

This endorsement, effective at 12:01 AM

forms a part of

Policy number

Issued to:

By:

COST OF CORRECTIONS ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that the Company shall pay on behalf of the Insured all loss or damage incurred by the Insured's consent to correct any situation arising out of any actual Wrongful Act(s) of an Insured, provided that: (i) such Wrongful Act is reported to the Company by the Insured's General Counsel, Chief Executive Officer or Chief Financial Officer (or equivalent position) within **XXX** days of the discovery of the Wrongful Act and the Company shall have given its written consent prior to such correction; and (ii) if not corrected, such Wrongful Act would have resulted in a claim by any customer or client of the Insured for loss or damage for which the Insured would be liable and which, in the absence of any correction, have constituted a valid covered claim for which the Company would be liable under this policy.

Coverage under this endorsement is subject to all of the following additional conditions:

- 1) Such Wrongful Act arises solely out of the Insured's failure to follow directions from a customer or client in connection with the investment of the customer's or client's assets.
- 2) Such Wrongful Act occurs during the Policy Period or Discovery Period (if applicable).
- 3) Such Wrongful Act arises in the ordinary course of the Insured's operations and, if not corrected, would automatically result in damage to a customer or client of the Insured or if the customer or client is a mutual fund, result in a claim by the shareholders of the mutual fund.
- 4) The Insured shall provide a sworn proof of loss setting forth all the circumstances of the loss and explaining why the Insured believes it is entitled to coverage under this endorsement. At the request of the Company, the Insured shall make its officers and employees available for interview by the Company in connection with the submission of the claim under this endorsement and/or the proof of loss.

Notwithstanding the foregoing, nothing contained in this Endorsement shall obligate the Company to reimburse the Insured for loss or damages arising out of:

- 1) any wire or electronic transfer of funds;
- 2) any contractual obligation to a customer or client of the Insured, guaranteeing any rate of return or the fulfillment of any minimum performance standards;

- 3) the diminution in value of the money, securities, property or any other item of value, unless caused by a Wrongful Act of any person or entity insured under this policy in the execution or implementation of investment advice or any investment decision;
- 4) the loss of money, securities or other property in the custody or control of the insured; or
- 5) that portion of loss or damages which is not otherwise covered under the policy.

In the event of coverage under this endorsement, the giving of the notice by the Insured shall be deemed to be notice of a claim made against an Insured at the time the notice is given to the Company.

Any disputes in connection with the coverage afforded by this endorsement shall be submitted to the American Arbitration Association under and in accordance with its then prevailing commercial arbitration rules. It is further understood and agreed that the arbitration rules. It is further understood and agreed that the arbitration will be held in New York, U.S.A. and that the award rendered by the arbitrator(s) shall be final and binding upon the parties and judgment thereon may be entered in any court having jurisdiction thereof.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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AUTHORIZED REPRESENTATIVE