

SWIFT ENERGY CO
Form S-8
August 02, 2013

As filed with the Securities and Exchange Commission on August 2, 2013
Registration No. 333-_____

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S 8
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

SWIFT ENERGY COMPANY
(Exact name of registrant as specified in its charter)

Texas (State or other jurisdiction of incorporation or organization)	20-3940661 (I.R.S. Employer Identification No.)
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16825 Northchase Dr., Suite 400
Houston, Texas 77060
(Address of Principal Executive Offices) (Zip Code)

SECOND AMENDED AND RESTATED
SWIFT ENERGY COMPANY
2005 STOCK COMPENSATION PLAN
(Full title of the plan)

Laurent A. Baillargeon
General Counsel
Swift Energy Company
16825 Northchase Dr., Suite 400
Houston, Texas 77060
(Name and address of agent for service)

(281) 874 2700
(Telephone number, including area code, of agent for service)

Copies to:

Donald W. Brodsky
Baker & Hostetler, LLP
1000 Louisiana, 20th Floor
Houston, Texas 77002
(713) 646-1335

Christopher M. Abundis
Secretary & Senior Corporate Counsel
Swift Energy Company
16825 Northchase Dr., Suite 400
Houston, Texas 77060
(281) 874-2700

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered (1)(2)	Proposed Maximum Offering Price per Share (3)(4)	Proposed Maximum Aggregate Offering Price (3)(4)	Amount of Registration Fee (4)
Common Stock, \$.01 par value per share	2,325,000 shares	\$12.28	\$28,858,000	\$3,936.23

(1) Represents 2,325,000 additional shares issuable under the Second Amended and Restated Swift Energy Company 2005 Stock Compensation Plan (the "Plan").

(2) Pursuant to Rule 416 under the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement is deemed to include additional shares issuable under the terms of the Plan to prevent dilution resulting from any future stock split, stock dividend or similar transaction.

(3) Estimated solely for the purpose of calculating the registration fee.

(4) Calculated pursuant to Rule 457(c) and (h). Accordingly, the price per share of the common stock offered hereunder pursuant to the Plan is based on 2,325,000 shares reserved for issuance under the Plan at a price per share of \$12.28, which is the average of the highest and lowest selling price for the shares on the New York Stock Exchange on August 1, 2013.

REGISTRATION OF ADDITIONAL SHARES
PURSUANT TO GENERAL INSTRUCTION E

This Registration Statement on Form S-8 (the “Registration Statement”) of Swift Energy Company (the “Company” or the “Registrant” or “we” or “our”) is being filed pursuant to General Instruction E to Form S-8 under the Securities Act to register 2,325,000 additional shares of the Company’s common stock, \$0.01 par value per share (the “Common Stock”), under the Second Amended and Restated Swift Energy Company 2005 Stock Compensation Plan (the “Plan”). This Registration Statement on Form S-8 hereby incorporates by reference the contents of the Registrant’s registration statement on Form S-8 filed with the Securities and Exchange Commission on December 20, 2005 (Registration No. 333-130548), Post-Effective Amendment No. 1 to Form S-8 filed with the Securities and Exchange Commission on December 29, 2005 (Registration No. 333-130548), the Registrant’s registration statement on Form S-8 filed with the Securities and Exchange Commission on June 7, 2006 (Registration No. 333-134807), the Registrant’s registration statement on Form S-8 filed with the Securities and Exchange Commission on December 10, 2007 (Registration No. 333-147969), the Registrant’s registration statement on Form S-8 filed with the Securities and Exchange Commission on December 18, 2008 (Registration No. 333-156290), the Registrant’s registration statement on Form S-8 filed with the Securities and Exchange Commission on June 1, 2010 (Registration No. 333-167233) and the Registrant’s registration statement on Form S-8 filed with the Securities and Exchange Commission on March 20, 2012 (Registration No. 333-180236).

We incorporate by reference (excluding any information furnished pursuant to Items 2.02 or 7.01 of any report on Form 8-K) the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold:

- Our annual report on Form 10-K for the year ended December 31, 2012, filed February 22, 2013;
- Our quarterly reports on Form 10-Q for the period ended March 31, 2013, filed May 2, 2013, and for the period ended June 30, 2013, filed August 1, 2013; and
- Our current reports on Form 8-K filed February 14, 2013, and May 24, 2013.

PART II

INFORMATION REQUIRED IN REGISTRATION STATEMENT

Item 8. Exhibits.

The following documents are included as part of this Registration Statement.

Exhibit Number	Description
5.1*	Opinion of Counsel
10.1	Second Amended and Restated Swift Energy Company 2005 Stock Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company’s Form 8-K, filed May 24, 2013)
23.1*	Consent of Ernst & Young LLP
23.2*	Consent of H.J. Gruy and Associates, Inc.
23.3	Consent of Counsel (contained in Exhibit 5.1)
24.1	Powers of Attorney (contained in the signature pages to this Registration Statement)

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, Texas, on the 2nd day of August, 2013.

SWIFT ENERGY COMPANY
 By: /s/ Terry E. Swift
 Terry E. Swift
 Chief Executive Officer and
 Chairman of the Board

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Terry E. Swift, Bruce H. Vincent and Alton D. Heckaman, Jr., and each of them, each with full power to act without the other, his true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution for him and in his name, place and stead, in any and all capacities, to sign any or all amendments to this Registration Statement, and to file the same with all exhibits thereto and other documents in connection therewith, with the Commission, granting unto each of said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person hereby ratifying and confirming that each of said attorneys-in-fact and agents or his substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Terry E. Swift Terry E. Swift	Chief Executive Officer (Principal Executive Officer) and Chairman of the Board	August 2, 2013
/s/ Bruce H. Vincent Bruce H. Vincent	President and Director	August 2, 2013
/s/ Alton D. Heckaman, Jr. Alton D. Heckaman, Jr.	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	August 2, 2013
/s/ Barry S. Turcotte Barry S. Turcotte	Vice President and Controller (Principal Accounting Officer)	August 2, 2013

Signature	Capacity	Date
/s/ Deanna L. Cannon Deanna L. Cannon	Director	August 2, 2013
/s/ Douglas J. Lanier Douglas J. Lanier	Director	August 2, 2013
/s/ Greg Matiuk Greg Matiuk	Director	August 2, 2013
/s/ Clyde W. Smith, Jr. Clyde W. Smith, Jr.	Director	August 2, 2013
/s/ Charles J. Swindells Charles J. Swindells	Director	August 2, 2013

INDEX TO EXHIBITS

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(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 from the receipt or acceptance by the **Insured**, in good faith, of:

(1) any money orders which prove to be **Counterfeit** or to contain an alteration; or

(2) any **Counterfeit Money** of any country.

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

Loss resulting from:

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

(2) 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) **Stop Payment Order Liability**

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:

(1) for having either complied with or failed to comply with any written notice of any customer or client of the **Insured**, any shareholder of or subscriber to shares issued by any **Fund** or any authorized representative of such customer, client, shareholder or subscriber to stop payment of any check or draft made or drawn by such customer, client, shareholder or subscriber or any authorized representative of such customer, client, shareholder or subscriber; or

(2) for having refused to pay any check or draft made or drawn by any customer or client of the **Insured**, any shareholder of or subscriber to shares issued by any **Fund** or any authorized representative of such customer, client, shareholder or subscriber.

