



## Corporate and Other Account Opening Form

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Instructions:

1. The advisor should complete Section A.
2. The advisor *or* the client's authorized representative should complete Section B.
3. The authorized representative must read the attached Customer Agreement and sign Section C.
4. Please have your client's authorized representative send this form back to you, so you can make a copy.
5. You may want to ask your client's authorized representative to also send a signed check to fund this account.
6. Please send this signed two-page form (and the signed check) to:

**FOLIO *Institutional***  
**P.O. Box 3068**  
**Merrifield, Va.**  
**22116-3068**

7. If you need assistance, please call 1-888-485-3456, 24 hours a day, seven days a week.

A. Advisor Information		
Advisor's First Name	Middle Initial	Last Name
Advisor's Firm Name		

B. Account Owner Information	
Account Owner's Name	
<input type="checkbox"/> Social Security Number ___-___-____ <input type="checkbox"/> Tax ID No. __-_____-____	Name of Account

**C. Authorized Representative Signature**

**Account Authorization**

I have been authorized to open an account for the Account Owner specified in Section B of this application at FOLIO*fn*. I am authorized to open and control this account until an authorized representative of the Account Owner revokes my authorization.

The Account Owner is incorporated, organized, or formed under the laws of \_\_\_\_\_.  
(state)

On behalf of the Account Owner, I certify that:

The following resolutions are full, true, and correct copies of resolutions adopted by the Account Owner's board of directors, general partners, managing members, or other governing body of the Account Owner. The resolutions have not been changed and are currently in effect. The resolutions are permitted by the Account Owner's underlying charter, bylaws, partnership agreement, or other organizational documents. The resolutions do not violate any laws or regulations pertaining to the Account Owner. The Account Owner is properly organized and exists.

**Resolutions**

The authorized representative is authorized to open an account with FOLIO*fn*. The authorized representative and authorized investment advisor may:

Purchase, sell, and deal in any and all forms of securities and financial instruments of every kind or nature whatsoever. Deliver to FOLIO*fn* on behalf of the Account Owner any and all agreements, documents, contracts, and other writings that FOLIO*fn* may require.

FOLIO*fn* may rely on any certification provided by the authorized representative in connection with these resolutions until FOLIO*fn* receives written notice that the resolutions have been changed.

**PLEASE TURN TO THE NEXT PAGE TO COMPLETE SECTION C**

**C. Authorized Representative Signature (Continued)**

**Signature**

**I certify, under the penalty of perjury, that**

- 1. The tax identification number on this application is the Account Owner's true tax identification number.**
- 2. The Account Owner is not subject o backup withholding as a result of a failure to report all interest and dividends, or the Internal Revenue Service (IRS) has notified the Account Owner that it is no longer subject to backup withholding. The IRS does not require consent to any provision of this document other than the certifications required to avoid backup withholding.**
- 3. On behalf of the Account Owner, I have read, I understand, and I agree to the terms and conditions set forth in the attached Customer Agreement.**
- 4. The Account Owner agrees to resolve all disputes through arbitration and not the courts as required on the last page of the Customer Agreement. The Account Owner agrees that FOLIOfn does not recommend any securities or investments.**

**The Account Owner agrees to the terms and conditions of the Customer Agreement**

► \_\_\_\_\_ Date \_\_\_\_\_  
Signature: Authorized Representative



## **Customer Agreement**

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This customer agreement describes how we will handle your account and trades. It's a legal document that sets out our obligations to you and your obligations to us. It covers how we agree to address the most important issues that may arise between FOLIOfn Investments, Inc., your investment advisor and you.

Like an owner's manual, this agreement explains how key features of our service work. Reading it now will save you from misunderstandings and allow you to enjoy the full benefits of FOLIOfn.

By signing or typing your name to this agreement or authorizing your advisor to do so, you agree to this agreement as amended by us from time to time. By using our site or authorizing your advisor to do so, you agree to any online agreements that we post on our site, including any changes we make to these agreements (of which your advisor should inform you). You agree that these agreements are the legal equivalent of signed, written contracts, and equally binding.

When we use "you" and "your" in this agreement, we are referring to the FOLIOfn customer, which includes corporations, partnerships, investment clubs, and other entities. "We" refers to FOLIOfn. Your "advisor" refers to your financial advisor, with whom you have a separate agreement to manage and control your financial assets. The term "authorized person" refers to your advisor and any other person who is authorized by you to establish an account for you.

