

ABERDEEN AUSTRALIA EQUITY FUND INC  
Form 40-17G  
May 23, 2013

May 23, 2013

**VIA EDGAR**

Attention: Filing Desk

Securities and Exchange Commission

100 F Street, N.E.

Washington, D.C. 20549

**RE: Aberdeen Australia Equity Fund, Inc. (the Fund ) (File Number 811-04438)**

Ladies and Gentlemen:

Pursuant to Rule 17g-1 under the Investment Company Act of 1940, as amended ( 1940 Act ), enclosed for filing on behalf of the Fund please find: (i) a copy of the Fund's Financial Institutions Bond, Policy Number B080120420P13 (the Bond ); and (ii) a copy of the resolutions approved by the Board of Directors of the Fund at a Board meeting on March 6, 2013, which authorize the purchase of the Bond in a form and in an amount which is consistent with Rule 17g-1(d) under the 1940 Act.

Premiums have been paid for the period from May 14, 2013 to May 14, 2014. The bond is written for a \$1,250,000 limit of liability.

Sincerely,

/s/Alan Goodson  
Alan Goodson, Vice President  
Aberdeen Australia Equity Fund, Inc.  
Enclosures

**Resolution for Approval of Fidelity Bond**

After discussion, upon motion duly made and seconded, the following resolution was unanimously adopted at the March 6, 2013 Board meeting:

RESOLVED, that the Board of Directors of each Fund, including all the Directors who are not interested persons of the Fund (as that term is defined by Rule 2(a)(19) under the 1940 Act), hereby determines that a fidelity bond issued by Axis Specialty Europe Limited, for a one year period covering officers and employees of the Fund in accordance with the requirements of Rule 17g-1 promulgated by the Securities and Exchange Commission under Section 17(g) of the 1940 Act, in the amount of \$1,250,000 (IAF), is reasonable in form and amount, after having given due consideration to the value of the aggregate assets of the Fund to which any such covered person may have access, the type and terms of the arrangements made for the custody and safekeeping of such assets and the nature of the securities in the Fund's portfolio; and it was

FURTHER RESOLVED, that each of the officers of the Fund is hereby designated to make all filings with the Securities and Exchange Commission and to give all notices on behalf of the Fund required by paragraph (g) of Rule 17g-1 promulgated under the 1940 Act.

## FINANCIAL INSTITUTIONS BOND

### DECLARATIONS

**Policy No.** B080120420P13

**Item 1. Policyholder:** ABERDEEN AUSTRALIA EQUITY FUND INC.

**Item 2. Principal Address:** 1735 Market Street, 32nd Floor, Philadelphia PA, 19103, USA

**Item 3. Limit of Liability:** USD1,250,000 aggregate cost and expenses inclusive.

**Item 4. Single Loss Limit:** USD1,250,000 aggregate cost and expenses inclusive, reducing to:

- (i) USD100,000 aggregate under Insuring Agreement (H) (Depositor Damages);
- (ii) USD100,000 aggregate under Insuring Agreement (I) (Uncollectable Items of Deposit); and
- (iii) USD100,000 aggregate under Insuring Agreement (J) (Audit Expense); and
- (iv) USD100,000 aggregate under Insuring Agreement (K) (Unauthorized Signatures); and
- (v) sub-clause (e) of definition E) (Computer or Telephonic Fraud) USD100,000 aggregate.

**Single Loss Deductible:** USD0, increasing to:

- (i) USD5,000 each and every **Loss** under Insuring Agreement (H) (Depositor Damages);
- (ii) USD5,000 each and every **Loss** under Insuring Agreement (I) (Uncollectable Items of Deposit); and

(iii) USD5,000 each and every **Loss** under Insuring Agreement (J) (Audit Expense); and

(iv) USD5,000 each and every **Loss** under Insuring Agreement (K) (Unauthorized Signatures).