(I) **Uncollectable Items of Deposit**

Loss resulting from:

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

(2) any item of deposit processed through an automated clearing house which is reversed by a customer or client of the **Insured** or a shareholder of or subscriber to shares issued by any **Fund** and deemed uncollectible by the **Insured**.

Loss includes dividends and interest accrued not to exceed fifteen per cent (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 audits or examinations required by any governmental regulatory authority or **Self-Regulatory Organization** to be conducted by such governmental regulatory authority or **Self-Regulatory Organization** or by an independent accountant or other person, by reason of the discovery of **Loss** sustained by the **Insured** and covered by this policy.

(K) **Unauthorized Signatures**

Loss resulting from the **Insured** having accepted, paid or cashed any check or withdrawal order made or drawn on an account of a customer or client of the **Insured** or any shareholder of or subscriber to shares issued by any **Fund** 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 from the **Fraudulent Retention** by a third party recipient of any funds or **Property**, as a direct result of:

(1) the misdirection or erroneous transfer of such funds or **Property** by the **Insured** or by a **Financial Organization** acting upon instructions from the **Insured**, to a third party recipient account other than that actually intended; or

(2) the transfer of such funds or **Property** by the **Insured** or by a **Financial Organization** 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**.

Sub-Limit of Liability

The **Insurer's** maximum aggregate limit of liability under this Insuring Agreement shall be sub-limited to the amount stated under Item 5 of the Declarations.

(N) **Extortion**

Loss resulting 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**:

(1) 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;

(2) to damage the premises, property (including **Property**) or other assets of the **Insured** or for which the **Insured** are legally liable;

(3) to delete or modify the **Insured**'s **Computer Programs** or the **Insured**'s **Electronic Data**;

(4) to sell or disclose confidential information to another person or party by reason of having gained unauthorised access to the **Insured**'s **Computer System**;

(5) 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 (3), (4) or (5) 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.

2. EXTENSIONS

(A) Interpretation

This policy shall be interpreted with due regard to the purpose of fidelity bonding under Rule 17g-1 of the Investment Company Act of 1940 (i.e., to protect innocent third parties from harm) and to the structure of the investment management industry (in which a loss of **Property** resulting from a cause described in any Insuring Agreement ordinarily gives rise to a potential legal liability on the part of the **Insured**), such that the term "loss" as used herein shall include an **Insured's** legal liability for direct compensatory damages resulting directly from a misappropriation, or measurable diminution in value, of **Property**.

(B) Difference in Conditions

If the **Insurer** is not liable for **Loss** under this policy, but cover for the same **Loss** would (but for the time at which such **Loss** was **Discovered**) have been available to any **Insured** based upon the terms, conditions and exclusions of the **Prior Policy**, then this policy shall provide cover in accordance with the terms, conditions and exclusions of the **Prior Policy**.

If the amount of any sub-limit or any single loss limit under the **Prior Policy** for any **Loss** is greater than any sub-limit or any single loss limit provided by this policy for the same **Loss**, then the sub-limit or any single loss limit under this policy for such **Loss** shall be increased to the same amount as that provided under the **Prior Policy**.

The Declarations shall be deemed to be amended accordingly in accordance with this provision with respect to the relevant **Loss**.

In no way shall this extension serve to increase the **Limit of Liability**, and all sub-limits and single loss limits payable under this policy shall be part of, and not in addition to, the **Limit of Liability**.

3. GENERAL AGREEMENTS

A) Nominees

Loss sustained by any nominee organized 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 policy 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 Exposures**

(1) Additional Offices

Except as provided in sub-clause (2) below, this **policy** shall apply to any additional office(s) established by the **Insured** during the **Policy Period** and to all **Employees** during the **Policy Period**, without the need to give notice thereof or pay additional premiums to the **Insurer** for the **Policy Period**.

(2) Merger or Consolidation

If during the **Policy Period**, an **Insured** shall merge or consolidate with an institution in which such **Insured** is the surviving entity, or purchase substantially all the assets or capital stock of another institution, or acquires or creates a separate investment portfolio, and shall within sixty (60) days notify the **Insurer** thereof, then this policy shall automatically apply to the **Property** and **Employees** resulting from such merger, consolidation, acquisition or creation from the date thereof; provided, that the **Insurer** may make such coverage contingent upon the payment of an additional premium.

(3) Acquisition or Creation of Funds

(i) If during the **Policy Period**, an **Insured** creates or acquires a fund, other than by reason of the events described in sub-clause (2) above; and if the total consolidated assets of such fund are less than or equal to the amount set forth in Item 8 of the Declarations then, subject to all the other provisions of this policy, coverage shall automatically apply to any **Loss** sustained by that fund.

(ii) If during the **Policy Period**, an **Insured** creates or acquires a fund, other than by reason of the events described in sub-clause (2) above; and if the total consolidated assets of such fund are greater than the amount set forth in Item 8 of the Declarations, no coverage shall apply to any **Loss** sustained by that fund unless the **Insured** provides the **Insurer** with full particulars of such acquisition or creation, agrees to any additional premium and/or amendment of the provisions of this policy the **Insurer** requires and pays any premium required.

(iii) There shall be no coverage for:

(a) any **Loss** sustained by any such fund resulting from an act committed or an event occurring prior to the consummation of a transaction described in (i) or (ii) above; or

(b) any **Loss** sustained by any such fund resulting from an act whenever committed or an event whenever occurring, which together with an act committed or an event occurring prior to the consummation of such transaction, would constitute a **Single Loss**.

In no event shall any transaction among **Insureds** constitute an acquisition or creation of funds.

(4) Fund Name Changes

If during the **Policy Period**, a fund changes its legal name in accordance with the organizational documents of such fund and, if applicable, in accordance with state law, and such name change does not occur in connection with a transaction described in sub-clauses (2) or (3) above, then such fund shall automatically qualify as an insured fund under its new name, in addition to its prior name.

C) **Representation of Insured**

The **Insured** represents that the information furnished in the **Application** 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 policy.

D) **Joint Insured**

If two or more **Insureds** are covered under this policy, the **First Named Insured** shall act for all **Insureds**. Payment by the **Insurer** to the **First Named Insured** of **Loss** sustained by any **Insured** shall fully release the **Insurer** on account of such **Loss**. If the **First Named Insured** ceases to be covered under this policy, the remaining **Named Insured** shall agree with the **Insurer** as to which one of them shall act on behalf of the all of the remaining **Insureds** (including but not limited to the receipt of any **Loss** payments). The liability of the **Insurer** for **Loss** which the **Insurer** 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 legal costs, charges, fees, disbursements and expenses 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 policy. The **Insured** shall provide all reasonable information and assistance required by the **Insurer** in connection with such **Legal Proceeding**.

4. **EXCLUSIONS**

This policy does not cover:

- 1) **Loss** resulting directly or indirectly from forgery or alteration, except when covered under Insuring Agreement (A), (D), (E) or (G);

2) **Loss** due to riot or civil commotion outside the United States of America and Canada; or **Loss** due to military, naval or usurped power, war or insurrection unless such **Loss** occurs in transit in the circumstances recited in Insuring Agreement (C), and unless, when such transit was initiated there was no knowledge of such riot, civil commotion, military, naval or usurped power, war or insurrection on the part of any person acting for the **Insured** in initiating such transit;

3) **Loss** resulting directly or indirectly from the effects of nuclear fission or fusion or radioactivity.