### **Certifications You Make in this Agreement**

When you agree to this Agreement, you certify that

- Your advisor has sole investment discretion and trading authority over your assets held at FOLIOfn, including: (i) the discretion to vote proxies, (ii) the authority to decide voluntary corporate actions, (iii) the authority to receive prospectuses, and (iv) the authority to receive trade confirmations.
- Your advisor is authorized to provide you with investment advice.
- Each authorized person is at least 18 years of age.
- Each authorized person is a permanent resident of the United States.
- Each authorized person is using a valid social security number.
- You have read, understand, and agree to all terms and conditions in this agreement.
- You have truthfully and fully completed all the items in signing up to use our services.
- You are signing up to use our system for investment purposes and not to disable or disrupt our operations.

## **Authorizations that You Make**

You authorize FOLIO*fn* to accept instructions from your advisor and to take all actions that are necessary or incidental to such instructions without obtaining your approval or counter-signature.

## **Indemnification**

You indemnify and hold harmless FOLIO*fn*, its affiliates, directors, officers, employees, and agents under this agreement from and against all claims, actions, costs and liabilities, including attorneys' fees, arising from or related to:

- any breach by you of any provision or representation of this agreement;
- the performance or non-performance, delivery or non-delivery of services by your advisor;
- any dispute between you and your advisor that does not directly result from FOLIO*fn*'s performance of brokerage services as set forth in this agreement; and
- any inaccurate information supplied to FOLIO*fn* by you or your advisor.

## **Verification of Information You Provide**

You agree that FOLIO*fn* Investments, Inc. has the right to verify the information you and your advisor provide in the sign-up application through consumer reporting agencies.

## **Services and Products Provided by FOLIO*fn*'s Affiliates and Others**

You understand that the FOLIO *Advisor* Web site allows you access to various financial products and services that are provided by affiliates of FOLIO*fn* or by companies that are independent of FOLIO*fn*.

These products and services may be governed by separate terms and conditions that are accessible through the Web pages of the companies that provide the products and services. When you agree to this Agreement, you are also agreeing to the terms and conditions that govern the products and services offered by our affiliates and these independent companies. Our affiliates and the independent companies can enforce their terms and conditions, relying upon your acceptance of this Agreement to do so.

## **No Guarantee on Accuracy of Data Services**

You understand that FOLIO*fn* is not responsible for the accuracy or your use of any information we receive from outside data services. We do not make any warranty for this type of data.

## **Security of Your Information**

You understand that FOLIO*fn* uses Secure Socket Layer technology to protect and encrypt the transmission of information from and to you and your advisor. You also understand that FOLIO*fn* strongly suggests that you use a browser with 128-bit encryption to secure your information.

However, should someone intercept a transmission of your information, you agree that you will not hold FOLIO*fn*, their affiliates, independent companies, or others who provide services and products through our Web site, liable for any type of damages. This includes any liabilities or damages resulting from viruses that may infect your computer.

### **Access to the FOLIO Advisor Web site**

To the extent that you have access to the FOLIO Advisor Web site, you agree that you will not disclose your user name or password to any other person. You will notify FOLIO*fn* immediately if your user name or password is compromised or lost.

### **Opening Your Account**

When you open an account with us, you agree

- to provide truthful and accurate information, and to keep it current,
- to allow us to get credit reports and verify information you provide in your account application,
- to pay your FOLIO*fn* fees and to pay any amount owed on your account,
- to settle all transactions in U.S. dollars drawn on a U.S. financial institution, and
- to allow us to debit your account for all fees payable to your advisor.

If we approve your account application, FOLIO*fn* will open an account for you. The access that you will be given to your FOLIO*fn* account will be determined by your advisor based on his or her agreement with you.

### **FOLIO*fn* does not give you investment, tax, or legal advice**

You understand that FOLIO*fn* will not give you any advice or recommendations about whether a security or investment is appropriate or suitable for you. The decision to buy, sell, or hold any investment rests solely with your advisor or with you if your advisor allows you to play a role in such decisions.

By making information available to you on our Web site, we are not recommending or advising you or your advisor to invest in any particular folio, security, or to use any investment strategy. Information on our Web site is not personalized to fit your or your advisor's needs. It is not tailored to reflect your own financial circumstances or investment objectives, so the securities or investment strategies discussed on our site might not be suitable for you.

FOLIO*fn* does not review your financial situation or tolerance for risk. Although we may provide tools that assist you or your advisor in assessing your own tolerance for risk, we do not determine if the tools we provide to select folios or investments will result in suitable or profitable investments for you.

