



# Guide to Saturna Brokerage Services



Established 1986  
Member FINRA/SIPC

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## Investment Advice

*Your Saturna Brokerage account is not an advisory account. Saturna Brokerage Services does not provide investment advice. Our interests as brokers may not always be the same as yours. Please ask us questions to make sure you understand your rights and our obligations to you, including the extent of our obligations to disclose conflicts of interest and to provide you with the service you expect. We are paid both by you and, sometimes, by people who compensate us based on your investment choices. The commissions we charge to customers may vary by type of service and customer. Therefore, our brokerage profits, and indirectly our salespersons' compensation, may vary by product and over time.*

*Saturna Capital Corporation, parent of Saturna Brokerage, provides investment advice to customers only under specific contracts. Various arrangements are available, including separately managed accounts (generally \$1 million minimum) and no-load mutual funds (\$250 or \$1,000 initial minimums). Responsibilities to clients of investment advisers are generally higher than to customers of brokers, including the obligation to always put client interests before ours. Saturna investment advisory clients pay fees based on assets, and in some cases performance – but they generally do not pay brokerage commissions. Please ask your Saturna representative for more information on the difference between brokerage accounts and advisory accounts. Saturna Capital's free Investment Counsel brochure provides further details.*

# Welcome

## to Saturna Brokerage Services

We're pleased to provide you with this guide to managing your investments through Saturna Brokerage Services. You'll find inside:

- Saturna Brokerage Services' commission and fee schedule
- Information on our business policies, trade settlement schedules, and sale proceeds availability
- Information on various ways of investing and obtaining account information
- A Saturna Brokerage Services account application and agreement

As a Saturna Brokerage customer, you always have the choice of how to manage your brokerage account: through one of our trained account representatives or through our online trading center. Whichever method you choose, you'll enjoy the same high-quality service, value and convenience you've come to depend on from Saturna.

Saturna Brokerage Services is a discount securities brokerage founded in 1986. We serve both knowledgeable investors and professionally managed trading accounts. We execute orders on an agency basis. We do not maintain an inventory to fill trades, buying securities and hoping to mark them up and sell them to customers.

We are a wholly-owned subsidiary of Saturna Capital Corporation, an independent investment adviser. Our brokerage employees are salaried employees of Saturna Capital, and receive no commissions.

## Discount Commission Schedule

Once you have established your account, you may place orders either online with saturna.com/sbs at anytime, or by telephone any business day between 6 a.m. and 5 p.m., Pacific Time. Please keep in mind that any order placed during hours when the market is closed will be executed at the next market opening.

Security Type	Investment Channel	Commission
<b>Stocks</b>	Online	2½¢ per Share, plus the Price of a Single Share Maximum: 25¢ per share; Minimum: \$27.50 per trade. Stocks under \$1 per share: Max of \$27.50 plus 2% of trade value
	Broker-Assisted	3½¢ per Share, plus the Price of a Single Share Maximum: 25¢ per share; Minimum: \$39 per trade. Stocks under \$1 per share: Max of \$39 plus 2% of trade value
<b>Options<sup>1</sup></b> <i>Sufficient assets are required in your account before you place an order.</i>	Online & Broker-Assisted	\$37 plus \$2 per contract
<b>Bonds</b>	Broker-Assisted Only	\$39; plus lesser of \$2 per \$1,000 of face value or 1% of trade value  (U.S. Treasury Securities are a flat \$49.) Bonds are traded on an agency basis, with no markup or mark down included in the price.
<b>Mutual Funds</b>	Broker-Assisted Only	\$59 for unaffiliated NO-LOAD funds, reduced to \$25 for subsequent NO-LOAD fund purchases of less than \$1000.  All funds not available. For funds with sales charges or loads, commissions will be charged as described in the fund prospectus.

<sup>1</sup> Before placing an option trade, please request and carefully read the free booklet, "Characteristics and Risks of Standardized Options," from any Saturna Representative, including Rochelle Wolber, Manager of Brokerage Operations, ext. 101, or our Senior Registered Options Principal: Christopher Lang, International Accounting Manager, ext. 210, 1300 N. State St., Bellingham, WA 98225, (800) SATURNA.

