

## **ACE elite Investment Managers Insurance Proposal Form**

### **INSTRUCTIONS TO PROPOSER**

**BEFORE COMPLETING THIS PROPOSAL PLEASE READ THE IMPORTANT NOTICES STARTING ON PAGE 10.**

1. Please type or print answers clearly.
2. Answer all questions completely, leaving no blanks. If any questions, or part thereof, do not apply, type or print "N/A" in the space.
3. Provide any supporting information on a separate sheet using your Company's letterhead and reference the applicable question number.
4. Check Yes or No answers.
5. This form must be completed, dated and signed by two authorized officers of your Company.

### **PLEASE ENCLOSE COPIES OF THE FOLLOWING WITH THIS PROPOSAL:**

- A. Latest audited annual reports and interim reports of the Investment Manager and Managed Investment Funds.
- B. Latest prospectus or offering memorandum to members of each of the Managed Investment Funds.
- C. Copy of the licences issued by the appropriate regulators.
- D. Portfolio performance information for the past 5 years.
- E. Copy of standard client contract(s).
- F. Resumes of the investment managers and Directors in the Investment Manager.
- G. Copy of any brochures or marketing information.
- H. Organisational Chart.

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### **A. GENERAL DETAILS**

1. a) Name of Investment Manager:

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- b) Principal address of Investment Manager:

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Street Address	City	State	Post Code
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2. Internet Address or website: \_\_\_\_\_

3. Nature of activities of the Investment Manager: \_\_\_\_\_

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4. Please complete the attached Details of Investment Manager's Activities on Page 13.

5. Is the Investment Manager licensed by any regulatory authority?  Yes  No  
If so, please list the regulatory authorities.

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6. On what date was the Investment Manager first established? \_\_\_\_\_

7. a) Is the Investment Manager listed on any local or overseas stock exchange?  Yes  No  
If yes, please provide full details.

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b) Is the Investment Manager traded in any other way?  Yes  No  
If yes, please provide full details.

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8. Are there any shareholders who own 10% or more of the issued shares?  Yes  No  
If yes, please provide details.

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9. Has there been during the past 3 years, or is there now proposed:

a) any acquisition or merger involving the Investment Manager?  Yes  No  
b) any change in the name of the Investment Manager?  Yes  No

If yes, please provide full details.

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10. a) Number of offices in Hong Kong \_\_\_\_\_

b) Are any of the Investment Manager's offices located outside of Hong Kong?  Yes  No  
If yes, please state the number and their location(s).

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11. a) Number of employees in Hong Kong: \_\_\_\_\_
- b) Number of employees outside Hong Kong: \_\_\_\_\_
- c) Breakdown of employees:

Portfolio Manager	
Compliance Department	
Internal Audit Department	
Legal Department	
HR Department	
Research Department	
Marketing/ Sales Department	
Others	

12. Do customers of the Investment Manager complete a written document which clearly identifies and states the customer's investment objectives?  Yes  No

13. Do you recommend investment areas other than commonly traded securities?  Yes  No  
 If yes, please describe the specialty area, state its percentage of total investment assets, objectives of investment, and geographic locations if applicable.

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14. State the type and frequency of reports sent to investors (please attach a copy).

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15. Are customers permitted to select their own broker?  Yes  No

16. Are customer's transactions managed by an in-house broker?  Yes  No

17. Does the Investment Manager make use of any soft dollar arrangements?  Yes  No  
 If yes, is it properly and adequately disclosed to the customers?  Yes  No  
 If yes, please describe the disclosure arrangement.

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18. Do you utilise a custodian?  Yes  No  
 If yes, please state the name of the custodian and the functions it performs on behalf of the Investment Manager

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**B. MANAGED INVESTMENT FUNDS TO BE INSURED (If applicable)**

1. Please complete the attached Schedule of Proposed Managed Investment Funds on Page 14.
2. Is cover required for any appointed agents to act in connection with the Managed Investment Funds? Yes No

If yes, please provide details as to the agents appointed; the services provided; and whether the agents are required to maintain their own insurances in connection with the Managed Investment Funds.

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3. Are shares of any Managed Investment Funds sold or investment advisory services offered to investors residing OUTSIDE of Hong Kong? Yes No
- If yes, please provide details.

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4. Have there been any changes or modification in the investment restrictions or limitations of any Managed Investment Fund within the past 2 years? Yes No
- If yes, please provide details.

