



PROPOSAL FORM: STOCKBROKERS INSURANCE

IMPORTANT NOTICE

PLEASE READ THE FOLLOWING ADVICE BEFORE COMPLETING THIS PROPOSAL FORM

Your Professional Indemnity Insurance Policy is issued on a CLAIMS MADE and NOTIFIED basis. This means that this policy responds to Claims first made against you during the policy period and notified to the Insurer during that policy period, providing that you were not aware at any time prior to the policy inception of circumstances which would have put a reasonable person in your position on notice that a Claim may be made against you.

When the policy expires, no new notification generally can be made on the expired policy even though the event giving rise to a Claim against you may have occurred during the policy period. You will not be entitled to indemnity under your new policy in respect of any Claim arising out of circumstances of which you were aware at any time prior to policy inception which would have put a reasonable person in your position on notice that a Claim may be made against you.

When completing this proposal form you are obliged to report and provide full details of all circumstances which have become known to you and which would put a reasonable person in your position on notice that a Claim may be made against you. This is important to ensure that you make proper disclosure in order that your entitlement to full indemnity under your new policy is not placed in jeopardy.

Your Duty of Disclosure

Before you enter into a contract of general insurance with an Insurer, you have a duty to disclose to the Insurer every matter that you know, or could reasonably be expected to know about yourself and others to be insured, is relevant to the Insurer's decision whether to accept the risk of the insurance and, if so, upon what terms. You have the same duty to disclose those matters to the Insurer before you renew, extend, vary or reinstate a contract of general insurance. Your duty however does not require disclosure of matter:

- That diminishes the risk to be undertaken by the Insurer;
- That is of common knowledge;
- That your Insurer knows or, in the ordinary course of its business, ought to know; or
- As to which compliance with your duty is waived by their Insurer.

(It should be noted that this duty continues after the proposal form has been completed up until the time the policy is entered into.)

Non-Disclosure

If you fail to comply with your duty of disclosure, the Insurer may be entitled to reduce their liability under the contract in respect of a Claim or may cancel the contract. If your non-disclosure is fraudulent, the Insurer may also have the option of avoiding the contract from its beginning. It is therefore vital that you make sufficient enquiries BEFORE you complete your proposal form and BEFORE you sign any declaration that there has been no change in the information proposed.

If you fail to comply with your duty of disclosure, we may be entitled to avoid the contract altogether, and so decline to pay any claim. We will respond reasonably in relation to what you did not disclose.

Jurisdiction

Except to the extent otherwise provided in any subsequently issued policy, the content and use of this form and any agreement entered into pursuant to this form or any dealing in relation to or arising from this are governed by the laws of New Zealand and in relation to those matters, the parties submit to the jurisdiction of the courts of New Zealand.

Surrender or Waiver of any Right of Contribution or Indemnity

Where another person or company would be liable to compensate you or hold you harmless for part or all or any loss or damage otherwise covered by the policy, but you have agreed with that person either before or after the inception of the policy that you would not seek to recover any loss or damage from that person, you are NOT covered under the policy for any such loss or damage.

Notice of Occurrences or Events

If during the period of this policy, the Insured shall become aware of any occurrence which may give rise to a Claim under the policy and shall during the period of this insurance given written notice to the Insurer of such occurrence, any Claim which may be subsequently made arising out of the occurrence of which notification has been given shall be deemed to be a Claim made during the period of this policy whenever such Claim may actually be made.

Contract by the Insured Affecting Rights of Subrogation

If the proposed contract of insurance includes a provision which excludes or limits the Insurer's liability in respect of any loss because you are a party to an agreement which excludes or limits your rights to recover damages from a third party in respect of that loss, you are hereby notified that signing any such agreement may place your indemnity under the proposed contract of insurance at risk.

