 1, 2020 forms a part of

Policy No.: 012849262

Issued To: Boustead Securities, LLC

By: National Union Fire Insurance Company of Pittsburgh, PA.

ECONOMIC SANCTIONS ENDORSEMENT

This endorsement modifies insurance provided under the following:

Coverage shall only be provided and payment of loss under this policy shall only be made in full compliance with enforceable United Nations economic and trade sanctions and the trade and economic sanction laws or regulations of the European Union and the United States of America, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").



AUTHORIZED REPRESENTATIVE

ENDORSEMENT

This endorsement, effective 12/01/2020 forms a part of

Policy No.: 012849262

Issued to: Boustead Securities, LLC

By: National Union Fire Insurance Company of Pittsburgh, Pa.®

CALIFORNIA AMENDATORY ENDORSEMENT

Wherever used in this endorsement: 1) "Insurer" mean the insurance company which issued this policy; and 2) , "Named Insured", "First Named Insured", and "Insured" mean the Named Corporation, Named Entity, Named Organization, Named Sponsor, Named Insured, or Insured stated in the declarations page; and 3) "Other Insured(s)" means all other persons or entities afforded coverage under the policy.

The following is added any supersedes any provision to the contrary:

CANCELLATION

The First Named Insured shown in the declarations may cancel the policy by mailing or delivering to the Insurer advance written notice of cancellation.

If the policy has been in effect for more than sixty (60) days or if it is a renewal, effective immediately, the Insurer may not cancel the policy unless such cancellation is based on one or more of the following reasons:

- (1) Nonpayment of premium, including payment due on a prior policy issued by the Insurer and due during the current policy term covering the same risks.
- (2) A judgement by a court or an administrative tribunal that the named Insured has violated any law of this state or of the United States having as one of its necessary elements an act which materially increases any of the risks insured against.
- (3) Discovery of fraud or material misrepresentation by either of the following:
 - a) The Insured or Other Insured(s) or his or her representative in obtaining the insurance; or
 - b) The named Insured or his or her representative in pursuing a claim under the policy.
- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by the named Insured or Other Insured(s) or a representative of same, which materially increase any of the risks insured against.

- (5) Failure by the named Insured or Other Insured(s) or a representative of same to implement reasonable loss control requirements which were agreed to by the Insured as a condition of policy issuance or which were conditions precedent to the use by the Insurer of a particular rate or rating plan if the failure materially increases any of the risks insured against.
- (6) A determination by the commissioner that the loss of, or changes in, an Insurer's reinsurance covering all or part of the risk would threaten the financial integrity or solvency of the Insurer.
- (7) A determination by the commissioner that a continuation of the policy coverage could place the Insurer in violation of the laws of this state or the state of its domicile or that the continuation of coverage would threaten the solvency of the Insurer.
- (8) A change by the named Insured or Other Insured(s) or a representative of same in the activities or property of the commercial or industrial enterprise which results in a material added risk, a materially increased risk or a materially changed risk, unless the added, increased, or changed risk is included in the policy.

Notice of cancellation shall be delivered or mailed to the producer of record and the named Insured at least thirty (30) days prior to the effective date of cancellation. Where cancellation is for nonpayment of premium or fraud, notice shall be given no less than ten(10) days prior to the effective date of cancellation.

CONDITIONAL RENEWAL AND NONRENEWAL

If the Insurer decides not to renew the policy, or to increase the deductible, reduce the limits, eliminate coverages or raise premium more than 25%, the Insurer shall mail or deliver to the producer of record and the named Insured notice of nonrenewal at least sixty (60) days but no more than 120 days prior to the end of the policy period. The notice shall contain the reason for nonrenewal of the policy.

A notice of nonrenewal shall not be required in the following situations:

- (1) If the transfer or renewal of a policy, without any changes in term, conditions or rates, is between the Insurer and a member of the insurance group.
- (2) If the policy has been extended for 90 days or less, provided that notice has been given in accordance with the nonrenewal notice requirements noted above.
- (3) If the Named Insured has obtained replacement coverage, or has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- (4) If the policy is for a period of no more than 60 days and the Insured is notified at the time of issuance that it will not be renewed.
- (5) If the First Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.

- (6) If the Insurer has made a written offer to the First Named Insured, in accordance with timeframes shown above to renew the policy under changed terms or conditions or at an increased premium rate.

If the Insurer fails to give timely notice, the policy of insurance shall be continued, with no change in its terms or conditions, for a period of 60 days after the Insurer give notice.

All other terms, conditions and exclusions of the policy remain the same.



A handwritten signature in black ink, appearing to read "Christopher Kot".