**Item 5. Termination of Prior Bonds:** N/A

**Item 6. Premium:** Included in the premium set forth in the Declarations for Section 1

**Item 7. Bond Period:**

From: 14th May, 2013 at 12:01 a.m. (local time at the address stated in Item 1.)

To: 14th May, 2014 at 12:01 a.m. (local time at the address stated in Item 1.)

The Underwriters hereby undertake and agree, in consideration of the payment, or promise to pay, to the premium specified in the Declarations to indemnify the **Insured** for **Loss Discovered** during the **Bond Period**, up to an amount not exceeding the limit of liability specified in the Declarations, to the extent and in the manner provided in this bond.

**Section 1.1 Insuring Agreements.**

**(A) Fidelity.**

**Loss** resulting directly from dishonest or fraudulent acts committed by an **Employee** acting alone or in collusion with others.

However, with regards to **Loans** and **Trading**, such dishonest or fraudulent acts must be committed by the **Employee** with the intent to obtain financial benefit for:

- (1) the **Employee**; or
- (2) any person or organisation in collusion with such **Employee**; or

(3) any other person or organisation (who were not a counterparty) intended by such **Employee** to make an improper financial benefit. As used in this Insuring Agreement, financial benefit does not include any employee benefits earned in the normal course of employment including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions other than bonuses, commissions or profit sharing paid to an **Employee** for a specific transaction with which such **Employee** was involved and in respect of which that **Employee** had committed a dishonest or fraudulent act covered under this bond.

**(B) On Premises.**

- (1) Loss of **Property** resulting directly from:

- (i) robbery, burglary misplacement, mysterious unexplainable disappearance; and damage thereto or destruction thereof; or
- (ii) theft, false pretences, common-law or statutory larceny, committed by a person present in an office or on the premises of the **Insured**,

while the property is lodged or deposited within offices or premises located anywhere.

- (2) Loss of or damage to:

- (i) furnishings, fixtures, supplies or equipment within an office of the **Insured** covered under this bond resulting directly from larceny or theft in or by burglary or robbery of such office, or attempt thereat, or by vandalism or malicious mischief; or

(ii) such office resulting from larceny or theft in, or by burglary or robbery of such office or attempt thereat, or to the interior of such office by vandalism or malicious mischief,  
provided that:

- (a) the **Insured** is the owner of such furnishings fixtures, supplies, equipment, or office or is liable for such loss or damage; and
- (b) the loss is not caused by fire.

**(C) In Transit.**

Loss of **Property** resulting directly from robbery, common-law or statutory larceny, theft misplacement, mysterious unexplainable disappearance, being lost or made away with and damage thereto or destruction thereof, while the **Property** in transit anywhere in the custody of:

- (1) a natural person acting as a messenger of the **Insured** (or another natural person acting as messenger or custodian during an emergency arising from the incapacity of the original messenger); or
- (2) a **Transportation Company** and being transported in an armoured motor vehicle; or
- (3) a **Transportation Company** and being transported in a conveyance other than an armoured motor vehicle provided that covered **Property** transported in such manner is limited to the following:
  - (i) records, whether recorded in writing or electronically; and
  - (ii) **Certificated Securities** issued in registered form and not endorsed, or with restrictive endorsements; and
  - (iii) **Negotiable Instruments** not payable to bearer or not endorsed or with restrictive endorsements.

Coverage under this Insuring Agreement begins immediately upon the receipt of such **Property** by the natural person or **Transportation Company** and ends immediately upon delivery to the designated recipient or its agent.

**(D) Forgery or Alteration.**

**Loss** resulting directly from:

- (1) **Forgery** or alteration of, on or in any **Negotiable Instrument** (except an **Evidence of Debt**), **Acceptance**, **Withdrawal Order**, receipt for the withdrawal of **Property**, **Certificate of Deposit** or **Letter of Credit**.