All investments entail risks, and you and your advisor are responsible for determining whether you can afford the risks of using our tools.

While we provide you with tools and ways to help you and your advisor manage your investments and taxes, we do not give you investment, tax, or legal advice. If you wish to have such advice, you will need to consult your advisor or your other investment, tax, or legal advisors. You agree that we do not provide such advice, and that your advisor (and, to the extent that your advisor allows you to play a role in such decisions, you) make all decisions about investing and trading in your account.

### **All documents delivered electronically, no paper**

Our opening and maintaining this account is conditioned on your agreement to receive all notices, documents, and other information related to your account and investments electronically. This may be done through an online posting on our Web site, email, CD-Rom, Adobe Acrobat's portable document format (PDF), hypertext mark-up language (HTML), or other electronic media to which you consent. Your consent to electronic delivery extends to all information required to be provided by us, the issuers of the securities in which you invest, and other third parties. This means you will receive email notices that your account statements, confirmations, tax documents (which may include Form 1099B - Proceeds from Broker and Barter Exchange, Form 1099DIV - Dividends and Distributions Form 1099INT - Interest Income and Form 1099MISC - Miscellaneous Income), prospectuses, annual reports, proxies, margin and maintenance calls, and all other information are available for viewing or printing from your filing cabinet on our Web site.

You agree that when we send these email notices to you that they constitute delivery to you of the information mentioned in the email even if you do not actually access the information on our Web site.

You may revoke this consent to electronic delivery at any time by providing written notice to us. However, since we have priced our services based on the considerable savings of electronic delivery, we reserve the right to terminate your account or charge you an extra fee if you ask for paper documents.

You agree to keep a working email address and will update your account information immediately if your email address changes. You acknowledge that you may incur costs (such as online service provider charges or printing costs) associated with the electronic delivery of information to you. To view PDF files you will need to download the Adobe Acrobat Reader, which is provided for free.

**By not providing FOLIO*fn* with your email address upon opening your accounts at FOLIO*fn*, you are agreeing to waive the receipt of trade confirmations. FOLIO*fn* will deliver trade confirmations only to your advisor. FOLIO*fn* will mail you monthly account statements. In such event, you agree that when we send these notices to you by mail, they constitute delivery to you of the information contained in them. FOLIO*fn* reserves the right to charge a fee to cover its expenses in providing such statements.**

### **All orders must be placed through our Web site; Alternatives may not be available**

All trading orders must be placed through our Web site with very few exceptions. FOLIO*fn* offers you a unique way to invest through Folios. One trading alternative allows you to place an order to buy or sell a specific dollar amount across all the stocks in your Folio. According to your preferences, the total dollar amount of your order is allocated among the stocks in your Folio, buying or selling fractional shares as necessary.

Trading or modifying Folios in dollar amounts rather than share amounts results in complex computations, and orders may affect all stocks in a Folio at once. Our Customer Service Representatives can assist your advisor in entering an order online, but they cannot accept most Folio orders over the phone on a routine basis.

If emergencies arise, they will be able to expand the types of trades they can take over the phone, but they will not be able to take every order that your advisor could place on our site when it is operational.

If your advisor places an order over the phone, you may be charged additional fees because of the additional costs of processing these orders. Please consult our FOLIO*fn* Fees page to read in detail about the orders we can take over the phone and the charges for those orders.

### **Customer Support**

You may call your advisor (and not FOLIO*fn*) if you have any questions or concerns about your account or any transactions. Your advisor may in turn call FOLIO*fn* at a special advisor-support phone number if assistance is needed.

### **Risks of limiting trades to our Web site**

You should consult with your advisor in considering carefully if you can afford or want to take on the risks of limiting your method of placing orders to our Web site. If you or your advisor cannot access our Web site or our Web site is not functioning, you or your advisor may not be able to place Folio orders through other means. You agree that you assume responsibility for all losses that arise if your orders cannot be placed on or through our Web site.



### **Risks of online investing**

While we have put tremendous resources into building and testing our computer systems, computer glitches, slowdowns, and crashes will occur.

We will also need to restrict access to some parts of our site or our entire site to perform routine maintenance. We will try to schedule our maintenance during the middle of the night.