### Additional Services Fee Schedule

Trade postage and handling	No extra charge
Bank cash transfers via ACH	No extra charge
Transfer and ship securities	\$15 per certificate
Legal transfer of securities	\$15 per certificate
Late Reorganization	\$25 per certificate
Outgoing bank wire (Domestic)	\$25
Outgoing bank wire (Foreign)	\$40
Restricted Stock Processing	\$150 <sup>2</sup>
Account transfer out	\$35
Reg T late payment extension	\$15 per extension

<sup>2</sup> For removal of restricted legend. Does not include commission for each individual trade.

## Understanding Your Brokerage Account

*Before you begin your investment activities, please take a moment to understand how your brokerage account works. This section contains the basic information you need.*

**A separate account.** Brokerage assets are held in an account with Saturna Brokerage Services, through our clearing agent, National Financial Services LLC (New York & Boston). Saturna Capital affiliated mutual fund asset records are maintained directly by the transfer agent (Saturna Capital) in Bellingham. Accounts holding both brokerage assets and affiliated mutual funds are linked through a common registration (name & address information).

**The money market link.** Your Saturna Brokerage account is linked to your designated core money market settlement (sweep) account. This connection allows a convenient way to hold assets until you are ready to reinvest. Accounts wishing to avoid interest bearing instruments may opt to hold cash rather than invest in a money market fund.

**Option accounts.** Option trading offers experienced investors additional possibilities to earn extra income or capture the movement of the entire market. Options are versatile, and can be as conservative or speculative as your investing strategy dictates. Please ask for the free booklet, "Characteristics and Risks of Standardized Options," which outlines the purposes and risks of option transactions. Options trading is not suitable for all investors as the special risks inherent to options trading may expose investors to potentially rapid and substantial losses.

**Margin accounts.** Margin accounts provide experienced investors who wish to borrow against the value of their securities, sell short, or hedge, the opportunity to earn extra income or capture the movement of the market. Margin accounts are subject to interest on outstanding balances. Please see the Margin Account Agreement for details.

**Investment pricing.** Market orders are executed promptly at the best available market price. Limit orders allow you to set conditions for the execution of your orders. Mutual fund orders are priced at the next available net asset value.

**Trade settlement.** Stock settlements occur on the third business day after the trade date. Settlement for other types of security trades varies (see chart on next page).

**Availability of cash proceeds.** Cash proceeds from stock sales are available on the third business day after the trade date. This availability varies for sales involving other security types. Also, brokers and mutual funds may delay the availability of sale proceeds for a variety of reasons. For example, the security being sold isn't held in the seller's account or the security isn't in good order. The chart on the next page lists various security types, their normal settlement schedule, and the date when sale proceeds are usually swept to your money market fund settlement account.

*Additional forms are necessary for retirement, option and margin accounts, and extra information may be required before certain types of trading can be authorized. Please contact a representative to ask for details.*

## Trade Settlement and Cash Proceeds

Security Type	Settlement	Availability of Proceeds
Domestic stocks and corporate and municipal bonds	Third business day	Third business day
Listed options	First business day	First business day
Treasuries on the secondary market	First business day	Second business day
Certificates of deposit on the secondary market	Third business day	Third business day
Non-Saturna mutual funds	First business day	First business day after settlement
Saturna Capital mutual funds	First business day	First business day

**Settlement policies.** Your Saturna Brokerage transactions involve the movement, or “sweep,” of assets between your brokerage account and linked core money market fund settlement account. It is critical that you have assets in the right account at the right time to prevent rejected orders and account restrictions. Please review the following policies before you trade.

**Sweep of funds for purchases.** The amount required for settlement, plus any commission or purchase fee, is redeemed from your core money market fund on the settlement date and continues to earn interest up to the last business day before settlement. Accounts opting out of money market fund sweeps pay settlement from cash balances.

**Payment for purchases.** You must have sufficient assets available in your core money market fund to cover a trade. If you place an order online and your account’s available funds are not sufficient for settlement, the order could be rejected. If for some reason sufficient funds are not available in your account on the trade settlement date (for example, you redeem assets after placing your trade or fail to fulfill payment arrangements), you may incur interest charges, and we may place restrictions on your account.

If you plan to pay for a purchase using assets in a Saturna Capital mutual fund, you must initiate the exchange into your settlement account by 4 PM, Eastern time, on the business day before settlement. Saturna Brokerage is not authorized to initiate an exchange on your behalf.