- (2) transferring, paying, redeeming or delivering funds or **Property** or establishing any credit or giving any value on the faith of any written or printed instructions, advices or requests directed to the **Insured**, which instructions, advices or requests purport to have been signed or endorsed by any customer or the **Insured** or by any financial institution but which instructions or advices either bear a signature which is a **Forgery** or have been altered without the knowledge and consent of such customer or financial institution;
  
- (3) any **Financial Organisation** transferring, paying, redeeming or delivering funds or **Property** or establishing any credit or giving any value on the faith of any written or printed instructions, advices or requests which instructions, advices or requests purport to have been signed by or on behalf of the **Insured** but which instructions, advices or requests either bear a signature which is a **Forgery** or have been fraudulently altered.

A mechanically reproduced facsimile signature is treated the same as a handwritten signature.

**(E) Securities.**

**Loss** resulting directly from the **Insured**, or any **Financial Organisation** acting on behalf of the **Insured**, having in good faith for its own account or for the account of others:

- (1) acquired, sold or delivered, or given value, extended credit or assumed liability on the faith of any original:
  - (i) **Certificated Security**;
  
  - (ii) deed, mortgage or other instrument conveying title to or creating or discharging a lien upon real property;
  
  - (iii) **Evidence of Debt**;
  
  - (iv) **Instruction**; or
  
  - (v) **Statement of Uncertificated Security**,

which

- (a) bears a signature of any maker, drawer, issuer, endorser, assignor, lessee, transfer agent, registrar, acceptor, surety, guarantor, or of any person signing in any other capacity which is a forgery; or
  
  - (b) is altered; or
  
  - (c) is lost or stolen:
- (2) guaranteed in writing or witnessed any signature upon any transfer, assignment, bill of sale, power of attorney, **Guarantee** or any items listed in (i) through (v) above:

Edgar Filing: ABERDEEN AUSTRALIA EQUITY FUND INC - Form 40-17G

- (3) acquired, sold or delivered, or given value, extended credit or assumed liability on the faith of any item listed in (i) through (v) above which is counterfeit.

A mechanically reproduced facsimile signature is treated the same as a handwritten signature.



**(F) Counterfeit Currency.**

**Loss** resulting directly from the receipt by the **Insured**, in good faith, of any **Counterfeit Money** of the United States of America, Canada or of any other country in which the **Insured** maintains a branch office.

**(G) Computer or Telephonic Fraud and Malicious Code**

**Loss** resulting from:

(a) **Computer or Telephonic Fraud**; and/or

(b) the modification or deletion of any **Electronic Data** or **Computer Program** due to any **Malicious Code**.

**Special Condition**

It is agreed that:

(i) those **Electronic Communications** which are transmitted through touch tone telephone communication systems or by telex, TWX or telefacsimile; and

(ii) all **Telephonic Communications**,  
must be **Tested**.

**(H) Depositor Damages**

**Loss** resulting from any and all sums which the **Insured** shall become obligated to pay by reason of liability imposed upon the **Insured** by law for damages:

(i) 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 cheque or draft made or drawn by such depositor or any authorized representative of such depositor; or

(ii) for having refused to pay any cheque or draft made or drawn by any depositor of the **Insured** or any authorized representative of such depositor.

**(I) Uncollectable Items of Deposit**

**Loss** resulting from:

(i) payments of dividends or fund shares, or withdrawals permitted from any, customer's, shareholder's or subscriber's account based upon uncollectible items of deposit of a customer, shareholder or subscriber credited by the **Insured** or the **Insured's** agent to such customer's, shareholder's or subscriber's Mutual Fund Account; or

Edgar Filing: ABERDEEN AUSTRALIA EQUITY FUND INC - Form 40-17G

- (ii) any item of deposit processed through an Automated Clearing House which is reversed by the customer, shareholder or subscriber and deemed uncollectible by the **Insured**.

**Loss** includes dividends and interest accrued not to exceed 15% of the uncollectible items which are deposited.

This insuring Agreement applies to all Mutual Funds with exchange privileges if all Fund(s) in the exchange program are **Insured** by a National Union Fire Insurance Company of Pittsburgh, PA for uncollectible items of deposit. Regardless of the number of transactions between Fund(s), the minimum number of days of deposit within the Fund(s) before withdrawal as declared in the Fund(s) prospectus shall begin from the date a deposit was first credited to any **Insured** Fund(s).