While it is FOLIO*fn*'s intention that our Web site will be available seven days a week, you understand that FOLIO*fn* does not guarantee that you and your advisor will always be able to access our Web site to place orders or that your orders will always be executed. Computer problems can arise on your end, our end, or anywhere in between: your or your advisor's computer may break down; the telephone line between your or your advisor's computer and your or your advisor's Internet service provider may not work properly; your or your advisor's Internet service provider may go down; or our computers and the computers we link to may be unavailable due to unforeseen system outages.

When trading volumes soar on our nation's stock markets and many investors want to buy or sell at the same time, lines form and orders cannot be filled as quickly as you'd like.

You agree that FOLIO*fn* is not responsible for any losses or liabilities that may occur as a result of high trading volume, market volatility, computer, telecommunications, or Internet failures regardless of the cause.

### **Extraordinary events**

You agree that FOLIO*fn* is not liable for any losses caused directly or indirectly by extraordinary events or conditions beyond our control. Such events include, but are not limited to, government actions, exchange or market rulings, and suspensions of trading.

### **Keep your account information secure**

You understand that you are responsible for securing the confidentiality and use of your user name, password, and other methods of securing access to your account(s). You will be solely responsible for all transactions that are sent electronically using your user name, password, and other security measures. While FOLIO*fn* has taken reasonable measures to keep your information secure, we are not liable if your data and communications are intercepted.

### **Consent to recording your telephone conversations**

You consent to having your and your advisor's conversations with us recorded.

### **No guarantee on accuracy of third party information**

You understand that FOLIO*fn* is not responsible for the accuracy or your use of any information we receive from third parties. While we use companies we believe to be reliable, we have not verified and do not make any warranty for information provided by third parties.

Our Web site contains links to other Web sites. We provide these links for the convenience of our customers and their advisors, however, FOLIO*fn* has no control over these other sites. Therefore, FOLIO*fn* is in no way responsible for and in no way approves, endorses, or guarantees the accuracy, reliability, or completeness of any data or information provided in any hyperlinked Web page or Web site.

### **Handling your Trades: Window vs. Direct**

Before you can purchase a security, you must have available cash or money market funds to cover your purchase in your account.

You have two options for executing your orders, either through a "window trade" or a "direct trade."

### **Window Trades**

We currently conduct two window trades a day when the market is open. The first window closes at 10:15 AM Eastern Time (ET). The second window closes at 2:45 PM (ET). For example, the window for orders entered after 2:45 PM on Friday will close at 10:15 AM the next trading day. Normally, this will be Monday unless it is a holiday and the markets are closed, then the window will close on Tuesday morning.

In a window trade, orders are submitted throughout the day that we hold and fill after our trading window closes. When the window closes, we match buyers and sellers. If we have a successful match between orders (full or partial), we will fill your order internally between the price to buy and sell, otherwise known as the bid/ask price spread. In some cases, we will not be able to match your orders. In this case, we will either forward them to market makers for execution, or, for odd lots, we may execute unmatched orders using our own inventory of securities.

### **Example**

**8:00 AM Eastern Time (ET)** An order is placed to buy \$1000 of a Folio.

**10:15 AM (ET)** The trading window closes.

**After 10:15 AM (ET)** We match 15 stocks in your buy order against sell orders by other FOLIO*fn* customers, giving you an advantageous price between the bid/ask spread. We will either forward the remaining 35 buy orders to market makers for execution, or, for odd lots, we may execute unmatched orders using our own inventory of securities.

We cannot guarantee that every window trade will take place on time or occur at all. There may be times when window trades are delayed or are cancelled because of computer failures or events affecting the markets.

### **Window Trades Limited**

You can only trade a limited universe of stocks, nearly 3,500 securities, through a window trade. FOLIO*fn* keeps a list of these securities, window stocks, on our Web site. Only one order per Folio can be placed in any given window.

### **Example**

If you have three Folios, A, B, and C, your advisor can place one order for each Folio in one window. Your advisor cannot place two orders for Folio A in one window.

We choose window stocks based on a combination of the stock's market capitalization and trading volume. We also restrict window stocks to those stocks that are traded on an exchange (AMEX or NYSE) or are Nasdaq National Market or Nasdaq Small Cap stocks. Our list of window stocks will change over time. We may drop a stock from our list for a variety of reasons. For instance, a stock may be delisted from an exchange or no longer be actively traded. If we drop a stock from our list, we will try to notify your advisor in advance so your advisor will be able to sell the stock through a window trade if she desires to do so. Once a window stock is dropped from the list, it may not be traded through a window trade, but may be traded through a direct trade.

