

Morgan Stanley Investment Management Limited Client Assets Regulatory Disclosure – Client Money

FEBRUARY 2019

Morgan Stanley Investment Management Limited (“MSIM Ltd”) is required under the Financial Conduct Authority (“FCA”) regulations to make disclosures to clients informing them of how client money is held and how these arrangements may give rise to consequences and associated risks for the client money held. This disclosure aims to provide the necessary information to meet these regulatory requirements.

For MSIM Ltd, client money typically arises when a rebate owing to the client (for example, commission rebate) has become due and payable but cannot be paid to the client. The money will be held in accordance with the FCA’s client money rules in a client money account at a third party for the time period that the money cannot be paid. MSIM Ltd will deposit the cash with a third-party banking institution. The bank will hold the cash on MSIM Ltd’s behalf in an omnibus client account, separate from any money the bank holds for the MSIM Ltd in its own right. No interest is payable by MSIM Ltd on monies credited to a client money bank account. Should MSIM Ltd hold your client money outside the UK, differing legal and regulatory requirements may apply and your rights may differ.

If the third-party bank holding client money becomes insolvent, MSIM Ltd will have a claim on behalf of investors and its other clients, for whom it holds client money, against the bank. However, it is important to note that if the bank holding client money fails, there may be a shortfall between the amount of client money held with the bank and the Client Money Claim. In these circumstances, investors will share in that shortfall with all other clients in proportion to their respective claims and investors may not receive back all the client money due to them. MSIM Ltd will not, however, be responsible for any acts or omissions or for failure of any bank to whom it passes money received from or due to the client.

If MSIM Ltd itself becomes insolvent, money will be pooled separately from MSIM Ltd’s insolvent estate and investors will have a Client Money Claim against MSIM Ltd and the other clients of MSIM Ltd (for whom MSIM Ltd also holds client money).

In the event that either the third-party banking institution or MSIM Ltd were to fail, the FCA’s client money distribution rules apply. The purpose of these distribution rules is to protect investors’ interests with the aim of making the timely return of their money following any such failure.

In the event that there is a loss or shortfall of Client Money, investors may be entitled to compensation for that loss under the rules of the Financial Services Compensation Scheme or under a deposit guarantee scheme, if applicable. More information is available at <https://www.fscs.org.uk/>.

Please note this client money disclosure is in addition to the client money disclosure made in the prospectus of Morgan Stanley Funds (UK) pertaining to Morgan Stanley Investment Management (ACD) Ltd. The two disclosures are however, separate and distinct.

If clients have any questions regarding this disclosure, please contact your usual representative.