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5. Has any government agency, foreign or domestic, conducted an inspection of any Managed Investment Funds or Investment Manager within the past 3 years? Yes No
- If yes, was any letter of deficiency or review of licensing received as a result of the inspection? Yes No

If yes, please attach a copy of such letter and management's response.

## C. OUTSIDE DIRECTORSHIPS

Is cover required for any Outside Directorships held in any Outside Organisation with the knowledge and consent or at the request of the Investment Manager / Managed Investment Funds? Yes No

[Outside Directorship means any position held by an Insured in any company or organisation, which is not a subsidiary of the Company and which is held at the request of the Investment Manager.]

If yes, please provide the following information for each Outside Organisation;

- (a) The name of the Outside Organisation;
- (b) The country of incorporation;
- (c) The nature of activities of the Outside Organisation;
- (d) Is the Outside Organisation listed or not? If yes, where?
- (e) Is the Outside Organisation trading profitably?
- (f) The percentage ownership by the Investment Manager / Managed Investment Funds?
- (g) Does the Outside Organisation currently carry directors and officers insurance? Yes No  
If the answer is yes, then:
  - (i) Who is the insurer?
  - (ii) What is the limit of indemnity?
  - (iii) What is the deductible?

## D. AUDIT

### Internal Audit:

1. Is there an Internal Audit Department that is separate from the auditing services provided by an external auditor? Yes No  
If yes:
  - a) How often are full internal audits conducted? \_\_\_\_\_
  - b) Have they been trained to fulfil this function? Yes No
  - c) Are the personnel responsible for auditing free of all other operational responsibilities and forbidden to originate entries? Yes No
  - d) Does the Internal Audit Department conduct a periodic surprise audit of internal control systems at all locations? Yes No
  - e) Is the internal audit department independent of any other function? Yes No
  - f) Does the Internal Auditor report directly to the Audit Committee of the Board of Directors? Yes No

2. Do you have procedures in place to monitor the implementation of recommendations made by the internal audit department?  Yes  No  
If no, please explain: \_\_\_\_\_

**External Audit:**

3. State the name of the external auditors who fully audit your accounts.  
\_\_\_\_\_

4. How often are full external audits conducted? \_\_\_\_\_

5. Does the audit include all offices and branches, including Data Processing offices?  Yes  No  
If no, what form does the audit take?

6. Does the external auditor:  
a) regularly review the system of internal control and furnish written reports?  Yes  No  
b) report directly to the Audit Committee of the Board of Directors?  Yes  No

7. Has the firm rendered an unqualified opinion for each of the last 5 years?  Yes  No

8. Has there been any change in the firm used by the Company in the last 5 years?  Yes  No  
If yes, please explain.  
\_\_\_\_\_  
\_\_\_\_\_

9. Have all recommendations been complied with as a result of the most recent audit?  Yes  No  
If no, have you adopted alternative arrangements to the satisfaction of your auditor?  Yes  No

**E. LEGAL COUNSEL**

1. a) State the names of external legal counsel routinely utilized.  
\_\_\_\_\_  
b) What is external legal counsel used for?  
\_\_\_\_\_

- c) Is there an in-house Legal Department? Yes No  
If yes, what are the department's responsibilities?
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2. Is there a standard written agreements/contracts/letter of offer setting out the terms and conditions of the services provided? Yes No

If yes, (i) are all contracts approved by legal counsel? Yes No

(ii) do all contracts provide indemnity and/or limitations to the Company's liability? Yes No

3. Are all publications, marketing material, or other product services communications, reviewed by legal counsel prior to their release to third parties? Yes No

If not, please provide details.

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## F. AGENTS

1. Are all agents / service providers:

a) appointed under a written contract? Yes No

b) vetted for financial stability, competency and honesty before being approved? Yes No

c) required to hold and maintain their own Professional Indemnity Insurance? Yes No

## G. CLAIMS HISTORY

1. Have there been, or is there now pending any suits, claims, or proceedings against the Investment Manager, the Managed Investment Fund(s), or any Director, Officer, Employee, Trustee or agents proposed for coverage? Yes No

If yes, please provide full details.

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2. Is the Investment Manager, the Managed Investment Fund(s), or any Director Officer, Employee, Trustee or agents proposed for this insurance aware of any fact, circumstance, situation or Wrongful Act which would fall within the scope of the proposed insurance? Yes No

If yes, please provide full details.

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3. Has any claim been made under any prior or current insurance policies in the last 6 years, providing coverage to the Investment Manager, the Managed Investment Fund(s), or any Director, Officer, Employee, Trustee or agents for this insurance, or has notice been given to any company providing such coverage? Yes No

If yes, please provide full details.