### **Cancel Order Limit**

You understand that orders placed in a window are matched for the best possible execution twice each day. Since the price may change between the time a window trade is placed and the time the window closes, FOLIO*fn* provides your advisor with a Cancel Order Limit feature. This feature makes it possible to set a price limit that will cause your order to be automatically cancelled if the limit is reached. We have set the limit at 5%, but your advisor can change it.

The Cancel Order Limit applies to total price changes for all the stocks in the Folio. It does not apply to the price change of an individual stock in the Folio. If your advisor wants to change the limit or take it off, she can do so when you open an account or from the Account Settings page. Your advisor can also change the Cancel Order Limit from the page where trades are placed, but changes made there will only apply to that trade.

The Cancel Order Limit can help your advisor protect you from selling at a price much lower than intended, or buying at a price much higher than intended. If the price movement is greater than the limit your advisor sets (the default is 5%), the order is canceled. The FOLIO*fn* system should not be used by you or your advisor for market

timing, and the Cancel Order Limit should not be used to support an active trading strategy.

### **Direct Trades Cost Extra**

Although your advisor can trade as few as one security in a Folio through a window trade, it may not be desirable to wait for a window to trade a security. For your convenience, we have provided a second option, a "direct trade," so that your advisor can send an order immediately to a market for execution as traditional online brokerage firms do. These direct trades must be in whole shares; fractional shares or dollar-based orders will not be accepted.

In addition to the nearly 3,500 securities that your advisor can trade through a window, there is a larger group that you can hold in your account. This larger group of stocks includes those that are traded on a domestic exchange or are designated as Nasdaq National Market stocks or Nasdaq Small Cap stocks. If these securities are not among those that can be traded through a window, your advisor can only buy or sell them for you through our direct trade feature. FOLIO*fn* does not internally match direct trades. All direct trades are treated as market orders. You will pay a commission on each stock your advisor buys or sells for you through a direct trade.

### **We may receive payments for your orders**

Using a computerized system, FOLIO*fn* routes some customer orders to a particular broker/dealer or market center based on the exchange or market in which the security is traded. When we do this, we may receive payment for order flow, a standard industry practice where brokerage firms receive a small per-share rebate on orders routed to certain market makers or specialists for execution. FOLIO*fn* monitors such executions regularly to ensure that all orders are executed at prices equal to or better than the displayed national best bid/offer price. We will provide you or your advisor with information about the source and amount of compensation for any order placed for you if your advisor makes a request in writing.

### **Selecting markets for your orders**

We may select the broker/dealer or market where we send your orders. Your advisor will not have the ability to direct your trades to a specific market for execution.

### **Reinvestment of dividends**

Your advisor may choose to have your cash dividends of \$1 or more automatically reinvested in the stocks that paid them. Cash dividends of less than \$1 will be put in your

Cash and Money Funds. In the future, we may change the amount of cash dividends that can be automatically reinvested.

### **Partial shares**

Your advisor may not be able to transfer partial shares out of your FOLIO*fn* account. If you want to transfer the securities in your account to another brokerage firm and the receiving firm does not accept partial shares, we will transfer your whole shares. Partial shares will be sold in the next window after we receive your complete transfer instructions. The money from these sales will be deposited in your account and transferred according to the transfer instructions.

### **Taxes and Tax Lot Methods**

In general, you will owe tax on any stock you sell for a profit after subtracting brokerage fees. The FOLIO*fn* monthly fee is not a brokerage fee, and is not deductible from the sale of individual stocks. But fees for direct trades can be deducted from the proceeds. If you sell stock for a loss, you may be able to deduct the loss and lower your taxes.

We give your advisor eight choices for controlling your taxes:

**First In - First Out**

**Last In - First Out**

**Minimize Gain or Maximize Loss**

**Maximize Gain or Minimize Loss**

**Minimize Long-Term Gain**

**Minimize Short-Term Gain**

**Maximize Long-Term Gain**

**Maximize Short-Term Gain**

When your advisor opens an account for you, we automatically select a choice that applies universally to all your sell orders, "Minimize Gain or Maximize Loss." Your advisor can change this setting when opening an account or by clicking on the "Account Settings" tab. The change you make in "Account Settings" will apply universally, every time shares are sold for your account.

### **Money Market Fund**

Your advisor may invest the available cash in your FOLIO*fn* account in one of three money market funds: Cortland Trust's Corporate Fund, Municipal Fund, or U.S. Government Fund. Your advisor will select one of these funds to hold your available cash and you will be provided access to the prospectus that describes the fund's operation and costs on our Web site. FOLIO*fn* may change the selection of available funds we use with prior notice to our customers and shares of your existing money market fund may be converted to the new money market fund unless your advisor instructs us otherwise.