This exclusion shall not apply to **Loss** resulting from industrial uses of nuclear energy;

4) **Loss** resulting directly or indirectly from any director or trustee of the **Insured** (other than one employed as a salaried, pensioned or elected official or an **Employee** of the **Insured**), except:

(i) when performing acts coming within the scope of the usual duties of an **Employee**; or

(ii) while acting as a member of any committee duly elected or appointed by resolution of the board of directors or trustees of the **Insured** to perform specific, as distinguished from general, directorial acts on behalf of the **Insured**;

5) **Loss** resulting directly or indirectly from the complete or partial non-payment of, or default upon, any loan or transaction involving the **Insured** as a lender or borrower, or extension of credit, including the purchase, discounting or other acquisition of false or genuine accounts, invoices, notes, agreements or **Evidences of Debt**, whether such loan, transaction or extension was procured in good faith or through trick, artifice, fraud or false pretences; except when covered under Insuring Agreements (A), (D), (E) or (G);

6) **Loss** resulting from any violation by the **Insured** or by any **Employee**:

1) of any law regulating:

(i) the issuance, purchase or sale of securities;

(ii) securities transactions upon security exchanges or over the counter market;

(iii) investment companies; or

2) of any rule or regulation made pursuant to any such law, unless it is established by the **Insured** that the act or acts which caused the said loss involved fraudulent or dishonest conduct which would have caused a loss to the **Insured** in a similar amount in the absence of such laws, rules or regulations,

unless such loss, in the absence of such law, rule or regulation, would be covered under Insuring Agreement (A), (D) or (E);

7) **Loss** resulting directly or indirectly from the failure of a financial or depository institution, or its receiver or liquidator, to pay or deliver, on demand of the **Insured**, funds or **Property** of the **Insured** held by it in any capacity, except when covered under Insuring Agreements (A), (B) or (G);

8) **Loss** caused by an **Employee**, except when covered under Insuring Agreement (A) or when covered under Insuring Agreement (B) or (C) and resulting directly from misplacement, mysterious unexplainable disappearance or destruction of or damage to the **Property**;

9) **Loss** resulting directly or indirectly from transactions in an account of a customer or client of the **Insured** or any shareholder of or subscriber to shares issued by any **Fund**, whether authorized or unauthorized, except the unlawful withdrawal and conversion of **Money**, securities or precious metals, directly from an account of a customer or client of the **Insured** or any shareholder of or subscriber to shares issued by any **Fund** by an **Employee** provided such unlawful withdrawal and conversion is covered under Insuring Agreement (A) or unless covered by Insuring Agreement (G);

10) damages resulting from any civil, criminal or other legal proceeding in which the **Insured** is alleged to have engaged in racketeering activity except when the **Insured** establishes that the act or acts giving rise to such damages were committed by an **Employee** under circumstances which result directly in a loss to the **Insured** covered by Insuring Agreement (A). For the purposes of this exclusion racketeering activity is defined in 18 United States Code 1961 et seq., as amended.

11) **Loss** through the surrender of property away from an office of the **Insured** as a result of a threat:

1) to do bodily harm to any person, except loss of property in transit in the custody of any person acting as messenger provided that when such transit was initiated there was no knowledge by the **Insured** of any such threat; or

2) to do damage in the premises of property of the **Insured**,

except when covered under Insuring Agreement (A), (G) or (N);

12) **Loss** resulting directly or indirectly from payments made or withdrawals from an account of a customer or client of the **Insured** or any shareholder of or subscriber to shares issued by any **Fund** involving erroneous credits to such account, unless such payments or withdrawals are physically received by such customer, client, shareholder or subscriber or a representative of such customer, client, shareholder or subscriber who is within the office of the **Insured** at the time of such payment or withdrawal, or except when covered under Insuring Agreement (A) or (G);

13) **Loss** involving items of deposit, which are not finally paid for any reason, including but not limited to **Forgery** or any other fraud, except when covered under Insuring Agreement (A), (G) or (I);

14) **Loss** resulting directly or indirectly from counterfeiting, except when covered under Insuring Agreements (A), (E), (F) or (G);

15) Loss of any tangible item of personal property which is not specifically enumerated in the definition of **Property** if such property is specifically covered by other insurance of any kind and in any amount obtained by the **Insured**;

- 16) Loss of property while:
- 1) in the mail; or
 - 2) in the custody of any **Transportation Company**, unless covered under Insuring Agreement (C);
- 17) Loss of potential income, including but not limited to interest and dividends, not received by the **Insured** because of a loss covered under this policy, except when covered under Insuring Agreement (I);
- 18) damages of any type for which the **Insured** is legally liable, except compensatory damages, but not multiples thereof, arising directly from a **Loss** covered under this policy;

19) all costs, charges, fees, disbursements and expenses incurred by the **Insured**:

1) in establishing the existence of or amount of **Loss** covered under this policy, other than **Preparation Costs** or except to the extent covered under the Insuring Agreement (J) (Audit Expense); or

2) as a party to any legal proceeding whether or not such legal proceeding exposes the **Insured** to **Loss** covered by this policy, except to the extent covered under General Agreement E) (Legal Proceedings Against the Insured);

20) indirect or consequential loss of any nature, other than **Preparation Costs** or **Verification and Reconstitution Costs** or except to the extent covered under the Insuring Agreement (J) (Audit Expense);

21) loss resulting directly or indirectly from any dishonest or fraudulent act or acts committed by any non-employee who is a securities, commodities, money, mortgage, real estate, loan, insurance, property management, investment banking broker, agent or other representative of the same general character;

22) loss due to liability imposed upon the **Insured** as a result of the unlawful disclosure of non-public material information by the **Insured** or any **Employee**, or as a result of any **Employee** acting upon such information, whether authorized or unauthorized.

Insuring Clause (G) of this policy does not cover any **Loss**:

23) caused by an identifiable **Employee** or a person or persons in collusion with any **Employee**.

Prior knowledge by any **Employee** that a fraudulent or malicious act by any other person or persons, has been or will be perpetrated, shall for the intent and purpose of this policy be deemed to be collusion if such **Employee** willfully or deliberately withholds knowledge from the **Insured** of any such act. Such withholding of knowledge from the **Insured** because of a threat to do bodily harm to any person or damage to the **Insured**'s premises or property shall not be deemed to be or to constitute collusion.

24) resulting from the accessing of any confidential information.

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This exclusion shall not apply to the extent that such confidential information is used to support or facilitate the commission of an act covered under this policy.

25) resulting from mechanical failure, faulty construction, error in design, latent defect, wear or tear, gradual deterioration, electrical disturbance, **Recording Media** failure or breakdown or any malfunction or error in programming or errors or omissions in processing.

This exclusion shall not apply to the extent that the occurrence of any of the events listed in the above enables the commission of an act covered under this policy.

26) by reason of the input of **Electronic Data** by a third party who had authorised access to an authentication mechanism.

This exclusion shall not apply:

(a) where the third party referred to above obtained access beyond the level for which that third party was authorised;

(b) theft of funds or **Property** transferred to any third party recipient as a result of any such input provided there is no collusion between such third party recipient and the person effecting such transfer and that it is a condition of coverage hereunder that the **Insured** takes all reasonable steps to secure the recovery of such funds.

27) resulting from **Computer Programs** which were corrupted or which contained fraudulent or malicious features at the time of their acquisition from a vendor or consultant, where those **Computer Programs** were developed for sale to or are sold to multiple consumers.

This exclusion shall not apply where:

(a) no other purchaser of said **Computer Programs** has notified the same vendor or consultant of the same fraudulent features during a period of sixty (60) days from the date of **Discovery**;

(b) at the time of **Discovery** such fraudulent features were contained solely on the **Computer Programs** sold to the **Insured**;

(c) such fraudulent features were inserted subsequent to the date of acquisition by the **Insured**.