Make checks payable to “National Financial Services” or “NFS” and mail to Saturna Brokerage Services, P.O. Box N, Bellingham WA 98227. We may reject investments for any reason, such as anti-money laundering regulations which limit acceptance of third-party checks and money orders.

**Availability of sale proceeds.** Net sale proceeds are swept to your money market fund on the settlement date. In many cases, you can use sale proceeds for a new security purchase before they become available in your core money market fund. Check with a Saturna Brokerage representative to make sure your proceeds are available for a specific purchase.

**Requesting sale proceeds.** On the settlement date you can request a check to be generated, or funds can be moved via Electronic Funds Transfer (“EFT”) to your bank account. If you wish to utilize EFT, we strongly encourage you to establish the service when you open your account (see page 8 for more details about EFT).

*For market orders, you should consider price volatility when determining whether you will have sufficient assets to pay for your purchase.*

## Account Services

Brokerage accounts are available for all account types Saturna offers: IRAs, Health Savings Accounts, Education Savings Accounts, 401(k)s (if allowed by plan), and non-retirement accounts.

IRAs are for the benefit of an individual owner, and we offer a variety of IRA types to choose from: Roth IRA, Traditional IRA, plus pension and profit-sharing plans (SEP and SIMPLE) are available.

With non-retirement accounts, you have a variety of ownership options, including joint, individual, UGMA/UTMA, trust, estate, and corporate.

**Account services for securities held in Street Name.** Street Name describes securities held in a clearing agent's name rather than the customer's name. When your securities are held in street name, it's easy to transfer them at the time of a sale, and you don't have to worry about the loss of security certificates or their costly replacement. In addition, you'll receive the following account services from Saturna Brokerage:

**Detailed statements.** Shortly after the end of each calendar quarter, you will receive a Portfolio Summary and Account Statement from National Financial Services. Between quarters, you'll receive statements for your Saturna Brokerage account for each month that your brokerage account has activity.

**Electronic statement and trade confirmations.** You may elect to save paper and receive your Portfolio Summary and Account Statement as well as your trade confirmations electronically in PDF format.

**Tax documentation.** For an overview of tax forms and summaries, see page 11.

**Account protection.** Securities in accounts carried by National Financial Services LLC (NFS), a Fidelity Investments company, are protected in accordance with the Securities Investor Protection Corporation (SIPC) up to \$500,000 (including cash claims limited to \$100,000). For details, please see [www.sipc.org](http://www.sipc.org). NFS has arranged for additional protection for cash and covered securities to supplement its SIPC coverage. This additional protection covers total account net equity in excess of the \$500,000 / \$100,000 coverage provided by SIPC. Neither coverage protects against a decline in the market value of securities.

**Dividend management.** Choose to have your dividends automatically reinvested, swept to your money market account, delivered electronically to your bank via ACH, or paid by check periodically.

**Corporate reorganization.** Our clearing agent handles the administration of stock splits, mergers, or tender offers.

### Also available: Galaxy Statements

Through our proprietary GALAXY system, we can also prepare a complete monthly statement for you, covering all securities you purchase through Saturna, and any others for which you furnish the information. To get started, sign and return a completed Trade Statement, available on request. GALAXY statements are on "trade date" basis, not settlement as with brokerage statements, for timely computation of account value. The GALAXY system is a true tax-lot accounting service, listing each security you own by purchase date and price. When you sell, we follow your instructions on identifying which position is to be sold.



# Cash Management

Your brokerage account comes standard with Electronic Funds Transfer (EFT) capabilities, allowing you the ability to move money easily and with no charges between your personal bank account and your brokerage account. Your brokerage account automatically invests excess cash in your choice of three core money market funds, and withdraws it to cover debits. Your cash automatically continues to earn money market interest every day. Accounts wishing to avoid interest bearing instruments may opt to hold cash rather than invest in a money market fund.

Please read the accompanying Fidelity Cash Management Funds prospectus for more information. Yields, expenses, services, and charges (including possible 12b-1 fees) will vary. Money market funds pay daily dividends based upon the fund's portfolio of money market securities. An investment in a money fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in money market funds.