**(J) Audit Expense.**

**Loss** resulting from expense incurred by the **Insured** for that part of the cost of audits or examinations required by State or Federal supervisory authorities to be conducted either by such authorities or by independent accountants by reason of the discovery of **Loss** sustained by the **Insured** through dishonest or fraudulent acts of any of the **Employees**.

**(K) 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 a signatory on such account.

**Special Condition**

The **Insured** shall have on file signature of all persons who are signatories on such account.

**(L) Larceny and Embezzlement.**

**Loss** and costs directly arising from larceny and embezzlement, covering each officer and employee of the **Insured**, who may singly, or jointly with others, have access to securities or funds of the **Insured**, either directly or through authority to draw upon such funds or to direct generally the disposition of such securities.

**(M) Fraudulent Retention of Funds or Property**

**Loss** resulting directly from the **Fraudulent Retention** by a third party recipient of any funds or **Property**, as a direct result of:

- (a) the misdirection or erroneous transfer of such funds or **Property** by the **Insured** or by a **Financial Organisation** acting upon instructions from the **Insured**, to a third party recipient account other than that actually intended; or
- (b) the transfer of such funds or **Property** by the **Insured** or by a **Financial Organisation** acting upon instructions from the **Insured**, to a third party recipient account in an amount greater than that actually intended.

**Special Condition**

The **Insured** shall make reasonable efforts to secure the recovery of such funds or **Property**.

The Underwriter's maximum aggregate limit of liability under this Insuring Agreement shall be sub-limited to USD 1,000,000, such amount being a part of and not in addition to the **Limit of Liability**.

**(N) Extortion**

**Loss** resulting directly from the loss of **Property** surrendered away from an office of the **Insured** or the transfer of funds as a result of a threat communicated to the **Insured**:

- (a) to do bodily harm to a director, officer, trustee or **Employee** of the **Insured**, or a relative or an invitee of such director, officer, trustee, **Employee**, who is, or allegedly is, being held captive or under threat;
- (b) to damage the premises, property (including **Property**) or other assets of the **Insured** or for which the **Insured** are legally liable;
- (c) to delete or modify the **Insured**'s **Computer Programs** or the **Insured**'s **Electronic Data**;
- (d) to sell or disclose confidential information to another person or party by reason of having gained unauthorised access to the **Insured**'s **Computer System**;
- (e) to cause the **Insured** to transfer, pay or deliver any funds or property (including **Property**) by means of a **Computer System** used or operated by the **Insured**,  
provided, however, that prior to the surrender of such **Property** or transfer of funds:
  - (i) the person receiving the threat has made a reasonable effort to report the extortionist's threat to a director of the **Insured**;
  - (ii) a reasonable effort has been made to report the extortionist's threat to local law enforcement authorities; and
  - (iii) in relation to sub-clause (c), (d) or (e) above, the aforementioned director is satisfied that the person making the threat is both capable of carrying it out and reasonably likely to do so and that the threatened action is technologically feasible.

**Section 1.2 General Agreements**

**A) Nominees.**

**Loss** sustained by any nominee organised by the **Insured** for the purpose of handling certain of its business transactions and composed exclusively of its **Employees** shall, for all the purposes of this bond and whether or not any partner of such nominee is implicated in such **Loss**, be deemed to be **Loss** sustained by the **Insured**.

**B) Additional Officers or Employees Consolidation, Merger or Purchase of Assets - Notice.**

- (1) If the **Insured** shall, while this bond is in force, establish any additional offices, other than by consolidation or merger with, or purchase or acquisition of assets or liabilities of another institution, such offices 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 **Bond Period**.