5. **LOSS DISCOVERED**

This policy applies to **Loss Discovered** by the **Insured** during the **Policy Period** or the **Extended Reporting Period** (if applicable).

6. **AGGREGATE LIMIT OF LIABILITY**

A) **Aggregate Limit of Liability**

The **Insurer**'s total liability for all **Losses** discovered during the **Policy Period** shall not exceed the **Limit of Liability**. The **Limit of Liability** shall be reduced by the amount of any payment made under the terms of this policy.

Upon exhaustion of the **Limit of Liability** by such payments:

(a) the **Insurer** shall have no further liability for **Loss** or **Losses** regardless of when discovered and whether or not previously reported to the **Insurer**; and

(b) the **Insurer** shall have no obligation under General Agreement E) to continue the defense of the **Insured**, and upon notice by the **Insurer** to the **Insured** that the **Limit of Liability** has been exhausted; the **Insured** shall assume all responsibility for its defense at its own cost.

The **Limit of Liability** shall not be increased or reinstated by any recovery made and applied in accordance with sub-clause C) of Section 9. In the event that a loss of **Property** is settled by the **Insurer** through the use of a lost instrument bond, such loss shall not reduce the **Limit of Liability**.

B) **Single Loss Limit of Liability**

Subject to the **Limit of Liability**, the **Insurer**'s liability for each **Single Loss** shall not exceed the applicable **Single Loss Limit** shown in Item 4 of the Declarations. If a **Single Loss** is covered under more than one Insuring Agreement or Coverage, the maximum payable shall not exceed the largest applicable **Single Loss Limit**.

7. **NOTICE/PROOF - LEGAL PROCEEDINGS AGAINST INSURER**

A) The **Insured** shall give written notice to the **Insurer** of any **Loss** as soon as reasonably practicable after it has been **Discovered** and in any event within thirty (30) days after the end of the **Policy Period**.

B) The requirement contained in sub-clause A) above to give notice of a **Loss** shall be suspended and of no effect if such notice is in respect of a **Restricted Notification**. The suspension of the requirement to notify the **Insurer** of any **Loss** under sub-clause A) above in respect of a **Restricted Notification** shall end when and to the extent that the relevant legal or regulatory prohibition is lifted. Such notification, if permitted to do so by the regulatory, police or prosecuting authority, shall be accompanied by evidence as to why the **Insured** was initially prevented from disclosing the existence of any **Loss** to the **Insurer**. On such notification, the **Loss** shall be deemed to have been **Discovered** and the **Insurer** notified at the time the **Responsible Officer** first became aware of the **Loss**.

C) Within six (6) months after such **Discovery** (or, where a **Restricted Notification** applies, within six (6) months of the relevant legal or regulatory prohibition being lifted), the **Insured** shall furnish to the **Insurer** proof of loss, duly sworn, with full known particulars. At the **Insured**'s request, and upon agreement of the **Insurer**, such period of time shall be extended to permit the **Insured** more time to determine the amount and/or particulars of its loss.

D) Lost **Certificated Securities** listed in a proof of loss shall be identified by certificate or bond numbers if such securities were issued therewith.

E) Legal proceedings for the recovery of any **Loss** hereunder shall not be brought prior to the expiration of sixty (60) days after the original proof of **Loss** is filed with the **Insurer**.

F) This policy affords coverage only in favour of the **Insured**. No suit, action or legal proceedings shall be brought hereunder by anyone other than the named **Insured**.

G) If the **Insured** is an institution under the supervision of the Federal Home Loan Bank Board, it is understood and agreed that in case of any **Loss** hereunder discovered either by the **Insured** or by the Federal Home Loan Bank of which the **Insured** is a member, the said Federal Home Loan Bank is empowered to give notice of the **Loss** to the **Insurer** within the period limited therefore.

8. VALUATION

A) Deductions

In determining the amount collectible under this policy for any **Loss**, all funds received and able to be lawfully retained by the **Insured** from any source whatsoever in connection with any matter from which a claimed **Loss** has arisen, including payments and receipts of principal, interest, dividends, commissions and the like, whenever received, shall be deducted from the amount actually paid out, advanced, taken or otherwise lost. The value of all property (including **Property**) received and able to be lawfully retained by the **Insured** from any source whatsoever in connection with any matter from which a claimed **Loss** has arisen, whenever received, shall likewise be deducted from the **Insured's** claimed **Loss**. It is understood, however, that nothing in this policy shall be construed to mean that a claim is not recoverable hereunder until the amount of such deductions have been ascertained.

B) Securities

(i) If **Certificated Securities** are able to be reissued then the **Insured** may reissue them, or arrange for them to be reissued, with the prior approval of the **Insurer** (such approval shall not be unreasonably delayed or withheld) and the value of those **Certificated Securities** shall be the actual cost of their reissue plus any interest charges incurred in doing so.

(ii) To the extent that the **Limit of Liability** is not exhausted by the **Insured** in the reissuing of **Certificated Securities** in accordance with sub-clause B) (i) above, the amount of **Loss** shall also include any premium required to be paid by the **Insured** to purchase lost instrument bonds for the reissuing of duplicate **Certificated Securities** without reference to their total face value.

(iii) The amount of **Loss** shall also include any sums which the **Insured** may be required to pay either during the **Policy Period** or any time thereafter by reason of any lost instrument bonds issued or purchased by the **Insured** as referred to in sub-clause B) (ii) above.

(iv) The **Insured** shall pay the cost of obtaining such lost instrument bond referred to in sub-clause B) (iii) above for that portion of the **Loss** which falls within the applicable deductible amount or which is in excess of the **Limit of Liability** remaining available for the payment of **Loss**.

(v) The **Insurer** shall reimburse the **Insured** for the cost of obtaining such lost instrument bond referred to in sub-clause B) (iii) above for the amount of **Loss** which exceeds the applicable deductible amount and is within the **Limit of Liability**.

(vi) If for any reason it is not possible to re-issue **Certificated Securities** the value of such **Certificated Securities** shall be determined by the closing London market value of such **Certificated Securities** on the day of **Discovery** of the **Loss** (or if **Discovered** during a weekend or national holiday, on the next business day thereafter). The basis of valuation shall include any accrued interest (including coupons), dividends and privileges up to the date of **Discovery** of the **Loss**.

(vii) The valuation of **Certificated Securities** shall include external interest or interest charges up to the date of **Discovery** of the **Loss** necessarily incurred by the **Insured**, or for which the **Insured** is legally liable, as the direct result of a loss of **Certificated Securities** covered under this policy.

(viii) In case of a loss of subscription, conversion, redemption or other similar privileges the value of such privileges shall be the closing London market value of such privileges immediately preceding the expiration thereof.

C) Precious Metals

The value of precious metals shall be determined by their average London market value on the day of **Discovery** of the **Loss** (or if **Discovered** during a weekend or national holiday, on the next business day thereafter).

D) Electronic Data, Electronic Communications and Computer Programs

(i) To the extent that a **Loss** comprises solely the cost of reconstituting **Electronic Data, Electronic Communications** or **Computer Programs** following the **Impairment** of such **Electronic Data, Electronic Communications** or **Computer Programs**, the valuation of such **Electronic Data, Electronic Communications** or **Computer Programs** shall be the cost of labor for the actual transcription or copying in order to reproduce such **Electronic Data, Electronic Communications** or **Computer Programs**, including the cost of purchasing a software licence necessary to reproduce such **Electronic Data, Electronic Communications** or **Computer Programs**.