AUTHORIZED REPRESENTATIVE

ARKANSAS CONSUMER COMPLAINT NOTIFICATION

This notice is to advise you that should any complaints arise regarding this insurance, you may contact the following:

Chartis
Consumer Complaints Division
175 Water Street, 18th Floor
New York, NY 10038
Phone: 1-877-541-9748
Fax: 212-458-7095
consumer@chartisinsurance.com

Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201

(800) 852-5494 (toll free)
(501) 371-2640

This endorsement, effective at 12:01 AM 12/01/2020 forms a part of

Policy number 012849262

Issued to: Boustead Securities, LLC

By: National Union Fire Ins. Co. of Pitts PA

**PROTECTED INFORMATION EXCLUSION
(CARVEBACK)**

This endorsement modifies insurance provided under the following:

EXCESS EDGE

FOLLOW FORM BOND

BROKER-DEALER GUARD

INVESTMENT COMPANY BLANKET BOND

In consideration of the premium charged, it is hereby understood and agreed that this policy does not cover loss resulting directly or indirectly from the: (i) "theft," disappearance or destruction of; (ii) unauthorized use or disclosure of; (iii) unauthorized access to; or (iv) failure to protect any:

- (1) confidential or non-public; or
- (2) personal or personally identifiable;

information that any person or entity has a duty to protect under any law, rule or regulation, any agreement or any industry guideline or standard.

This exclusion shall not apply to loss of any money, securities or tangible property:

- (a) owned by the Insured;
- (b) held by the Insured in any capacity; or
- (c) owned and held by someone else under circumstances which make the Insured responsible for the Property prior to the occurrence of the loss;

that was the subject of a theft, disappearance, damage or destruction resulting directly from the unauthorized use or disclosure of such information.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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AUTHORIZED REPRESENTATIVE

This rider, effective at 12:01 AM 12/01/2020 forms a part of

Bond number 012849262

Issued to: Boustead Securities, LLC

By: National Union Fire Insurance Company of Pittsburgh, Pa. ®

INDIRECT OR CONSEQUENTIAL LOSS EXCLUSION

This rider modifies insurance provided under the following:

BROKER-DEALER GUARD BOND
FOLLOW FORM BOND (EXCESS OVER A FIDELITY BOND)
INVESTMENT COMPANY BLANKET BOND

It is agreed that:

1. This bond shall not cover any indirect or any consequential loss of any nature including, but not limited to fines, penalties, multiple or punitive damages.
2. Nothing contained here shall be held to vary, alter, waive or extend any of the terms, limitations, conditions, or agreements of the attached bond other than as above stated.

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A handwritten signature in black ink, appearing to read "Christopher J. Kott".

AUTHORIZED REPRESENTATIVE

This rider, effective at 12:01 AM 12/01/2020 forms a part of

Bond number: 012849262

Issued To: Boustead Securities, LLC

By: National Union Fire Ins. Co. of Pitts PA

**IMPERSONATION FRAUD
(FRAUDULENTLY-INDUCED PAYMENT COVERAGE)**

This endorsement modifies insurance provided under the following:

BROKER DEALER GUARD

It is agreed that the policy is hereby amended as follows:

1. The INSURING AGREEMENTS Clause is amended to include the following at the end thereof:

FRAUDULENTLY-INDUCED PAYMENT COVERAGE

Loss of Funds resulting directly from an **Insured** having, in good faith, transferred **Funds** from its own account in reliance upon **Fraudulently-Induced Instruction(s)**.

2. Solely for purposes of this endorsement, the following definitions shall apply:

“Fraudulently-Induced Instruction” means any instruction communicated to an **Insured** for the purpose of directing or transferring **Insured Funds** and/or updating vendor bank account information that were communicated by:

- a. a person purporting to be a director, officer, partner, member or sole proprietor of the **Insured** or other **Employee**—or by an individual acting in collusion with such person purporting to be a director, officer, partner, member, sole proprietor or other **Employee**, or
- b. a person purporting to be an employee of a vendor that has a legitimate pre-existing arrangement or written agreement to provide goods or services to the **Insured** —or by an individual acting in collusion with such person purporting to be a vendor employee; provided, however, **Fraudulently-Induced Instruction** shall not include any such instruction transmitted by an actual vendor employee who was acting in collusion with any third party in submitting such instruction

but which instructions were not actually made by a director, officer, partner, member or sole proprietor or other **Employee** of the **Insured** or by an employee of a vendor;

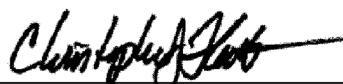
“Funds” means **Money** on deposit in an account with a credit balance.

3. The maximum the Underwriter shall be liable for all loss under the FRAUDULENTLY-INDUCED PAYMENT COVERAGE Insuring Agreement shall be \$50,000 for each Single Loss which shall be part of, and not in addition to, the Aggregate Limit of Liability stated in Item 4 of the Declarations, and in no way shall serve to increase the **Underwriter’s** Limit of Liability as therein stated.
4. Solely with respect to coverage provided by this endorsement, the applicable per occurrence Deductible Amount is \$10,000.
5. Solely for purposes of this endorsement, the following exclusion shall apply:

The coverage afforded by this endorsement does not apply to any loss occurring prior to 12/01/2016.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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AUTHORIZED REPRESENTATIVE