

# Morgan Stanley

## Morgan Stanley Smith Barney LLC—Policy pursuant to FINRA Rule 4340— Callable Securities

When a security is subject to a partial redemption by the issuer, the issuer notifies Morgan Stanley Smith Barney LLC (MSSB), via a central industry depository, of the number of units for the specific security to be redeemed.

Upon receipt of the issuer's notification, MSSB determines the favorability of the redemption based on the current market price versus the call price. When the redemption of the callable security is made on terms that are favorable to the called parties, MSSB does not include any firm or employee accounts in the pool of securities eligible to be called until all other customers' positions in such securities have been called. When the redemption is made on terms that are unfavorable to the called parties, MSSB does not exclude firm or employee accounts from the pool of the securities eligible to be called.

Once the favorability of the redemption has been determined, MSSB uses a random process designed to allocate called securities on a fair and impartial basis. The lottery process is based on a mathematical formula that determines the accounts that will be selected and the number of securities in the account that will be redeemed.