If **Electronic Data** or **Computer Programs** were purchased from a third party, the valuation of such **Electronic Data** or **Computer Programs** shall include the purchase price of that **Electronic Data** or **Computer Programs** from that third party if that price is less than the cost of transcription or copying.

(ii) If **Electronic Data** cannot be reproduced and that **Electronic Data** represents:

1) securities, or other instruments having a value, then the valuation shall be as indicated in sub-clause B) (Securities) above; or

2) **Evidences of Debt**, then the valuation of such items shall be as indicated in sub-clause B) (Securities) above; if such **Evidences of Debt** cannot be valued as indicated in sub-clause B) (Securities) above, then

the **Evidences of Debt** shall be valued in accordance with sub-clause H) (Lending) below. In the event that it is not possible to value the **Evidences of Debt** as indicated in sub-clause B), Securities above or in accordance with in sub-clause H) (Lending) below, then the valuation of such **Evidences of Debt** shall be the actual monetary value of the debt on the day of **Discovery** of the **Loss** (or if **Discovered** during a weekend or national holiday, on the next business day);

3) **Money**, then the valuation of such **Electronic Data** shall be its actual monetary value at the time of the **Loss**. However, in the event that such **Loss** is suffered in a currency other than the currency stated in the Declarations, then the valuation of such **Electronic Data** shall be as indicated in sub-clause I) (Currency Valuation) below.

E) Recording Media

The value of **Recording Media** shall be the replacement cost of **Recording Media** of the equivalent kind or quality plus the value of any **Electronic Data** or **Computer Programs** stored on such **Recording Media**, as described in sub-clause D) (Electronic Data, Electronic Communications and Computer Programs) above.

F) Books of Accounts and Records

The value of books of accounts or other records used by the **Insured** in the conduct of their business, shall be the cost of blank books, blank pages or other materials plus the cost of labor and computer time for the actual transcription or copying of data which shall have been furnished by the **Insured** in order to reproduce such books and other records.

G) Other Property

In the case of the loss of, damage to, or destruction of any property (including **Property**) other than as described in sub-clauses B) to F) above, the value of such property (including **Property**) shall be the actual cash value of such property (including **Property**) on the day of **Discovery** (or if **Discovered** during a weekend or national holiday, on the next business day thereafter).

H) Lending

The value of **Lending** shall be the amount of monies paid out, advanced or withdrawn by the **Insured** in relation to such **Lending** (subject always to sub-clause A) (Deductions) above).

I) Currency Valuation

In the event that a **Loss** is suffered in a currency other than the currency stated in the Declarations, the rate of exchange applicable thereto for the purposes of determining the valuation of **Loss** shall be the closing mid-spot rate on the London market on the day of **Discovery** of its **Loss** (or if **Discovered** during a weekend or national holiday, on the next business day thereafter).

9. **ASSIGNMENT-SUBROGATION-RECOVERIES-COOPERATION**

A) In the event of payment under this policy, the **Insured** shall deliver, if so requested by the **Insurer**, an assignment of such of the **Insured**'s rights, title and interest and causes of action as it has against any person or entity to the extent of the **Loss** payment.

B) In the event of payment under this policy, the **Insurer** shall be subrogated to all of the **Insured**'s rights of recovery therefore against any person or entity to the extent of such payment, provided, however, that the **Insurer** shall not be subrogated to any such rights or claims one named **Insured** under this policy may have against another named **Insured** under this policy.

C) Recoveries, whether effected by the **Insurer** or by the **Insured** shall be applied net of the expense of such recovery first to the satisfaction of the **Insured**'s **Loss** which would otherwise have been paid but for the fact that it is in excess of either the **Limit of Liability** or the **Single Loss Limit**, secondly, to the **Insurer** as reimbursement of amounts paid in settlement of the **Insured**'s claim, and thirdly, to the **Insured** in satisfaction of any deductible amount. Recovery on account of **Loss** of securities as set forth in the sub-clause B of Section 8 or recovery from reinsurance and/or indemnity of the **Insurer** shall not be deemed a recovery as used herein.

D) Upon the **Insurer**'s request and at reasonable times and places designated by the **Insurer** the **Insured** shall:

- 1) submit to examination by the **Insurer** and subscribe to the same under oath; and
- 2) produce for the **Insurer**'s examination all pertinent records; and
- 3) cooperate with the **Insurer** in all matters pertaining to the **Loss**.

E) The **Insured** shall execute all papers and render assistance to secure the **Insurer**'s rights and causes of action provided for herein. The **Insured** shall do nothing after discovery of **Loss** to prejudice such rights or causes of action.

10. LIMIT OF LIABILITY UNDER THIS POLICY AND PRIOR INSURANCE

With respect to any **Loss** set forth in Section 6 of this policy which is recoverable or recovered in whole or in part under any other bonds or policies issued by the **Insurer** to the **Insured** or to any predecessor in interest of the **Insured** and terminated or canceled or allowed to expire and in which the period for discovery has not expired at the time any such **Loss** thereunder is **Discovered**, the total liability of the **Insurer** under this policy and under such bonds or policies shall not exceed, in the aggregate, the amount carried hereunder on such **Loss** or the amount owed to the **Insured** under such other bonds or policies, as limited by terms and conditions thereof, for any such **Loss** if the latter amount be the larger.

If the coverage of this policy supersedes in whole or in part the coverage of any other bond or policy of insurance issued by an insurer other than the **Insurer** and terminated, canceled or allowed to expire, the **Insurer**, with respect to any loss sustained prior to such termination, cancellation or expiration and discovered within the period permitted under such other bond or policy for the discovery or loss there under, shall be liable under this policy only for that part of such **Loss** covered by this policy as is in excess of the amount recoverable or recovered on account of such **Loss** under such other bond or policy, anything to the contrary in such other bond or policy notwithstanding.

11. **OTHER INSURANCE OR INDEMNITY**

Coverage afforded hereunder shall apply only as excess over any valid and collectible insurance or indemnity obtained by the **Insured**, or by one other than the **Insured on Property** subject to exclusion 17) or by a **Transportation Company**, or by another entity on whose premises the loss occurred or which employed the person causing the loss or the messenger conveying the **Property** involved.

12. OWNERSHIP

This policy shall apply to loss of **Property**: (1) owned by the **Insured**; (2) held by the **Insured** in any capacity; or (3) for which the **Insured** is legally liable. This policy shall be for the sole use and benefit of the **Insured** named in the Declarations.

13. DEDUCTIBLE AMOUNT

The **Insurer** shall be liable hereunder only for the amount by which any **Single Loss** exceeds the **Single Loss** deductible amount for the Insuring Agreement or Coverage applicable to such **Loss**, subject to the **Limit of Liability** and the applicable **Single Loss Limit**.

14. TERMINATION OR CANCELATION

This policy terminates as an entirety upon occurrence of any of the following:

- (a) sixty (60) days after the receipt by the **Insured** of a written notice from the **Insurer** of its desire to cancel this policy; or
- (b) immediately upon the receipt by the **Insurer** of a written notice from the **Insured** of its desire to cancel this policy; or
- (c) immediately upon the taking over of the **Insured** by a receiver or other liquidator or by State or Federal officials; or
- (d) immediately upon the taking over of the **Insured** by another institution; or
- (e) immediately upon exhaustion of the **Limit of Liability**; or
- (f) immediately upon expiration of the **Policy Period**.

