

IMPORTANT INFORMATION

Please read this first

Professional Indemnity Supplementary proposal form for stockbrokers

Instructions for completing this supplementary proposal form

1. Failure to disclose all material information that is likely to influence the acceptance of the risk or the terms applied could invalidate the insurance. If you are in any doubt as to whether any information is material, it should be disclosed.
2. Where the space provided is insufficient for your replies, please provide these separately and attach to this Supplementary Proposal Form.
3. Reference to Insured in this Supplementary Proposal Form means:
 - ▼ the entity or entities named in question 1
 - ▼ the past and/or present employees or principals of the entity or entities; and
 - ▼ the directors of the entity or entities and all subsidiary entities for whom cover is required.

1. Names of all entities to be insured

2. Date that the Proposal Form to which is this is a Supplementary Proposal Form was signed and dated

3. Does the Insured hold an AFS licence or act as an authorised representative for an AFS licence holder?

No Yes If "Yes", please give details, including the nature of the financial services involved:

4. Is the Insured a participant of a registered Australian Market Operator?

Yes No If "No", please provide a full explanation:

5. (a) Please state the approximate percentage of the Insured 's fee income that was/is derived from the following types of work:

*If the percentage of revenue derived from the following types of work is forecast to differ materially over the current or next 12 months forecast please provide details on company letterhead and attach to this Supplementary Proposal.

Activity	Last 12 months (Institutional)	Last 12 months (Retail Client)	Prior 12 months (Institutional)	Prior 12 months (Retail Client)
Share Trading/Securities Dealing (without advice)	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Share Trading/Securities Dealing (with advice)	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
House Trading (Own Account)	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Options Trading	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Futures Trading	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Contracts for Difference	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Underwriting of Share Issues	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Underwriting of Securities other than Shares	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Structured Financial Product Advice	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Cash Management	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Margin Lending	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Stock and Securities Lending	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Non Securities Investment Advice	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Economic Advice	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Barter, Counter-Trade or Swap Options	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Commodities	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>
Derivatives or Specialist Trading	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>	<input style="width: 100px;" type="text" value="%"/>

Activity	Last 12 months (Institutional)	Last 12 months (Retail Client)	Prior 12 months (Institutional)	Prior 12 months (Retail Client)
Interest Rate Swaps/ Forward Rate Agreements	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
Other (Please specify below)	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
<input type="text"/>				
<input type="text"/>				

5. (b) Overall, what percentage of funds in your portfolio are:

- (i) Institutional %
- (ii) Retail %

6. Please advise the following:

(a) Average trade value during the last 12 months.

(b) Annual trade volume for the last 12 months.

7. Internal Controls

Please answer Yes or No to the following:

- (a) Where a custodian is engaged are such shares or other securities subject to joint control of two or more authorised employees of the custodian? Yes No
- (b) Where a custodian is engaged are shares or other securities transfer instructions issued by the Insured to any custodian subject to the joint control of two or more authorised employees of the Insured in writing? Yes No
- (c) Are such shares or other securities subject to an independent external audit by a duly qualified accountant at least annually? Yes No

8. Internal Audit

Please answer Yes or No to the following:

- (a) Is there an internal audit department that is separate from the auditing services provided by external auditor? Yes No
- (b) Have all employees employed in the internal audit department been trained to fulfil this function? Yes No
- (c) Does the internal audit department conduct audits of each business unit at least annually? Yes No
- (d) Does the internal auditor report directly to the audit committee of the board of directors or governing body of the Insured? Yes No
- (e) Are there procedures in place to monitor the implementation of recommendations made by the internal audit department?

Yes No If "No" please provide a full explanation:

(f) Is there a formal written audit program that includes reviews of:

- Internal control? Yes No
- Compliance? Yes No
- Risk management? Yes No

9. External Audit

Please answer Yes or No to the following:

(a) Is an external auditing firm engaged at least annually to conduct a full audit the Insured's accounts?

No Yes If "Yes" please name the firm. If "No" please provide a full explanation:

(b) How often are the full external audits conducted?

(c) Does the external auditor regularly review and furnish written reports regarding:

- Internal control? Yes No
- Compliance? Yes No
- Risk management? Yes No

(d) Has the external auditing firm rendered an unqualified opinion for each of the last five (5) years?