You recognize that a money market fund is not insured or guaranteed by the U.S. Government, and that a money market's \$1.00 share price may not always hold.

Since your monthly account statement will detail activity in your money market fund, you agree that you will not receive a confirmation for transactions in your fund.

Any available cash in your account will be automatically invested in your money market fund once a day. FOLIO*fn* will redeem sufficient shares from your money market fund to pay for security purchases in your FOLIO*fn* account on settlement date. Your advisor cannot enter a purchase order unless there are sufficient funds in your account (cash or money market funds) to cover the amount of the purchase.

### **Managing transactions in your FOLIO*fn* accounts**

When your buy order is executed, the amount of the purchase will be held in your money market account and earmarked to pay for the purchase. Although you will not be able to use this cash, it will earn interest until it is transferred out of your fund to settle your purchase. Most trades settle in three business days from the purchase date.

When your advisor sells an investment, your money will usually arrive at FOLIO*fn* in three business days. As soon as we receive your money, we will promptly place it in your money market fund, generally the following morning.

If you send us a check, we will promptly deposit it into your account. These funds will be invested in your money market fund, generally the second business day. While your advisor will be able to make an investment, it will not be possible to withdraw the money from your money market account until your check clears, which may take up to ten business days. Foreign checks could take up to 20 days to clear.

We will deduct from your account balance FOLIO*fn* fees, your advisor's fees, and any other outstanding liabilities, such as overdrafts or debits resulting from activities in your FOLIO*fn* accounts. FOLIO*fn* will deduct these fees from any existing cash balances in your account. If there is insufficient cash in your account, then FOLIO*fn* will redeem sufficient shares from your money market fund to cover the balance owed. If there are insufficient funds in your money market account to cover the fees, FOLIO*fn* will create a debit in your account. We will require prompt payment of the amount owed within 60 days for cash accounts. We will charge interest on the unpaid balance at the margin rate listed below. At the end of 60 days if the debit has not been paid, FOLIO*fn* will liquidate enough of the holdings in your account to pay the amount owed. This will be done without consideration of any tax consequences the sell order may cause.

You pledge all assets in your account(s) as collateral to secure your indebtedness to us and that these assets and accounts will be subject to a general lien in our favor. All assets now or in the future held in your account may be pledged or otherwise used as collateral to secure the amount(s) owed to FOLIO*fn*.

## **Check Writing**

You understand that the use of your checking account is governed by the rules of the bank that provides check writing services for us, the Uniform Commercial Code, and federal and state laws. You will pay fees for the expenses of running the account, including fees for ordering checks, bouncing checks, stop payment requests, and dishonored checks that are deposited to your account. Please see FOLIO*fn* Fees on our Web site for the current list of charges.

## **Transferring Funds Electronically**

### **Bank wires**

The Federal Reserve Board processes bank wires. They are normally completed on the business day following your request.

### **Electronic Fund Transfers through ACH**

The Automated Clearing House, ACH, processes electronic fund transfers. To use this service, your bank must be an ACH member, and one common name must appear on both your FOLIO*fn* account and your bank account.

### **Account statements and confirmations**

#### **Report errors immediately**

If your advisor has given us a correct email address, you will receive an email periodically, but not less than quarterly, that your account statement is available for viewing or printing from our Web site. These statements will detail all activity recorded in your account. You and your advisor will also receive an email that a trade confirmation is available for viewing or printing from our Web site the business day following the date of activity. You are strongly encouraged to review these documents promptly. We will conclude that all information is correct unless you contact us promptly about any errors.

### **Laws and Regulations Apply**

All transactions executed through FOLIO*fn* are subject to the constitution, rules, regulations, customs, and methods of doing business at the exchange, market, or clearinghouse or agency that processes transactions.

Various federal and state laws and regulations may apply to transactions in your account. These laws and regulations may place restrictions on your ability to freely trade some securities if you own "restricted" or "control" securities, or if an insider trading policy applies to you. You agree to comply with all relevant legal requirements and only to effect transactions through FOLIO*fn* that are legally permissible.

## **Joint Account Issues**

If this is a joint account, you understand that any account holder may exercise complete control over the account as if the account were held by only one person. For example, any joint account holder may buy, sell, modify, receive money and account documents, and make agreements relating to the account.