When completing this Proposal Form

- Please answer all questions giving honest, complete, up to date and relevant answers.
- It is the duty of the Proposer to provide all information that is requested in the proposal form as well as to add additional relevant fact. A relevant fact is such known fact and/or circumstance that may influence in the evaluation of the risk by the insurer. If you have any doubts about what a relevant fact is, please do not hesitate to contact your broker or insurer.
- If the space provided on the Proposal Form is insufficient, please use a separate signed and dated sheet in order to provide a complete answer to any question.
- The proposal form must be completed, signed and dated by a person, who must be of legal capacity and authorised for the purpose of requesting Professional Indemnity insurance for the firm who acts as a Proposer.
- You or your insurance broker must tell us about any changes to your contact details.

This proposal form DOES NOT BIND the Proposer or the Insurer to complete the insurance but will form part of any insurance.

SECTION 1: PROFESSION RELATION QUESTION

1. Name of Applicant: _____
2. Date of incorporation of Applicant: _____
3. Does the Applicant hold a current NZ FSPL? Yes [] No []
4. Please provide the Applicants' FSPL number: _____
5. Is the Applicant a registered New Zealand Securities Exchange participant? Yes [] No []

6. Please provide a staff breakdown:

	New Zealand	Overseas
Directors / Principals		
Corporate Advisors		
Private Client Advisors		
Futures and Options Advisors		
Research Analysts		
Administrative Staff		
IT Staff		
Dealers		
Others (please specify)		

7. Please provide an approximate breakdown of your total gross revenue including fees and commissions by percentages:

	Corporate & Institutions	Retail Clients
Discount brokerage (without advice)		
Securities dealing (with advice)		
Securities dealing (discretionary)		
Options Trading		
Futures Trading		
CFD Trading		
Underwriting of securities		
Sub-underwriting		
Underwriting of securities other than shares		
Structured financial product advice		
Cash management		
Margin lending		
Non securities investment advice		
Economic advice		
Barter, counter – trade or swap operations		
Hybrids trading		
Foreign exchange		
Interest rate swaps / forward rate agreements		
Life insurance agency		
Advice to Non Financial Institutions Re:		
Valuations of business		
Valuations of share price		
Capital restructuring		
Mergers & acquisitions		
Share issue & placement		
Advice to Financial Institution Re:		
Valuations of financial institution's portfolio		
Financial institutions share price		
Capital restructuring		

8. Please provide your total gross revenue for:

- a. Last Financial Year: _____
- b. Full annual estimate for current year: _____

9. Please provide estimates of your total In-house Trading Revenue for:
- Last Financial Year: _____
 - Full annual estimate for current year: _____
10. Please provide estimates of your total Interest (from investments) for:
- Last Financial Year: _____
 - Full annual estimate for current year: _____
11. Please provide your average trade size: \$ _____
12. Please provide your largest trade size: \$ _____
13. a. Does the Applicant trade on any overseas exchanges? Yes [] No []
- b. If yes, do they use an intermediary in these countries? Yes [] No []
- c. If yes, are there any contractual indemnities taken or provided? Yes [] No []
14. Please advise how client Advisors are remunerated:
- By commission only Yes [] No []
 - By salary only Yes [] No []
 - A combination of the above Yes [] No []
15. Does the Applicant record telephone instructions/advice? Yes [] No []
16. Does the Applicant ensure all orders are confirmed in writing? Yes [] No []
17. Does the Applicant permit trading on unauthorised funds? Yes [] No []
18. Does the Applicant monitor/segregate inactive client accounts? Yes [] No []
19. Does the Applicant ensure all client funds are segregated into separate trust accounts? Yes [] No []
20. Are directors and employees prohibited from processing transactions on their own accounts? Yes [] No []
21. Are trading limits imposed on employee accounts? Yes [] No []
22. Are trading limits imposed on Client accounts? Yes [] No []
- If the applicant has answered yes to Q15 or Q16 above, please detail trading limits with respect to these activities:
- _____
- _____
23. Are the accounts of Directors and Employees reviewed regularly for unusual or unauthorised activity? If yes by whom?
- _____
- _____
24. Does the Applicant act in the capacity of a market maker for any products? Yes [] No []
25. Does the Applicant act in the capacity of a prime broker? Yes [] No []
26. If the Applicant provides CFD trading or access to a CFD trading platform, are any of the following services provided to customers:
- Stop loss Yes [] No []
 - Guaranteed stop loss Yes [] No []