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**In respect to Questions G1, G2 and G3, it is agreed that if the Investment Manager, the Managed Investment Fund(s), or any Director, Officer, Employee, Trustee or agents are aware of any such suit, claim, proceeding, fact, circumstance, situation or Wrongful Act, any claim subsequently arising therefrom will not be covered under this policy.**

4. Has any insurer refused, cancelled or non-renewed coverage? Yes No

If yes, please state reasons:

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**H. EXISTING POLICIES AND COVER REQUIRED**

1. Provide the following information of existing insurance policies for the investment manager:

Insurer                      Limit                      Deductible                      Expiry Date

Professional Indemnity:

- Investment Manager
- Managed Investment Fund

Directors' and Officers' Liability

- Investment Manager
- Managed Investment Fund

2. Effective Date of coverage: \_\_\_\_\_

3. Coverage requested:

Professional Indemnity:

- Investment Manager  Yes     No
- Managed Investment Fund  Yes     No

Directors' and Officers' Liability Insurance

- Investment Manager  Yes     No
- Managed Investment Fund  Yes     No

4. Limit of Liability – Aggregate each Policy Period \_\_\_\_\_

5. Deductible Required \_\_\_\_\_

## **I. IMPORTANT NOTICES**

### **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, is relevant to the Insurer's decision whether to accept the risk of the insurance and, if so, on 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 any 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;
- as to which compliance with your duty is waived by the Insurer.

It is important that all information contained in this proposal is understood by you and is correct, as you will be bound by your answers and by the information provided by you in this proposal. You should obtain advice before you sign this proposal if you do not properly understand any part of it.

Your duty of disclosure continues after the proposal has been completed up until the contract of insurance is entered into.

### **Non-Disclosure**

If you fail to comply with your duty of disclosure, the Insurer may be entitled to reduce its 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.

### **Claims Made Contract**

Subject to its terms and conditions the Policy will cover your legal liability for any claim:

- first made against you during the Policy Period;
- resulting from any circumstance of which you become aware during the Policy Period which could give rise
- to a future claim against you provided you immediately inform us in writing of such circumstances within the Policy Period.

The Policy will NOT cover your legal liability resulting from any claim, matter, occurrence or circumstance arising from any act, error or omission committed or alleged to have been committed of which you were aware before commencement of the Policy Period.

### **Change of Risk or Circumstances**

You should advise the Insurer as soon as practicable of any change to your normal business as disclosed in the Proposal, such as changes in location, acquisitions and new overseas activities.

### **Subrogation**

Where you have agreed with another person or company, who would otherwise be liable to compensate you for any loss or damage which is covered by the Policy, that you will not seek to recover such loss or damage from that person, the Insurer will not cover you, to the extent permitted by law, for such loss or damage.

**J. DECLARATION**

We acknowledge that we have read and understand the Important Notices contained in this proposal.

We agree that this proposal, together with any other information or documents supplied, shall form the basis of any contract of insurance.

We acknowledge that if this proposal is accepted, the contract of insurance will be subject to the terms and conditions as set out in the policy wording as issued or as otherwise specifically varied in writing by the Insurer.

We declare after enquiry that the statements, particulars and information contained in this proposal and in any documents accompanying this proposal are true and correct in every detail and that no other material facts have been misstated, suppressed or omitted.

We undertake to inform the Insurer of any material alteration to those facts before completion of the contract of insurance.

Signed

\_\_\_\_\_

Chairperson

\_\_\_\_\_

Managing Director/Chief  
Executive Officer

Dated

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**Note: This Proposal and all attachments shall be treated in strictest confidence.**



**DETAILS OF INVESTMENT MANAGER'S ACTIVITIES  
(OTHER THAN MANAGED INVESTMENT SCHEMES)  
(Question A.4)**

	<b>Current Year</b>	<b>Previous Year</b>
Number of Customers		
Total Asset Value of All Managed Accounts		
Asset Value of Largest Account		
Total Number of Accounts Lost in Previous 12 Months		
Total Value of Accounts Lost in Previous 12 Months		
Minimum Value of Accounts Accepted as New Accounts		
Total Fee Income		
Market value of Discretionary Accounts		
Number of Discretionary Accounts		
Market value of Non-Discretionary Accounts		
Number of Non-Discretionary Accounts		

This information is attached to and forms a part of the Proposal.