We will follow the instructions of any joint account holder, even if one account holder asks us to deliver all funds to him or her. We will not inquire about the appropriateness of a request unless we receive a written notice. However, we may impose a requirement that all account holders agree to a request if we believe it is necessary.

We may seek payment of any and all fees or charges due from the account against one or more of the account holders individually.

## **Margin Accounts**

These provisions will apply if you or your Advisor decides to use margin.

### **General Margin Provisions**

A margin account enables us to extend credit to purchase "marginable securities," as defined by the Federal Reserve Board, and approved by FOLIO*fn*.

The Federal Equal Credit Opportunity Act prohibits us (as a creditor) from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided the applicant has the capacity to enter into a binding contract).

All margin accounts are subject to the approval of FOLIO*fn*. You acknowledge and understand that when you trade on margin, you are borrowing from FOLIO*fn*. You agree to promptly satisfy all margin and maintenance calls.

You agree to maintain, at all times, an amount of securities and/or cash great enough to satisfy all requirements of the Federal Reserve Board and of FOLIO*fn*.

You acknowledge that margin transactions are riskier and can involve greater loss than cash transactions. You understand that your financial exposure could exceed the value of your securities. You should consult with your advisor and carefully examine your financial resources, investment objectives, and tolerance for risk to determine if a margin account is right for you.

You agree to read and be bound by these provisions and to contact your advisor before opening an account if you do not understand these provisions.

Any transaction conducted under these margin agreement shall be subject to the, rules, regulations, rulings, and interpretations of the National Association of Securities Dealers,



Inc. and of any market and its clearing house, and to all rules and regulations resulting from governmental acts and statutes as applicable.

By agreeing to these provisions, holders of margin accounts acknowledge that some of their securities may be lent to FOLIO*fn* as principal or lent out to others and you may lose the ability to vote those securities.

## **Margin Requirements**

Regulation T and House Credit Limits - Regulation T of the Federal Reserve System governs the amount of credit and the conditions under which credit is extended to customers. FOLIO*fn*'s requirements are equal to or more restrictive than regulatory requirements.

FOLIO*fn* Margin Requirements - All margin accounts are subject to the following requirements:

- minimum equity in a margin account is \$10,000,
- initial margin of 50 percent of the current market value of the securities, and
- maintenance margin of 35 percent of the current market value of most securities (maintenance margin may be higher for highly volatile securities or for accounts that are highly concentrated).

The minimum amount to open a margin account may consist of cash, marginable securities, or a combination of cash and marginable securities. You agree to maintain such margins as FOLIO*fn* may require from time to time and to pay on demand any debit balance owed on any of your accounts. You agree to be charged interest on any credit extended to or maintained for you for the purpose of purchasing, carrying, or trading in any security.

## **Collateral, Liquidations and Covering Positions**

You may be required to deposit additional collateral, in the form of cash or marginable securities, and we may liquidate positions in your account for any reason including, but not limited to, the following reasons:

- a decline in the market value of the securities in the margin account,
- extreme market volatility or trading volumes,
- changes in the marginability or negotiability of your securities,
- your failure to promptly meet any call for additional collateral,
- a large concentration in a volatile or illiquid security,
- your intention not to meet a call for additional collateral,
- filing of a petition in bankruptcy by you or against you,
- the appointment of a receiver is filed by or against you,
- an attachment is levied against any of your accounts or any account in which you have an interest,

- your death or incapacity,
- Our ability to borrow the securities you are required to deliver changes adversely, and
- orders of any stock exchange/market or regulatory body.

In any such event, FOLIO*fn*, without prior notice or demand may:

- sell any and all securities and/or other property in your account(s) whether carried individually or jointly with others,
- buy to cover any and all securities and/or other property which may be short in such account(s), and
- cancel any open orders.

Any such sales or purchases may be made at our sole discretion on any exchange or other market where such business is usually conducted or a public auction or private sale. FOLIO*fn* may be the purchaser or seller for its own account. You will be liable for any deficiencies in such account in the event of liquidation, whole or in part, by you or FOLIO*fn*.

### **Interest Rate**

The annual rate of interest you will be charged on margin loans may vary from a minimum of 0.5% above FOLIO*fn*'s base rate to a maximum of 1.75% above FOLIO*fn*'s base rate, depending upon the amount of your average debit balance.