Yes No If "No" please provide a full explanation:

(e) Has the Insured complied with all recommendations made as a result of its most recent external audit? Yes No

10. Non-Financial Resources and Organisational Expertise

Please answer Yes or No to the following:

- (a) Is there a succession planning in place for short and long term vacancies? Yes No
- (b) Is there an IT strategic plan in place? Yes No
- (c) Is there a disaster recovery plan in place? Yes No
- (d) Is there a training program in place for staff and representatives to maintain their knowledge and skills? Yes No

11. Compliance

Please answer Yes or No to the following:

(a) Does the Insured have procedures to address compliance risks?

Yes No If "No" please provide a full explanation:

(b) Does the Insured employ a full-time compliance officer? Yes No

(c) If there is no full-time compliance officer are compliance responsibilities allocated to appropriately independent and adequately trained staff? Yes No

(d) Does the compliance function have a direct reporting line to the board of directors or governing body of the Insured? Yes No

12. Legal

Please answer Yes or No to the following:

(a) Does the Insured have an in-house legal department? Yes No

(b) Are all publications issued by the Insured reviewed by the in-house legal department or an outside legal firm, prior to their release? Yes No

(c) If the Insured uses a standard form of contract, agreement or letter of appointment with regard to the financial services provided are these documents regularly reviewed by either the in-house legal department of an outside legal firm? Yes No

13. Supervision of Representatives

Please answer Yes or No to the following:

(a) Does the Insured have clear reporting lines and supervisory structures in place? Yes No

(b) Does the Insured have in place procedures to supervise and monitor all employees and representatives? Yes No

(c) Has PS146 (including any amendments) training been conducted for those employees or representatives providing advice in relation to a financial product or financial service to retail clients? Yes No

(d) Have potential risks arising from the conduct of employees and representatives been identified and documented in the Insured's risk management strategy? Yes No

(e) Are agents and other external service providers vetted for competency, financial stability and honesty before being approved? Yes No

- (f) Are all agreements with agents and external services providers subject to a written contract? Yes No
- (g) Does the Insured enter into any hold harmless agreements or otherwise waive any legal rights or entitlements which may exist against agents and external service providers? Yes No
- (h) Are agents and external services providers engaged by the Insured required to maintain separate Professional Indemnity Insurance? Yes No
- (i) Does the Insured have a written code, covering all employees and representatives? Yes No

14. Risk management

Please answer Yes or No to the following:

- (a) Has the Insured documented business risks specific to its organisation including those that affect consumer or market integrity?

Yes No If "No" please provide a full explanation:

- (b) Does the Insured have a documented risk management strategy for integrating risk management into business operations?

Yes No If "No" please provide a full explanation:

- (c) Has the Insured's board of directors or governing body signed-off the risk management strategy? Yes No

15. Please attach the following documentation to this proposal:

- ▼ the Insured's most recent monthly report to the ASX.
- ▼ the Insured's most recent (audited if available) financial statements.
- ▼ the Insured's breach register for the previous 12 months.
- ▼ the Insured's complaints register for the previous 12 months.

Declaration

I/We the undersigned duly authorised person(s) declare that:

- (i) I am/we are authorised by each of the Insured to sign this Supplementary Proposal Form; and
- (ii) the above statements are correct, true and complete; and
- (iii) no information material to this Supplementary Proposal Form has been withheld; and
- (iv) I/we have read the important facts which you have put before me/us in the Professional Indemnity Proposal Form and I/we understand the advice given in relation to the duty of disclosure; and
- (v) I/we have diligently made all necessary and detailed enquiries in order to comply with the duty of disclosure; and
- (vi) I/we understand that no insurance is in force until such time as the insurer has confirmed acceptance of the proposed insurance; and
- (vii) I/we undertake to inform the insurer of any material alteration to these facts occurring before completion of the contract of insurance; and
- (viii) I/we acknowledge that the Insurer relies on the information and representations in this Supplementary Proposal Form and otherwise made by me/us in relation to this insurance; and
- (ix) except where indicated to the contrary, I/we understand that any statement made in this Supplementary Proposal Form will be treated by the insurer as a statement made by all persons to be insured; and
- (x) I/we have read Vero's Privacy Statement which you have put before me/us in the Professional Indemnity Proposal Form, and consent to the use, disclosure and obtaining of personal information about the Insured for the purposes shown in the Privacy Statement; and
- (xi) I/we acknowledge that this Supplementary Proposal forms part of the Professional Indemnity Proposal Form signed and dated on the date disclosed in question 2.

Signed

Name of Partner(s) or Director(s)

On behalf of (insert name of firm)

Date