This policy terminates as to the subsequent acts of any **Employee** or any partner, officer or employee of any processor (a) as soon as any **Insured**, or any director or officer not in collusion with such person, learns of any dishonest or fraudulent act or **Theft** committed by such person at any time, whether in the employment of the **Insured** or otherwise, whether or not of the type covered under Insuring Agreement (A), against the **Insured** or any other person or entity, without prejudice to the loss of any **Property** then in transit in the custody of such person, or (b) fifteen (15) days after the receipt by the **Insured** of a written notice from the **Insurer** of its desire to cancel this policy as to such person.

Termination of the policy as to any **Insured** terminates liability for any **Loss** sustained by such **Insured** which is **Discovered** after the effective date of such termination.

Notwithstanding anything to the contrary contained in this Section 14, this policy shall not be canceled, terminated or modified except after written notice shall have been given by the acting party to the affected party and the Securities and Exchange Commission not less than sixty (60) days prior to the effective date of cancelation, termination or modification.

If the **Insured** is an institution **Insured** by the Federal Savings and Loan Insurance Corporation, termination or cancelation of this policy in its entirety, whether by the **Insured** or the **Insurer**, as provided in parts (a) and (b) in the first paragraph of this Section 14, shall not take effect prior to the expiration of ten (10) days from the receipt by the Federal Home Loan Bank of which the **Insured** is a member of written notice of such termination or cancelation unless an earlier date of termination or cancelation is approved by said Federal Home Loan Bank.

15. NOTICE PROVISIONS

This policy shall not be canceled or terminated as provided in Section 14, or modified by rider, except after written notice shall have been given by the acting party to the affected party, and to the Securities and Exchange Commission, Washington, D.C., not less than sixty (60) days prior to the effective date of such cancelation, termination or modification.

16. HEADINGS

The descriptions in the headings and any sub-headings of this policy (including any titles given to any endorsement attached hereto) are inserted solely for convenience and do not constitute any part of the terms or conditions hereof.

17. DISPUTES

Any disputes in connection with the coverage afforded by this policy that cannot be resolved between the **Insured** and **Insurer** within fourteen (14) days of that dispute first arising 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 will be held in New York, U.S.A. and that the awards rendered by the arbitrator(s) shall be final and binding upon the parties and judgement thereon may be entered in any court having jurisdiction thereof.

18. EXTENDED REPORTING PERIOD

If the **Insurer** or the **Insured** shall cancel or decline to renew this policy, the **Insured** shall have the right, upon payment of an additional premium of one hundred per cent (100%) of the **Full Annual Premium**, to an extended reporting period of three hundred and sixty five (365) days following the effective date of such cancelation or non-renewal in which to give written notice to the **Insurer** of any **Loss Discovered** during such extended reporting period arising out of acts committed or events occurring prior to the end of the **Policy Period** and otherwise covered by this policy.

The rights contained in this Section 18 shall terminate, however, unless written notice of such election together with the additional premium due is received by the **Insurer** within thirty (30) days of the effective date of cancelation or non-renewal. The additional premium for the extended reporting period shall be fully earned at the inception of the extended reporting period. The extended reporting period is not cancelable. The rights contained within this Section 18 shall not apply to any cancelation of this policy resulting from non-payment of premium.

19. **DEFINITIONS**

Terms appearing in bold type font in this policy shall be defined as follows:

- **Acceptance** means a draft, which the drawee has, by signature written thereon, engaged to honor as presented.

- **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 utilizing voice mail box messaging capabilities or other similar functional features of a **Telephone System**.

- **Application** means:

- (i) the application for this policy, any attachment to any such application, any other materials submitted with or incorporated into any such application and any documents submitted to the **Insurer** specifically in connection with the underwriting of this policy; and,

- (ii) to the extent made by or required of the **Insureds**:

any public documents filed during the twelve (12) month period immediately prior to the inception date of this policy by the **First Named Insured** with the Securities and Exchange Commission or any similar federal, state, local or foreign regulatory body, and any other written public statement or certification required by law to be made by the Chief Executive Officer, Chief Financial Officer or other Executive Officer of the **First Named Insured** regarding the accuracy, completeness or adequacy of such **Insured s** financial statements, SEC filings, or internal controls; whether or not such public documents, statements or certifications are furnished to the **Insurer**.

- **Certificate of Deposit** means an acknowledgment in writing by a **Financial Organization** of receipt of **Money** with an engagement to repay it.

- **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.

- **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 Organization** or **Service Bureau** acting on behalf of the **Insured**, have acted or relied; and/or
 - (ii) the **Insured**, or any **Financial Organization** 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 Organization**; and/or
 - (c) a customer or client of the **Insured**, any shareholder of or subscriber to shares issued by any **Fund** or an authorized representative of such customer, client, shareholder or subscriber when acting in that capacity; and/or
 - (d) a **Service Bureau**;

(iii) a **Financial Organization**, a customer or client of the **Insured**, any shareholder of or subscriber to shares issued by any **Fund** or an authorized representative of such customer, client, shareholder or subscriber 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 Organization** 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**.

- **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.

- **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.

- **Counterfeit** means an imitation of an actual valid original, which is intended to deceive and to be taken as the original.

- **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 organization 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.

- **Deductible** means the amount stated in Item 6 of the Declarations.

- **Depository** means any securities depository (other than any foreign securities depository) in which a **Fund** may deposit its securities in accordance with Rule 17f-4 under the Investment Company Act of 1940.

- **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 policy, 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 policy.

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

(i) transmitted electronically:

(a) through an **Electronic Communication System**; or

(b) over the Internet; or

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

• **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.

- **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**.

- **Employee** means:

- (i) any of the **Insureds** officers or employees while performing services for the **Insureds** offices; and

- (ii) 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

- (iii) 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

- (iv) guest students pursuing their studies or duties in any of the **Insureds** offices; and

- (v) 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

- (vi) 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

- (vii) 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

- (viii) any employee or any partner of any named **Insured**; and

- (ix) any consultant whilst performing services or duties on behalf of the **Insured**; and

(x) each officer, partner or employee of:

(a) any **Depository** or **Exchange**;

(b) any nominee in whose name is registered any security included in the systems for the central handling of securities established and maintained by any **Depository**; and

(c) any recognized service company which provides clerks or other personnel to any **Depository** or **Exchange** on a contract basis,

while such officer, partner or employee is performing services for any **Depository** in the operation of systems for the central handling of securities; and

(xi) each officer, director, trustee, partner or employee of:

(a) an investment adviser;

(b) an underwriter (distributor);

(c) a transfer agent or shareholder accounting record-keeper; or

(d) an administrator authorized by written or electronic agreement to keep financial and/or other required records,

for a **Fund**, but only while:

(1) such officer, partner or employee is performing acts coming within the scope of the usual duties of an officer or employee of an **Insured**; or

(2) such officer, director, trustee, partner or employee is 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**; or

(iii) such director or trustee (or anyone acting in a similar capacity) is acting outside the scope of the usual duties of a director or trustee.

Employee does not include any officer, director, trustee, partner or employee of a transfer agent, shareholder accounting record-keeper or administrator:

(a) which is not an affiliated person (as defined in section 2(a) of the Investment Company Act of 1940) of a **Fund** or of the adviser or underwriter of such **Fund**; or

(b) which is a **Bank** (as defined in section 2(a) of the Investment Company Act of 1940).