<b>Average Debit Balance</b>	<b>Interest to be Charged Above Base Rate</b>
\$0-\$49,999	+1.75%
\$50,000-\$99,999	+0.75%
\$100,000+	+0.5%

FOLIO*fn*'s base rate is established with reference to commercially recognized interest rates, industry conditions regarding the extension of margin credit, and general credit conditions. The annual rate of interest is subject to change without prior written notice in accordance with changes in the base rate. Interest is computed monthly on the average debit balance during the month. Settlement date debit balances and free credit balances in the cash account will be applied to the margin account balance if the margin account has a debit balance. A cash account settlement date debit balance will increase the amount of margin to be charged. A cash account free credit balance will reduce the amount of margin interest to be charged. If, during the month, there is a change in interest rates, separate charges will be shown on your statement for each interest period under the different rate.

Your rate of interest may be changed without notice in accordance with changes in the base rate and your average debit balance. When your interest rate is to be increased for

any other reason, you will be given at least 30 days written notice. Your monthly statement will show the dollar amount of interest and the interest rate charged to your account. FOLIO*fn* uses a calendar month basis to calculate interest from the second business day before the end of the prior month through the third business day before the end of the current month.

### **Disclosure of Credit Terms on Margin Transactions**

Securities and Exchange Commission Rule 10b-16 requires a broker who extends credit to a customer in connection with any securities transaction to furnish the customer specified information describing the terms, conditions, and methods by which interest charges are made to customers' accounts. This information is being provided to you in conformity with that rule.

Interest will be charged on all accounts for any credit extended to or maintained for you for the purpose of purchasing, carrying, or trading in securities or otherwise.

### **Margin Account Restrictions**

If your account is restricted for any reason, your advisor will not be able to execute any order until the restriction has been lifted, or until sufficient cash is in the account for purchases and securities are in the account in the case of sales.

### **Custodial Accounts for Minors**

FOLIO*fn* will maintain custodial accounts for minors under the Uniform Gift to Minors Act or the Uniform Transfer to Minors Act. If this is a custodial account, you understand that the assets in the account belong to the minor. If you transfer assets out of the account, you understand that they must be used for the benefit of the minor.

### **Closing Accounts**

You, your advisor or FOLIO*fn* may close your account at any time. This customer agreement will remain binding until FOLIO*fn* acknowledges in writing that it is no longer binding. You will remain responsible for all charges, debts, or other transactions if they arise before or after your account is closed.

FOLIO*fn* reserves the right to charge a service fee or close any account that fails to maintain minimum balances. We will notify you of any actions or charges we take against your account or charges.

### **Modifying this agreement**

We can amend this agreement and the terms and conditions of your use of our online services by notice to you. Your advisor should notify you of any such changes and further conduct of any business through our Web site after notice of such amendments will

constitute your agreement to the amendments. If a provision of this agreement is or becomes inconsistent with any law or regulation, the provision in question will be amended to conform to the law or regulation, and all other provisions will remain binding.

The internal laws of the Commonwealth of Virginia, without regard to its choice of law provisions, shall govern this agreement and its enforcement.

This agreement shall cover all accounts opened by you. Its terms and conditions shall apply to your successors and anyone you assign it to, and to FOLIO*fn*'s successors and anyone we assign it to.

## **Arbitration**

### **Pre-dispute Arbitration Agreement**

**You agree that all controversies between us will be settled through arbitration as provided for by the National Association of Securities Dealers, Inc.**

**You understand the following:**

- 1. Arbitration is final and binding on the parties.**
- 2. The parties are waiving their right to seek remedies in court, including the right to jury trial.**
- 3. Pre-arbitration discovery is generally more limited than and different from court proceedings.**
- 4. The arbitrators' award is not required to include factual findings or legal reasoning, and any party's right to appeal or to seek modification of rulings by the arbitrators is strictly limited.**
- 5. The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.**

**You understand that we must use arbitration to decide and settle all controversies arising between us about any issue related to your account or this customer agreement. Any judgment resulting from an arbitration may be entered in any court of competent jurisdiction.**

**You cannot bring a putative or certified class action to arbitration. You cannot seek to enforce a pre-dispute arbitration agreement against**

- 1) any person who has initiated a putative class action in court, or**
- 2) a member of a putative class unless the person has opted out of the class with respect to all claims.**

**You can seek to enforce a pre-dispute arbitration agreement against those mentioned in items 1 and 2 in the immediate preceding paragraph when**

- a) the class certification is denied, or**

- b) the class is decertified, or**
- c) the customer is excluded from the class by the court.**

**You will not have waived your rights to enforce an arbitration agreement by complying with this agreement concerning class actions.**