- (2) If the **Insured** shall, while this bond is in force, consolidate or merge with, or purchase or acquire assets or liabilities of another institution, the **Insured** shall not have such coverage as is afforded under this bond for **Loss**:
- (i) occurring in the offices or premises of such other institution; or
  - (ii) caused by an employee or employees of such institution; or
  - (iii) arising out of the assets or liabilities acquired by the **Insured** as a result of such consolidation merger or purchase or acquisition of assets or liabilities unless the **Insured** shall:
    - (a) give the Underwriter written notice of the proposed consolidation, merger or purchase or acquisition of assets or liabilities prior to the proposed effective date of such action; and
    - (b) obtain the written consent of the Underwriter to extend the coverage provided by this bond to such additional offices or premises, **Employees** and other exposures; and
    - (c) upon obtaining said consent, pay to the Underwriter such additional premium as may be required.

**C) Representation of Insured.**

The **Insured** represents that the information furnished in the application for this bond is complete, true and correct, to the best of the knowledge of the person who completed such application.

Any misrepresentation, omission, concealment or incorrect statement of a material fact, in the application or otherwise, which was deliberately made with the intent to deceive, shall be grounds for the rescission of this bond.

**D) Joint Insured.**

If two or more **Insureds** are covered under this bond, the **Policyholder** shall act for all **Insureds**. Payment by the Underwriter to the **Policyholder** of **Loss** sustained by any **Insured** shall fully release the Underwriter on account of such **Loss**. If the **Policyholder** ceases to be covered under this bond, the **Insured** next named shall thereafter be considered as the **Policyholder**. The liability of the Underwriter for **Loss** which the Underwriter would have been liable had all such **Loss** or **Losses** been sustained by one **Insured** will not exceed the **Limit of Liability**.

E) **Legal Proceedings Against the Insured.**

The **Insurer** will indemnify the **Insured** against court costs and reasonable attorneys' fees incurred and paid by the **Insured** in defense of any **Legal Proceeding**.

The **Insureds**, and not the **Insurer**, have the duty to defend any **Legal Proceeding**. The **Insurer** shall be entitled to effectively associate with the **Insured** in the defense and the negotiation of any settlement of such **Legal Proceeding** if it that appears reasonable likely that such **Legal Proceeding** will involve the **Insurer** making payment under this bond. The **Insured** shall provide all reasonable information and assistance required by the **Insurer**.

**Section 1.3 Definitions**

**As used in this bond:**

- A) **Acceptance** means a draft, which the drawee has, by signature written thereon, engaged to honour as presented.
- B) **Account Code** means a confidential and protected string of characters that identifies or authenticates a person and permits said person to gain access to a **Telephone System** for the purpose of making long distance toll calls or utilising voice mail box messaging capabilities or other similar functional features of a **Telephone System**.
- C) **Bond Period** means the period of time from the inception date shown in Item 7 of the Declarations to the earlier of the expiration date shown in Item 7 Declarations or the effective date of cancellation of this bond.
- D) **Certificate of Deposit** means an acknowledgment in writing by a **Financial Organisation** of receipt of **Money** with an engagement to repay it.
- E) **Certificated Security** means a share, participation or other interest in property or an enterprise of the issuer or an obligation of the issuer, which is:
- i) represented by an instrument issued in bearer or registered form;
  - ii) 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
  - iii) either one of a class or series or by its terms divisible into a class or series of shares, participations, interests or obligations.
- F) **Computer or Telephonic Fraud** means:
- i) the **Impairment** of:
    - (a) any **Electronic Data** (including but not limited to any **Electronic Data** contained in any **Electronic Communication**); and/or

(b) any **Computer Programs**; and/or

(c) any **Uncertificated Security**; and/or

- (d) any **Electronic Communications** on which the **Insured**, or any **Financial Organisation** or **Service Bureau** acting on behalf of the **Insured**, have acted or relied; and/or
  