- **Evidence of Debt** means an instrument, including a **Negotiable Instrument**, executed by a customer or client of the **Insured** and held by the **Insured** which in the regular course of business is treated as evidencing the customer's or client's debt to the **Insured**.

- **Exchange** means any national securities exchange registered under the Securities Exchange Act of 1934.

- **Extended Reporting Period** means the extended reporting period set forth under Section 18 (Extended Reporting Period) of this policy.

- **Financial Organization** means:
 - (i) any bank, credit institution, financial institution, undertaking for collective investment in securities, investment firm, stockbroker, asset management company, building society, friendly society, or similar organization;

 - (ii) a regulated investment exchange or automated clearing house.

 - (iii) any **Custodian**.

- **First Named Insured** means the entity first named in Item 1 of the Declarations.

- **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.

- **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) 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.

- **Full Annual Premium** means the premium level in effect immediately prior to the end of the **Policy Period**.

- **Fund(s)** means the investment company(ies) which are:
 - (i) specifically listed in this policy; or

 - (ii) created or acquired during the **Policy Period** in accordance with General Agreement B) (3).

- **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.

- **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.

- **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.

- **Insured** means:
 - (i) the **Named Insured**; and
 - (ii) any other entity designated as an **Additional Named Insured** under this policy.

- **Insurer** means AXIS Specialty Europe SE.

- **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 policy.

- **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.

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

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

- **Loss** means:

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

(ii) **Preparation Costs**; and/or

(iii) **Verification and Reconstitution Costs.**

- **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.

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

- **Named Insured** means the entity(ies) specified in Item 1 of the Declarations.

- **Negotiable Instrument** means any writing:
 - (i) signed by the maker or drawer; and
 - (ii) containing any unconditional promise or order to pay a sum certain in **Money** and no other promise, order, obligation or power given by the maker or drawer; and
 - (iii) is payable on demand or at a definite time; and
 - (iv) is payable to order or bearer.

- **Policy Period** means the period of time from the inception date shown in Item 2 of the Declarations to the earlier of the expiration date shown in Item 2 of the Declarations or the effective date of cancelation of this policy.

- **Preparation Costs** means costs, charges, fees, disbursements and expenses incurred and/or paid by the **Insured**, with the prior written approval by the **Insurer** (such approval not to be unreasonably delayed or withheld), for independent outside accountants, solicitors or other specialists or professional persons to determine, or attempt to determine the amount and/or extent of any direct financial loss covered under this policy.

- **Prior Policy** means the policy identified in Item 10 of the Declarations.

- **Property** means **Money, Certificated Securities, Uncertificated Securities, Negotiable Instruments, Certificates of Deposit**, documents of title, **Acceptances, Evidences of Debt**, security agreements, **Withdrawal Orders**, certificates of origin or title, **Letters of Credit**, insurance policies, abstracts of title, deeds and mortgages on real estate, revenue and other stamps, tokens, unsold state lottery tickets, books of account and other records whether recorded in writing or electronically, gems, jewellery, precious metals of all kinds and in any form, and tangible items of personal property which are not hereinbefore enumerated.

Property shall include **Recording Media**.

- **Recording Media** means the physical components or materials on which **Electronic Data** or **Computer Programs** can be recorded.
- **Responsible Officer** means the person(s) stated under Item 9 of the Declarations.
- **Restricted Notification** means when the **Insured** is prevented from disclosing the existence of any **Loss** to the **Insurer** after it has been **Discovered** due to any legal or regulatory prohibition, following any investigation or enquiry commenced by or on behalf of any regulatory, police or prosecuting authority anywhere in the world.
- **Self-Regulatory Organization** means any association of investment advisers or securities dealers registered under the federal securities laws, or any **Exchange**.
- **Service Bureau** means a natural person, partnership or corporation authorised by written or electronic agreement with the **Insured** to perform data processing services using **Computer Systems**.

- **Single Loss** means all covered **Loss**, including court costs and legal costs, charges, fees, disbursements and expenses incurred by the **Insurer** under General Agreement E), resulting from:

- (i) any one act or series of related acts of burglary, robbery or attempt thereat, in which no **Employee** is implicated; or

- (ii) any one act or series of related unintentional or negligent acts or omissions on the part of any person (whether an **Employee** or not) resulting in damage to or destruction or misplacement of property; or

- (iii) all acts or omissions other than those specified in (i) and (ii) preceding, caused by any person (whether an **Employee** or not) or in which such person is implicated; or

- (iv) any one casualty or event not specified in (i), (ii) or (iii) preceding.

- **Single Loss Limit** means the amount(s) stated in Item 4 of the Declarations.

- **Statement of Uncertificated Security** means a written statement of the issuer of an **Uncertificated Security** containing:

- (i) a description of the issue of which the **Uncertificated Security** is a part;

- (ii) the number of shares or units: transferred to the registered owner; pledged by the registered owner to the registered pledgee; released from pledge by the registered pledgee; registered in the name of the registered owner on the date of the statements; or subject to pledge on the date of the statement;

- (iii) the name and address of the registered owner and registered pledgee;

- (iv) a notation of any liens and restrictions of the issuer and any adverse claims to which the **Uncertificated Security** is or may be subject or a statement that there are none of those liens, restrictions or adverse claims; and

(v) the date the transfer of the shares or units to the new registered owner of the shares or units was registered, the pledge of the registered pledgee was registered or of the statement, if it is a periodic or annual statement.

- **System Password** means a confidential and protected string of characters that identifies or authenticates a person and permits said person to gain access to the **Telephone System** or any portion thereof in order to perform security functions, system administration or maintenance functions.

- **Telephonic Communications** means instructions, messages, information or payments made over the telephone or by Voice over Internet Protocol (VoIP), or other forms of IP or broadband telephony.

- **Telephone System** means a private branch exchange, a third party hosted telephony service, voice mail processor, automated call-back attendant or a **Computer System** with a similar capacity.

- **Tested** means a method of authenticating the contents of a communication by utilizing:
 - (i) a valid test key, including but not limited to a digital signature, public key cryptography, asymmetric cryptography or other similar technologies or encryption methods, for the purpose of protecting the integrity of that communication; or
 - (ii) a Personal Identification Number (PIN); or
 - (iii) a call back procedure to an authorised person, other than the individual initiating the communication.

- **Theft** means robbery, burglary or hold-up, occurring with or without violence or the threat of violence.

- **Transportation Company** means any organization, which provides its own or leased vehicles for transportation or which provides freight forwarding or air express services.

- **Uncertificated Security** means a share, participation or other interest in property of or an enterprise of the issuer or an obligation of the issuer, which is:
 - (i) not represented by an instrument and the transfer of which is registered upon books maintained for that purpose by or on behalf of the issuer;
 - (ii) of a type commonly dealt in on securities exchanges or markets; and
 - (iii) each one of a class or series or by its terms divisible into a class or series of shares, participations, interests or obligations.

- **Verification and Reconstitution Costs** means costs, charges, fees, disbursements and expenses incurred and/or paid by the **Insured**, with the prior written approval by the **Insurer** (such approval not to be unreasonably delayed or withheld), for the verification or reconstitution or removal of:

(i) **Computer Programs or Electronic Data** which have been the subject of **Impairment**; or

(ii) **Malicious Code.**

- **Withdrawal Order** means a non-negotiable instrument, other than an **Instruction**, signed by a customer or client of the **Insured** or any shareholder of or subscriber to shares issued by any **Fund** authorizing the **Insured** to debit the customer's, client's, shareholder's or subscriber's account in the amount of funds stated therein.