27. Where the Applicant is acting in the capacity as a corporate advisor, are there adequate procedures in place to ring-fence sensitive information and to ensure no conflicts of interest with other areas of the organisation? If yes, please provide full details:

28. Does the Applicant have a securities lending service for clients Yes No

If YES, are these securities loaned off the Applicants' own balance sheet or through a third party:

- a. Type of securities loaned _____
- b. Exchange securities are traded on _____
- c. Maximum value of securities loaned _____
- d. Average value of position loaned _____
- e. Maximum allowable leverage on loaned positions _____
- f. Average leverage on loaned positions _____

29. Are internal guidelines in place with respect to procedures to ensure compliance with applicable regulatory rules?

Yes No

Are procedures in place to ensure compliance with the above? Yes No

30. Please comment as to whether the Applicant issues a pre-issuance / prospectus research report and if so how does it ensure that these documents are not viewed by a prospective user in forming their investment decision. Please comment on:

- a. The standard black out period: _____
- b. The risk disclosures presented: _____
- c. To whom the research reports are sent: _____
- d. Are these research reports sent to US investors? _____
- e. Procedures in place to ensure the accuracy and completeness of same: _____

31. Are there any material regulatory, internal or external recommendations outstanding or not implemented at present? Yes No

If YES, please provide full details:

32. In the past five years has any client and/or other third party made a written complaint to the applicant or to any regulatory body or commenced any civil proceeding in connection with any transaction?

Yes No

If YES, please provide full details:

Has the applicant, any of its subsidiaries or any director, officer, partner or trustee:

- a. Been charged in any civil or criminal action or administrative or regulatory proceeding with a violation of any securities law or regulation?
- b. Been charged in connection with any action or administrative or regulatory proceeding regarding allegations of market abuse? Yes [] No []

If the answer is yes to any of the foregoing; please provide full details separately.

33. Has there been or is there now pending any claims against any person or entity proposed for cover alleging, arising out of, or in connection with any securities transaction? Yes [] No []

If YES, please provide full details:

34. Does any person or entity proposed for cover, have knowledge of any act, error or omission, which may give rise to a claim under the proposed policy? Yes [] No []

If YES, please provide full details:

It is agreed that if the answer with respect to Questions 22-26 above, if such demand or claim exist or if such knowledge information or involvement exists, any claim or action arising there from is excluded from the proposed coverage.

Please attach:

- a. A copy of the Applicants New Zealand Financial Service Providers License (FSPL)
- b. A copy of the Applicants most recent monthly report to the NSX
- c. A copy of the Applicants conflicts of interest policy
- d. A copy of the Applicants compliance plan
- e. A copy of the Applicants human resources manual
- f. A copy of any research reports issued by Applicant

SECTION 2: FURTHER DECLARATION TO THE PROPOSAL

We declare that the statement and particulars in this proposal form are true and that no material facts have been misstated or suppressed after enquiry. We agree that should any of the information given by us alter between the date of this proposal and the inception date of the insurance to which this proposal relates, we will give immediate notice thereof. We agree that the Underwriters may use and disclose our personal information in accordance with the "Privacy Statement" at the beginning of this Proposal. We agree that this proposal, together with any other information supplied by us shall form the basis of any contract of insurance effected thereon.

Signed: _____

Name: _____

Title: _____

Applicant (Org): _____

Date(dd/mm/yyyy): _____

PRIVACY: DUAL New Zealand are committed to protecting your privacy. We use the personal information you provide to us in connection with your claim form only for the purpose of assessing and managing the claim. We may need to provide that information to our underwriters and those we appoint to assist us with the claim. We will not trade, rent or sell your information. If you do not provide us with complete information, we cannot properly assess your claim. You can check the personal information we hold about you at any time. If you provide us with personal information about anyone else, we rely on you to have told them that you will provide their information to us, to whom we may provide it, the purposes for which we will use it and that they can access it. If the information is sensitive, we rely on you to have obtained their consent on these matters. For more information about our Privacy Policy, please refer to: www.dualnewzealand.co.nz