- ii) the **Insured**, or any **Financial Organisation** or **Service Bureau** acting on behalf of the **Insured**, having acted or relied upon any **Electronic Communications** or **Telephonic Communications**, purporting to have been, but were not, sent or made by:
  - (a) any office or department of the **Insured**; and/or
  - (b) another **Financial Organisation**; and/or
  - (c) a customer or client of the **Insured** or an authorized representative of a customer or client of the **Insured** when acting in that capacity; and/or
  - (d) a **Service Bureau**;
  
- iii) a **Financial Organisation**, a customer or client of the **Insured**, an authorized representative of a customer or client of the **Insured** when acting in that capacity or a **Service Bureau** having acted or relied upon any **Electronic Communications** or **Telephonic Communications**, purporting to have been, but were not, sent or made by:
  - (a) the **Insured**; or
  - (b) another **Financial Organisation** or **Service Bureau** acting on behalf of the **Insured**; and/or
  
- iv) the unauthorised use of an **Account Code** or **System Password** contained in a **Telephone System** owned or leased by the **Insured**, with the intention of directing telephone toll charges onto the **Insured**.
  
- G) **Computer Programs** means a collection of instructions that describes a task, or set of tasks, to be carried out by a **Computer System**, including but not limited to application software, operating systems, firmware and compilers.
  
- H) **Computer System** means a computer and all input, output, processing, storage (including but not limited to off-line media libraries), intranets and communication facilities including related communication or open systems networks and extranets which are connected directly or indirectly to such a device.
  
- I) **Counterfeit** means an imitation of an actual valid original, which is intended to deceive and to be taken as the original.
  
- J) **Custodian** means:
  - i) any party with which the **Insured** has a written or electronic agreement for the provision of purchasing services, safekeeping, registration and entitlement records for the **Insured**;



- ii) any regulated central securities depository.

**Custodian** shall also include a sub-custodian, being any regulated person or organisation which:

- (a) is involved in the provision of custodial services; and
- (b) has a written or electronic agreement with the custodian detailed in sub-clause i) or ii) above for the provision of such services.

K) **Deductible** means the amount stated in Item 4 of the Declarations.

L) **Discovered** or **Discovery** means when any **Responsible Officer** first becomes aware of, or has any knowledge of, any act, omission or event which could reasonably be foreseen to give rise to a **Loss** covered by this bond, even though the exact amount or details of such **Loss**, act, omission or event are not known at the time of such discovery.

**Discovery** also occurs when any **Responsible Officer** first receives notice of an actual or potential claim in which it is alleged that the **Insured** is liable to a third party under circumstances which, if true would constitute a loss under this bond.

M) **Electronic Communications** means instructions, messages, information or payments that have been, or appear to have been:

- i) transmitted electronically:
  - (1) through an **Electronic Communication System**; or
  - (2) over the Internet; or

- ii) communicated through the delivery of **Recording Media**.

N) **Electronic Communication System** means systems which permit the electronic transmission of instructions, messages, information or payments, including but not limited to:

- i) touch tone telephone communication systems;
- ii) telex, TWX or telefacsimile; and
- iii) **Computer Systems** which operate automated teller machines or point of sale terminals.

O) **Electronic Data** means facts or information converted to a form usable in a **Computer System** or an **Electronic Communications System** and which is stored on or capable of being stored on **Recording Media**.

P) **Employee** means:

- (1) any of the **Insureds** officers or employees while performing services for the **Insureds** offices; and
- (2) any of the officers or employees of any predecessor of the **Insured** whose principal assets are acquired by the **Insured** by consolidation or merger with, or purchase of assets or capital stock of, such predecessor; and