ENDORSEMENT NO. 1 ATTACHING TO SECTION B ONLY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULE OF FUNDS ENDORSEMENT

This endorsement forms a part of Policy number B080120870P16 issued to THE FUNDS

In consideration of the premium charged for this Policy, it is hereby understood and agreed that Item 1 of the Declarations (Named Insured) shall include the following:

1. Aberdeen Chile Fund, Inc.
2. Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc. (formerly known as
3. Aberdeen Emerging Markets Telecommunications and Infrastructure Fund, Inc.)
4. Aberdeen Israel Fund, Inc.
5. Aberdeen Indonesia Fund, Inc.
6. Aberdeen Latin America Equity Fund, Inc.

All other terms, conditions and exclusions remain unchanged.

ABERDEEN CHILE FUND, INC.

SECRETARY S CERTIFICATE

The undersigned, Megan Kennedy, Secretary of Aberdeen Chile Fund, Inc. (the Fund or CH), hereby certifies that set forth below is a copy of the resolutions duly adopted by the Board of Directors of the Fund, along with the Boards of Directors of Aberdeen Indonesia Fund, Inc., Aberdeen Israel Fund, Inc., Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc. and Aberdeen Latin America Equity Fund, Inc. (collectively, the Funds) on June 14, 2016, and that said resolutions continue in full force and effect:

WHEREAS, the Boards of Directors, including all of the Directors of each Fund who are not interested persons of the Fund (as that term is defined by Rule 2(a)(19) under the 1940 Act) (Independent Directors), of each Fund has determined that the Fund should obtain fidelity bond coverage in an amount sufficient to cover the minimum legal requirements pertinent to the Fund as required by the 1940 Act; and

WHEREAS, the Boards of Directors of the Funds, in making such determination, have considered various factors including, but not limited to, the nature of the entity writing the fidelity bond coverage, the amount of the bond and premium; and

WHEREAS, the Boards of Directors of the Funds have authorized the officers of the Funds to procure a joint fidelity bond with other Aberdeen-advised funds on substantially the same terms as the existing joint fidelity bond with the Funds;

NOW, THEREFORE, BE IT RESOLVED, that the Boards of Directors of the Funds, including the Independent Directors, determined that the Joint Fidelity Bond written by Axis Specialty Europe SE covering, among others, officers and employees of the Fund, in accordance with the requirements of Rule 17g-1 promulgated by the U.S. Securities and Exchange Commission (SEC) under Section 17(g) of the 1940 Act, in the amount of \$2.55 million, plus such additional amounts as required for any new investment companies(or portfolios thereof) added to the Joint Fidelity Bond or as otherwise required by the 1940 Act, is reasonable in form and amount after having given due consideration to, among other things, the value of the aggregate assets of the Fund to which any person covered under the Joint Fidelity Bond may have access, the type and terms of the arrangements made for the custody and safekeeping of the Fund s assets, the nature of the securities in the Fund s portfolios, the number of other parties named as insured parties under the Joint Fidelity Bond, the nature of the business activities of the other parties; and it is further

RESOLVED, that the estimated premium to be paid by each Fund under the Joint Fidelity Bond be, and hereby is, ratified and approved by vote of a majority of the Boards of Directors of the Fund (all Directors voting) and separately by a majority of the Independent Directors of each Fund, after having given due consideration to, among other things,

the number of other parties insured under the Joint Fidelity Bond, the nature of business activities of those other parties, the amount of the Joint Fidelity Bond, the amount of the premium for the Joint Fidelity Bond, the ratable allocation of the premium among all parties names as insured, and the extent to which the share of the premium allocated to a Fund under the Joint Fidelity Bond is less than the premium that the Fund would have had to pay had it maintained a single insured bond; and it is further

RESOLVED, that the Joint Fidelity Bond be, and hereby is, ratified and approved by vote of

a majority of the Boards of Directors of the Fund (all Directors voting) and separately by the Independent Directors; and it is further

RESOLVED, that the officers of the Funds be, and each hereby is, authorized and directed to enter into an agreement, as required by paragraph (f) of Rule 17g-1 under the 1940 Act, with the other named insureds under the Joint Fidelity Bond providing that in the event any recovery is received under the Joint Fidelity Bond as a result of a loss sustained by the Fund and also by one or more of the other named insureds, the Fund shall receive an equitable and proportionate share of the recovery, but in no event less than the amount that they would have received had they provided and maintained a single insured bond with the minimum coverage required by paragraph (d)(1) of Rule 17g-1; and it is further

RESOLVED, that the appropriate officers of the Fund be, and they hereby are, authorized and directed to prepare, execute, and file such amendments and supplements to the aforesaid Agreement, and to take such other action as may be necessary or appropriate in order to conform to the provisions of the 1940 Act, and the rules and regulations thereunder; and it is further

RESOLVED, that the Secretary of the Fund shall file the Joint Fidelity Bond and any other information with the SEC, as required under paragraph (g) of Rule 17g-1.

IN WITNESS WHEREOF, I have hereunto signed my name this 1st day of July, 2016.

/s/ Megan Kennedy
Megan Kennedy
Secretary and Vice President

ABERDEEN CHILE FUND, INC.

ABERDEEN EMERGING MARKETS SMALLER COMPANY OPPORTUNITIES FUND, INC.

ABERDEEN ISRAEL FUND, INC.

ABERDEEN INDONESIA FUND, INC.

ABERDEEN LATIN AMERICA EQUITY FUND, INC.

AGREEMENT BY AND AMONG JOINTLY INSURED PARTIES

THIS AGREEMENT is made as of June 14, 2016, by and among Aberdeen Chile Fund, Inc., Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc., Aberdeen Israel Fund, Inc., Aberdeen Indonesia Fund, Inc. and Aberdeen Latin America Equity Fund, Inc. (each, a **Fund**) as authorized by each Fund's Board of Directors.

WHEREAS, each Fund is a registered investment company under the Investment Company Act of 1940 (the **Act**);

WHEREAS, each Fund is named as an insured party under a joint fidelity bond (the **Joint Fidelity Bond**);

WHEREAS, each Fund desires to establish criteria by which recoveries under the Joint Fidelity Bond shall be allocated among the Funds and in compliance with Rule 17g-1 under the Investment Company Act of 1940, as amended (the **Act**);

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. In the event that recovery is received under the Joint Fidelity Bond as a result of a loss sustained by one or more Funds, each Fund shall receive an equitable and proportionate share of the recovery, but at least equal to the amount it would have received had it provided and maintained a single insured bond with the minimum coverage required under Rule 17 g-1 under the Act.

2. The obligations of each Fund under this Agreement are not binding upon any of the Directors or Fund shareholders individually, but bind only the respective assets of each Fund.

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3. This Agreement is intended to cover all parties insured under the Joint Fidelity Bond. Any fund insured under the Joint Fidelity Bond that is not currently a party to this Agreement may be added to this Agreement by a written amendment.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by their officers thereunto duly authorized.

**ABERDEEN CHILE FUND, INC., ABERDEEN EMERGING MARKETS
SMALLER COMPANY OPPORTUNITIES FUND, INC., ABERDEEN
ISRAEL FUND, INC., ABERDEEN INDONESIA FUND, INC., AND
ABERDEEN LATIN AMERICA EQUITY FUND, INC.**

By: /s/ Megan Kennedy
Name: Megan Kennedy
Title: Vice President and Secretary