***At your discretion, cash positions can continue to be held in cash (instead of automatically being swept to money market funds). Please contact a representative for details.***

## Brokerage Access

- Available to accounts with balances over \$5,000
- No annual fee
- Free checking with expense coding and payee details. Minimum dollar amount of check is \$500 (Not available on Saturna IRA, HSA, ESA, or 401(k) accounts)
- Visa Classic debit card, \$50 annual fee
- Direct deposit to core money fund
- Online real-time quotes and market data available free
- Online bill payment. \$4.95 per month for the first 12 transactions, \$0.50 per transaction thereafter
- Online bill management (allows bills to be received by the account). \$7.95 per month for the first 15 transactions, \$0.50 per transaction thereafter
- Tax-lot accounting
- Performance reporting and financial planning tools available for extra fee
- Downloads to Quicken® and Microsoft Money®

## Brokerage Portfolio

- Available to accounts with balances over \$15,000
- Annual fee of \$100, waived for accounts with balances over \$250,000
- Unlimited free checking with expense coding and payee detail. No minimums and no re-order fee
- Free Visa Gold debit card
- Visa Platinum Debit Card, with rewards, \$50 annual fee
- Direct deposit to core money fund
- Online real-time quotes and market data available free
- Free online bill payment
- Online bill management (allows bills to be received by the account). \$3 per month for the first 15 transactions, \$0.50 per transaction thereafter
- ATM fee waived on first five transactions each month\*
- Tax-lot accounting
- Free performance reporting
- Consolidated monthly statement of all financial activity
- Downloads to Quicken® and Microsoft Money®

\* ATM surcharge may apply

## Electronic Funds Transfer

Your brokerage account comes with the option of Electronic Funds Transfer ("EFT") via Automated Clearing House ("ACH"), allowing you to move money easily, without charge, between your personal U.S. bank account and your brokerage account. EFT transactions received prior to 1:00 PM Pacific time are normally posted to your account the same day, and you will receive a confirmation of each transaction. An identically registered (see below), regular checking account at a participating bank is required.

Use EFT to:

- Accumulate more investment shares in your Saturna Brokerage account through an Automatic Investment Plan
- Regularly redeem portions of your investments and send the proceeds to your bank checking account
- Transfer amounts between your bank checking account and your Saturna Brokerage account by simply calling a Saturna representative

Getting started with EFT is easy: Send a request for EFT services along with a voided check to Saturna Brokerage Services, P.O. Box N, Bellingham, WA 98227. For an Automatic Investment Plan, you will also need to complete and mail the Saturna Capital Account Maintenance form to specify the name of the security and to authorize the dollar amount and timing of the automated investment purchase.

Note that you should allow two weeks for activation of EFT services on your account. For assistance in setting up EFT, please contact a Saturna Brokerage Services representative.

## Wiring Money To Your Account

Your trade could be delayed if you wire money in error. Please use the following instructions for wires to your brokerage account.

- Make sure that the bank account from which you plan to wire assets is identically registered to your Saturna Brokerage nonretirement account
- Before sending money, notify Saturna Brokerage of the incoming wire by calling (360) 734-1266, or (800) 728-1266. Legal restrictions may apply.
- Have your bank wire money through the Federal Reserve System to:

JP Morgan Chase Bank  
ABA# 021000021  
A/C# 066-196-221  
FBO: NFS  
A/C: (Your NFS Account Number)

**Accounts are identically registered if they have the same:**

- Account owner name and address
- Tax identification number
- Account type (for example, retirement or nonretirement)
- Ownership terms (for example, joint tenants in common, joint tenants with rights of survivorship, or joint tenants in entirety)