- (3) attorneys retained by the **Insured** to perform legal services for the **Insured** and the employees of such attorneys while such attorneys or the employees of such attorneys are performing such services for the **Insured**; and
  - (4) guest students pursuing their studies or duties in any of the **Insureds** offices; and
  - (5) directors or trustees of the **Insured** but only while performing acts coming within the scope of the usual duties of an officer or employee or while acting as a member of any committee duly elected or appointed to examine or audit or have custody of or access to the property of the **Insured**; and
  - (6) any individual or individuals assigned to perform the usual duties of an employee within the premises for the **Insured**, by any agency furnishing temporary personnel on a contingent or part-time basis; and
  - (7) each natural person, partnership or corporation authorized by written or electronic agreement with the **Insured** to perform services as electronic data processor of checks or other accounting records of the **Insured**; and
  - (8) any employee or any partner of any named **Insured**; and
  - (9) any consultant whilst performing services or duties on behalf of the **Insured**.
- Q) **Evidence of Debt** means an instrument, including a **Negotiable Instrument**, 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**.
- R) **Financial Organisation** means:
- i) any bank, credit institution, financial institution, undertaking for collective investment in **Certificated Securities** or **Uncertificated Securities**, investment firm, asset management company, building society, friendly society, or similar organisation;
  - ii) a regulated investment exchange or automated clearing house;
  - iii) any **Custodian**.
- S) **Forgery** means the signing of the name of another person or organization with intent to deceive; it does not mean a signature, which consists in whole, or in part of one's own name signed with or without authority, in any capacity, for any purpose.
- T) **Fraudulent Retention** means:
- i) the wrongful retention of funds or **Property** by a third party recipient without contractual or other legal right to such retention;
  - ii)

Edgar Filing: ABERDEEN AUSTRALIA EQUITY FUND INC - Form 40-17G

the inability to recover any funds or **Property** erroneously transferred into the account of a third party recipient, despite all reasonable efforts to secure such recovery, solely because:

- (a) the third party recipient is unknown; or
- (b) such funds or **Property** have been misappropriated.

- U) **Guarantee** means a written undertaking obligating the signer to pay the debt of another to the **Insured** or its assignee or to a financial institution from which the **Insured** has purchased participation in the debt if the debt is not paid in accordance with its terms;
- V) **Impairment** means fraudulent, dishonest, malicious or criminal:
- i) preparation; and/or
  - ii) input; and/or
  - iii) modification; and/or
  - iv) deletion,
- whether actual or attempted. by or at the behest of any person or persons.
- W) **Instruction** means a written order to the issuer of an **Uncertificated Security** requesting that the transfer, pledge or release from pledge of the **Uncertificated Security** specified be registered.
- X) **Insured** means:
- (i) the **Policyholder**; and
  - (ii) any other entity designated as an **Additional Named Insured** under this bond.
- Y) **Insurer** means AXIS Specialty Europe SE.
- z) **Legal Proceeding** means any legal proceeding brought to determine the **Insured**'s liability for any **Loss**, claim or damage which, if established, would constitute a collectible **Loss** under this bond.
- AA) **Lending or Loan** means any of the following:
- (i) all extensions of credit by the **Insured** and all transactions creating a creditor or lessor relationship in favour of the **Insured**, including but not limited to transactions by which the **Insured** assumes an existing creditor or lessor relationship and includes any such extensions of credit, whether authorised or unauthorised; and/or
  - (ii) any note, account, agreement or other **Evidence of Debt** assigned or sold to, or discounted or otherwise acquired by the **Insured**, including but not limited to the purchase, discounting or other acquisition of false or genuine accounts or invoices.

BB)

**Letter of Credit** means an engagement in writing by a **Financial Organisation** or other person made at the request of a customer that the **Financial Organisation** or other person will honour drafts or other demands for payment upon compliance with the conditions specified in the **Letter of Credit**.

CC) **Limit of Liability** means the amount stated in Item 3 of the Declarations.

DD) **Loss** means:

(i) direct financial loss sustained by the **Insured** and as set out in the Bond; and/or

(ii) **Verification and Reconstitution Expenses**.

EE) **Malicious Code** means any unauthorised, corrupting or harmful software code, including but not limited to computer viruses, Trojan horses, keystroke loggers, spyware, adware, worms and logic bombs.

FF) **Money** means a medium of exchange in current use authorized or adopted by a domestic or foreign government as a part of its currency.

GG)