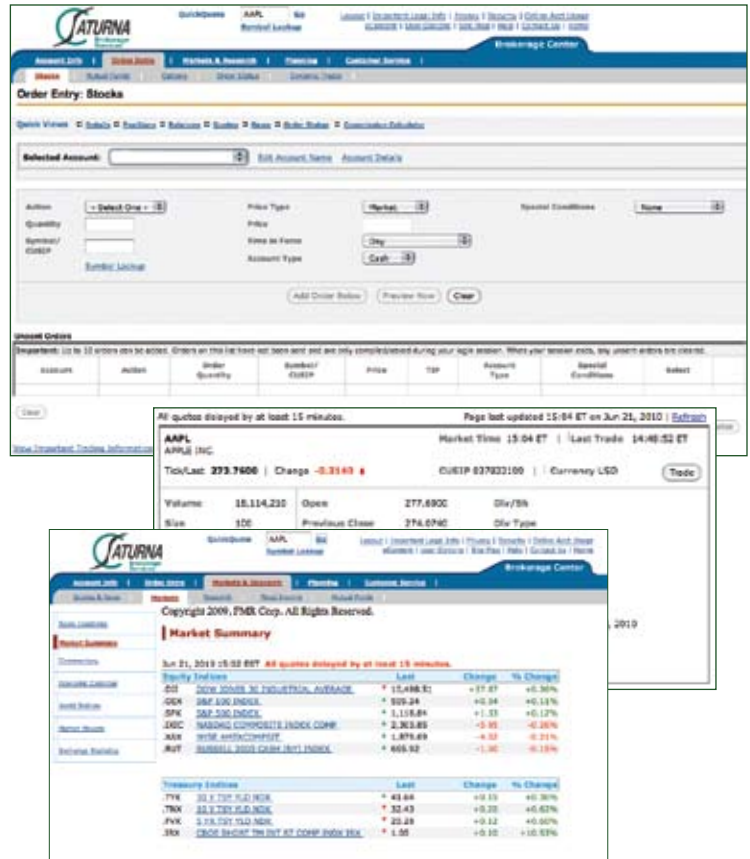
# Online Services

We offer online brokerage services at [saturna.com/sbs](http://saturna.com/sbs) to customers who feel comfortable doing business without the assistance of a broker and want 24-hour access to information and investing.

Commissions on stock trades entered online are reduced to 2.5¢ per share plus the price of one share (minimum of \$27.50 per trade).

## Once you are registered for access, you can:

- View current positions, account balances, and transaction histories
- Buy or sell stocks and non-Saturna mutual funds
- Change or cancel orders
- Place option and margin orders (with prior approval)
- Place orders after market close for next day trading
- Obtain extensive market information and quotes (extra fees may apply)
- Access account statements and trade confirmations



Reliability and predictability of online trading may be reduced by many factors beyond our control. If you do experience problems with your internet connection, you may always telephone Saturna Brokerage directly where live representatives are ready to serve your needs from 6 AM to 5 PM Pacific Time on market trading days. The time your order is received may not reflect the time you place an order, as you must allow time for each order to pass certain validation checks before we can take responsibility for the order and route it for execution. In fast-trading stocks subject to rapid swings in price, supply, and demand, an order you give at "market" may be executed at a price substantially above or below its recent quote. If you decide to place an order in a fast market, entering a limit order (instead of a market order) allows you to establish a buy price at the maximum you are willing to pay, or a sell price at the minimum you are willing to receive. While the ease of online trading might encourage more frequent trading, we discourage "day-trading" and caution that excessive trading rarely proves as successful as long-term investing.

For useful tips about online trading, visit the SEC's investor education website (<http://www.sec.gov/investor.shtml>) and the Investing Online Resource Center ([www.investingonline.org](http://www.investingonline.org)).

## Broker Assisted Trading

You can get personalized assistance with brokerage transactions and answers to questions about investing by speaking directly with a trained brokerage representative. Our representatives can provide you with expert information, including real-time stock and option quotes, merger information and details on stock splits, dividend payments, and earnings. They also have access to the latest investment and financial market news, as well as company and some industry information from investment analysts.

Our brokerage representatives do not work on commission, so you can be confident that their goals are to provide expert assistance and help you get the best execution of your trade. If you are having difficulty trading online, one of our representatives can help you complete your trade.

**Act now so your account is ready.** We suggest that you complete your Saturna Brokerage Account Application and Agreement now, before you have an immediate need to trade. Then, you can act quickly when the time is right. Note that we do not solicit orders (meaning we will not call to sell you something, or to suggest that you buy a security that really might only benefit us).

Opening an account with Saturna Brokerage costs you nothing. Unlike many other firms, there are no carrying charges, activity minimums, custodian or minimum value fees. Your account also carries automatic cash sweep, check-writing (minimum account balance of \$5,000 and Brokerage Access required) and free security custody privileges. With today's shorter settlement requirements, having an active account to hold your securities is a basic necessity for every serious investor.

**Transfer your existing account to us.** If you transfer an existing account to us from another broker, we can usually complete the transfer within three weeks. Please complete the appropriate transfer form (Cash Account or Retirement Plan), attach a copy of a recent account statement from your old broker and mail it to us with a Saturna Brokerage Account Application. You may need to contact your current broker and complete any required account exit forms.

If you transfer an existing account to us, we'll help with any exit fee. If your old broker charges an exit fee, we'll reduce your first commission with us, up to its full amount, to help offset that cost.

### Our Clearing Broker, National Financial Services

We employ National Financial Services LLC, Member NYSE / SIPC, as our clearing agent on a fully disclosed basis. We introduce your account to them and they carry your account and hold your securities.

National Financial Services LLC is a Fidelity Investments company.

## Tax Documentation: What To Expect

<b>January 31</b>	You will receive tax information and an annual account summary. Depending on your particular reporting requirements, your tax information package will include IRS forms such as:
<b>1099-B</b>	Reports the gross proceeds from sales, redemptions, tenders, and other transactions, including repayment of bond principal upon maturity .
<b>1099-DIV</b>	Reports dividends and distributions from stocks and non-Saturna mutual funds; capital gains, distributions, and foreign tax paid. When you complete Schedule B, report dividends in the name of National Financial Services, Saturna Brokerage's clearing agent. (Investors in Saturna funds receive 1099 forms directly from Saturna.)
<b>1099-INT</b>	Reports bond interest (including accrued interest from bonds sold between payment dates) and income from unit investment trusts. When you complete Schedule B, report interest in the name of National Financial Services. (Accrued interest for the buyer of a bond is not reported on the 1099-INT but is noted on the trade confirmation.)
<b>February 2</b>	
<b>1099-R</b>	Reports distributions from IRAs and employer plans (401(k), Profit Sharing, etc.).
<b>1099-Q</b>	Reports distributions, basis, earnings, and transfers from Education Savings Accounts.
<b>February 15</b>	Contact Saturna Brokerage no later than this date to report information you believe should be changed on your Form 1099 before it is reported to the IRS.
<b>March 15</b>	
<b>1042-S</b>	Reports income earned by foreign persons or entities that have certified their foreign status on Form W-8. (There is more than one W-8 form; make sure you receive and use the appropriate Form W-8 to certify foreign status.)
<b>March 31</b>	National Financial Services reports Form 1099 information for your account to the IRS.
<b>April 15</b>	IRS filing deadline for most returns. Remember to report dividends and interest received in your Saturna Brokerage account in the name of National Financial Services.
<b>Schedule K-1</b>	Mailed by limited partnerships to owners of limited partnership units. Partnership K-1s (Form 1065) for IRA accounts should be forwarded directly to Saturna Capital; K-1s for non-IRA accounts should be sent by the partnership directly to the owner of the unit.
<b>April 30</b>	
<b>5498-ESA</b>	Reports contributions and rollovers for Education Savings Accounts.
<b>May 31</b>	
<b>5498</b>	Reports contributions, rollovers, recharacterizations, required minimum distribution, and fair market value for IRAs.

Corrected tax reporting is mailed to Saturna Brokerage clients whose 1099 information has changed (for example, a reclassification of mutual fund distributions). If you misplace a form, call Saturna Brokerage at (360) 734-1266, or (800) 734-1266 on business days from 6 a.m. to 5 p.m., Pacific time. There may be a charge for supplying duplicate statements and tax forms.

## Statement of Privacy of Financial Information

At Saturna Capital, we understand the importance of maintaining the privacy of your financial information. We want to assure you that we protect the confidentiality of any personal information that you share with us. In addition, we do not sell information about our current or former customers.

In the course of our relationship, we gather certain non-public information about you, including your name, address, investment choices, and account information. We do not disclose your information to unaffiliated third parties unless it is necessary to process a transaction; service your account; deliver you account statements, shareholder reports and other information; or as required by law. When we disclose information to unaffiliated third parties, we require a contract to restrict the companies' use of customer information and from sharing or using it for any purposes other than performing the services for which they were required.

We may share information within the Saturna Capital family of companies in the course of informing you about products or services that may address your investing needs.

We maintain our own technology resources to minimize the need for any third party services, and restrict access to information within Saturna. We maintain physical, electronic, and procedural safeguards to guard your personal information. If you have any questions or concerns about the security or privacy of your information please call us at 1-800/SATURNA (1-800-728-8762).

[www.saturna.com/sbs](http://www.saturna.com/sbs)

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